

Easley leaves some unfinished business for Perdue/5



CAROLINA JOURNAL

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EMBRACING COMPACT GROWTH

Raleigh planners urge remake of city in their image of what modern urban life should be

BY DAVID N. BASS
Associate Editor

Dressed in a crimson-striped tie and black suit, Mitchell Silver smiled as residents streamed into the street-level mezzanine of the Raleigh Convention Center.

RALEIGH

It was the night the city's Planning Department would unveil the first draft of a new comprehensive plan, a 388-page document dedicated to corralling growth in high-density areas, curbing suburban development, and orchestrating land use during the next 20 years.



Mitchell Silver

Silver, director of city planning, had spent the last two years guiding the project to completion. There had been bumps along the way — he compared the process to “giving birth” — but it was almost over.

As residents milled about, examining enlarged maps devoted to land use, earth framework, thoroughfares, and economic development, Silver took his place behind a raised lectern. Above him white lights bathed the convention center's vaulted ceiling, a monument to planners' vision of a revitalized downtown, a remade city that conformed to their view of what urban life should be. The new comprehensive plan was its nexus.

“This plan prepares Raleigh's development for

Continued as “Raleigh,” Page 2

Green For Thee, But Not For Me?

City's top planner advocates New Urbanism, but lives classic suburban lifestyle

BY DAVID N. BASS
Associate Editor

Raleigh Planning Director Mitchell Silver owns an SUV and lives in an upscale neighborhood while he spearheads a new comprehensive plan that promotes public transit and small housing.

RALEIGH

Since joining the city's Planning Department in 2005, Silver has advocated policies that would create denser neighborhoods, curb suburban development, and encourage residents to use rail, bus, or bicycles for transportation rather than cars. Meanwhile, Wake County tax records show that Silver owns a 3,565-square-foot home in Evans Mill, an affluent north Raleigh neighborhood just inside the Interstate 540 Outer Loop.

The house, valued at \$364,720, has a two-car garage and is situated on one-third of an acre, the documents say. Silver bought the house in July 2005.

Other records show that Silver owns a four-wheel-drive Toyota Highlander SUV, which averages 16 to 17 miles per gallon during city driving, according to a government fuel-economy calculator.

Asked by *Carolina Journal*, about his housing



This is the 3,565-square-foot home of Raleigh Planning Director Mitchell Silver, whose lifestyle is in apparent conflict with the policies he promotes for Raleigh. (CJ photo by David N. Bass)

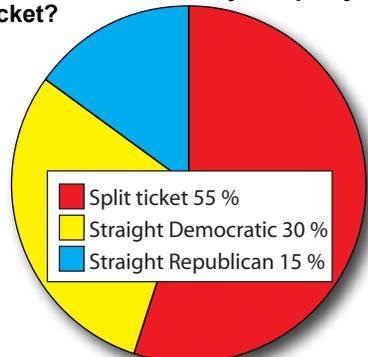
choice, Silver said he was “probably going to move within the next few years.”

“We have always been looking for other locations,” he said. “We are where we are right now. So, I think that personal decision was one when I had a short time to find a place to live to move here, and it was the easiest place to find. But over time, I do not believe I'll be staying there. I don't know where I will be, but I will definitely move some place in Raleigh.”

It's a 10.9-mile drive from Silver's home to the planning department offices downtown, according to Google Maps. Silver said he would use public rail-transit to commute to work if it becomes available.

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Did you vote a straight-party ticket in November or did you split your ticket?



Civitas Institute Poll, November 2008

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Raleigh Planners Embrace Dense Growth

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today and tomorrow," Silver told the crowd of several hundred, mostly composed of white-collar professionals fresh out of the frosty December air, still dressed in stylish wool and leather coats.

"We have a choice," he said. "Do we intervene and manage growth, or allow things to go on as they have been? The city council, with the approval of this comprehensive planning process going forward, said we want to manage that growth."

Twenty minutes later, the crowd dispersed to discuss the plan with city officials, the first step in a series of public feedback events planned for December and January. Silver stepped down from the lectern to shake hands and chat with residents.

"It was a very positive event," Silver said later in an interview with *Carolina Journal*. "We got a lot of positive feedback, a lot of encouraging reaction."

The unveiling, conducted Dec. 3, was the culmination of months of work by the Planning Department and consultants. The city paid \$600,000 to hire HNTB, an infrastructure consulting firm, to help complete the project. Now, the draft could become official policy as early as March, when Raleigh City Council is expected to take a final vote.

Some experts, however, say the plan could have an adverse effect on Triangle residents. "It seems really anti-Raleigh," said Randal O'Toole, a Cato Institute senior fellow who specializes in urban growth, public land, and transportation issues.

"They're going to tend to make housing a little more expensive," he said. "The main thing is that they're going to make traffic a lot more congested."

As reported by *CJ* previously, city planners have faced criticism about public engagement and property rights. Wake County Commissioner Paul Coble, a former Raleigh mayor and city council member, said property owners get hurt when cities impose burdensome restrictions.

"Here's a suggestion for my fellow elected officials: Take an economics class, and then get back to me on what it is you want to do," Coble said. "When you truly understand the marketplace and basic economics, and you believe in the free market, then you realize the property owner is the real loser in this."

Specifics of the plan

The draft plan is built around six policy goals: economic prosperity and equity; expanding housing choices; managing growth; coordinating land use and transportation; sustainable development; and growing successful neighborhoods and communities.

Critics say the Raleigh plan will make housing more expensive and traffic more congested

"Due to the rising infrastructure and energy costs, diminishing land resources, local environmental impacts, and global climate change, Raleigh is now committed to a smart growth pattern of development for its future and desires to be a model 'sustainable city,'" the plan says.

Most residential development in Raleigh is low density, but city planners aim to engineer "compact growth" during the next 20 years by funneling more residential and commercial expansion into high-density corridors. The plan calls for reducing vehicle travel and encourages "walking, bicycling, and transit use."

It also calls for Raleigh to reduce "global warming pollution"; foster economic development to support and expand the city's tax base; use a more "land-efficient model" for housing; preserve and maintain parks and open space; coordinate urban design to create an environment that "supports and promotes social interaction"; incorporate public art "into both public and private developments"; and achieve

"improved and more effective regional governance."

The draft devotes 45 pages to growth guidelines for downtown. The city has spent about \$9.3 million to renovate Fayetteville Street and \$221 million on a new convention center in hopes of invigorating business and tourism downtown.

Silver said that it was "simply not true" that downtown is getting more attention and funding than suburban areas.

"I think downtown tends to have the high-profile projects," he said. "When you do sewer extensions or other facility improvements, such as road improvements, these have significant costs. They tend not to be as high-profile as downtown. But when you look at our capital improvement plan and what has been done, actually you'll see that other parts of the city do receive significant capital dollars. They just aren't as high-profile as a convention center."

Many of the design guidelines for downtown are specific. The plan suggests that "public art and/or civic monuments" be an "integral part of any building plan," and that a minimum of "35 percent of each upper story" of a building be windows.

The document contains hundreds of other policy recommendations. Although none is binding, Silver said that the city "can't ignore the recommendations." The city council is expected to approve a zoning code update to reflect planners' new goals.

"If you look at the structure of the ordinance today, there are discon-

Continued as "Raleigh," Page 3

Planner Lives Counter to His Plans

Continued from Page 1

"I certainly have to find a home that would be nearby a transit node, but yes, I would certainly use it if I had to do local trips between here and Durham or within the city during the day," he said.

Silver unveiled the 388-page first draft of the new comprehensive plan Dec. 3 at the Raleigh Convention Center. The draft contains hundreds of policy recommendations for future growth in the city, and includes goals such as reducing "global warming pollution" and using "land-efficient" models for housing. The draft is an update of Raleigh's 1989 comprehensive plan.

During his remarks at the unveiling, Silver indicated that demographic shifts in the coming years would increase the desirability of smaller homes. "[We] believe the trend moving to the future of smaller households and

single households [means] the market will respond by providing smaller lots and smaller homes," he said.

Some public officials who support the new plan own houses closer to downtown. Ken Bowers, deputy director of the city's Planning Department, owns a 1,236-square-foot home on North East Street valued at \$368,705. Raleigh Mayor Charles Meeker owns a 2,831-square-foot house on Boylan Avenue valued at more than \$500,000.

Others lead suburban lifestyles. City Councilwoman Nancy McFarlane, who chairs the council's comprehensive planning committee, owns a 3,037-square-foot home in north Raleigh situated on about an acre lot and valued at \$348,690, according to tax records.

Part of her campaign Web site describing her position on growth says, "Sustainable development is key. We cannot sacrifice the future to satisfy the cravings of the present." *CJ*

Credit Crisis Making It Harder for Consumers to Finance Spending

By KAREN McMAHAN
Contributor

In an economy that depends more on consumerism than on production, the credit crisis means debt-burdened Americans are finding it harder to extract cash out of their homes or credit cards to finance their spending.

The services sector accounts not only for the largest share of Gross Domestic Product but also nonfarm employment in the United States — nearly 80 percent — according to the U.S. Bureau of Economic Analysis.

Retail, one component of the services sector, is the second-largest industry in the United States in both number of businesses and employees, generating annually about \$11,690 per capita. Small businesses, or single-store retailers, comprise 95 percent of all U.S. retailers.

In North Carolina, retail is a \$90 billion industry and is the second largest employer with more than 650,000 jobs, according to the North Carolina Retail Merchants Association. In 2007, retailers paid more than \$5.5 billion in sales and use tax, the second-largest and fastest-growing revenue source in the state.

Sharp declines in consumer spending have sparked a rise in retail bankruptcies and store closings and a decline in retail employment. Even though Black Friday sales were stronger than last year's sales, same-store sales in November fell by 2.7 percent from last year, the largest drop in 39 years, according to the International Council of Shopping Centers.

Store closings soar

In April 2008, RIS, a retail industry publication (www.risnews.com), reported that 6,000 retail store closings were expected by the end of 2008 and that retail bankruptcies and store closings already had jumped by 25 percent year over year.

Snopes.com and RIS highlight

prominent retailers that have closed stores, shut down permanently, or declared bankruptcy. Among them are Circuit City, CompUSA, Linen 'n Things, Movie Gallery Stores, Foot Locker, Bombay Company, Wilson Leather, Zales, Sprint Nextel, Ann Taylor, Eddie Bauer, Talbots,

KB Toys, and Dillard's. Even Lowe's, Home Depot, and J. C. Penney are delaying expansion or scaling back.

Data from SpendingPulse, a Mastercard unit, show that November's year-over-year sales at apparel and department stores combined fell 20 percent, 24 percent at luxury stores, and 25 percent at electronics stores.

In a recent article on Yahoo! Finance, RBC analyst Larry Miller said, "Dismal spending trends at restaurants may be here to stay." November

data from a recent RBC survey of more than 1,300 consumers by ChangeWave reported that the only segment to see sales improvements in November compared to September was fast food. Among them were McDonald's, Domino's, Wendy's, Taco Bell, and KFC.

The latest figures from the BEA show that consumer spending, which accounts for nearly 70 percent of GDP, plunged at the sharpest rate in 28 years during the third quarter of 2008. Consumer spending fell at a rate of 3.1 percent, the first decline since 1991, after increasing 2.1 percent in the second quarter, and real disposable personal income decreased by 8.7 percent in the third quarter versus an increase of 11.9 percent in the second.

The Bureau of Labor Statistics recently reported that November's nonfarm payroll employment decreased sharply — by 533,000, the largest decline since December 1974. The figure is 71 percent greater than analysts had forecast.

Over the last three months, 1.28 million jobs have been lost, a figure that nearly equals the number of jobs lost during the 2001 recession. Employ-

Continued as "Credit," Page 4



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Raleigh Embracing Denser Growth

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connects between what the zoning allows for and where the market is going, and what our articulated planning goals are and what the zoning plan calls for," said Ken Bowers, deputy director of the Planning Department.

The plan itself calls for such an update. It says zoning regulations "need substantial revision and reorganization, ranging from new definitions to updated development and design standards, and even new zoning districts ... the City plans to undertake a major overhaul of the zoning regulations beginning in 2009."

Impact on residents

That has free-market advocates concerned that the comprehensive plan could end up hurting more than helping city and county residents. The plan says it will have "far-reaching effects on everyone who lives or works in Raleigh." Planning Department staff say the plan will not adversely impact homeowners and taxpayers.

"No matter what Raleigh does, the region is going to be adding a lot of people and businesses," Bowers said. "That isn't going to be turned around by anything we do in the comp plan. That's a reality we have to look at."

But O'Toole said that plans of this nature inhibit growth, "because planning imposes costs on businesses, imposes costs on homebuyers, imposes

costs on travelers."

"To me, this whole idea of a comprehensive plan is likely to impose huge costs on business, so if anything it will inhibit growth. It's certainly not going to prepare for growth," O'Toole said.

In a study published in 2006 by the Independence Institute, O'Toole found that regions with growth-management planning experienced higher cost-of-living increases than regions without such strategies.

For example, between 1999 and 2005, housing prices rose by 118 percent in San Francisco, 74 percent in Boston, and 29 percent in Portland. In contrast, prices rose by 20 percent in Atlanta, 14 percent in Dallas, and 18 percent in Houston, all areas without aggressive growth planning.

O'Toole said not all overpricing is caused by growth management, but in many cases such plans are a factor in causing a housing shortage. "[Any] policy that attempts to slow growth, direct growth to certain areas, or manipulate densities is likely to reduce housing affordability," he wrote.

Coble agreed that homeowners and homebuyers are harmed when cities implement "smart growth" plans that seek to limit development. "The people who get hurt are the property owners, who lose their property rights, lose their equity, and lose their future potential to sell because of these restrictions," he said. *CJ*

Credit Crisis Making it Harder for Consumers to Finance Spending

Continued from Page 3

ment in the services sector fell sharply. Only education, health care, and the federal government sectors had job increases.

In North Carolina, unemployment jumped sharply from 4.7 percent in October 2007 to 7.9 in November 2008.

Tax rebates, a \$700 billion bailout package, and mortgage modifications have failed to stem the credit crisis, even as some economists are predicting that the next wave will be massive defaults on credit cards and auto loans.

Demand-side stimulus

"Tax rebates do not help the economy because they are government grants that are not based on encouraging productivity," said Brian Riedl in a recent report from The Heritage Foundation.

The tax rebates from earlier this year failed to spur sustained economic growth, and findings from a National Retail Federation survey conducted by BIGresearch in May 2008 and data from a recent Internet summit illustrate why further tax rebates are unlikely to boost consumer spending, given that unemployment has since risen further and consumers remain mired in debt.

The survey confirmed that consumers planned to spend much of the rebate checks on necessities, with gas — 17.2 million people — and groceries — 21.2 million people — topping the list, with only 39.9 percent planning to spend the checks. Other ways consumers said they would use the money included paying down debt, saving, investing, and paying medical bills.

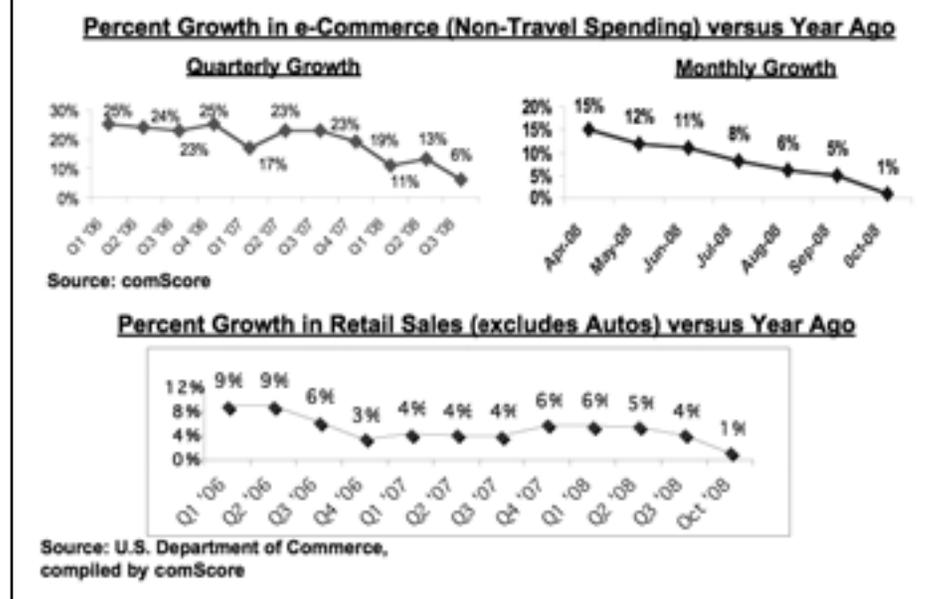
The trend in lower consumer spending was a theme that emerged from presentations and discussions at the inaugural Internet Summit 2008 conducted in Chapel Hill in November, where technology executives and thought leaders from some of the world's leading technology companies, along with venture capitalists, provided insights into e-Commerce trends and the outlook for Internet entrepreneurship in these tough economic times.

The category with the largest decline in third-quarter sales in 2008 compared to the same period in 2007 was music, movies, and videos (-29 percent), according to comScore. The biggest increase was in video games, consoles, and accessories — plus 60 percent. Sales of consumer electronics were virtually flat, at plus 1 percent, and computers, peripherals, and PDAs had no growth.

The push for too-easy credit

Some economists believe that the government's policy of pushing home

As Consumers' Disposable Income Fell, Online Sales Growth in 2008 Slowed at a More Rapid Rate than Retail Sales. In October, Falling Gas Prices Have Caused a Large Drop in Retail's Growth Rate



ownership, particularly among lower-income Americans, combined with easy credit made possible through historically low interest rates during former Federal Reserve Chairman Alan Greenspan's era, led to the credit crisis.

"Historically attractive demographic groups have experienced major reversals of fortune," wrote David

Court in a December 2008 article in *The McKinsey Quarterly*. "The high spending rates of the boomers made them a sought-after and profitable customer segment," but many boomers financed their spending by borrowing against their real estate and retirement account assets.

"The cheap credit of the past few years most likely won't return for a long time," said Lowell Bryan and Diana Farrell in a recent article in *The McKinsey Quarterly*. The range of potential outcomes is so large that many companies might not survive because of the uncertainty surrounding the global credit crisis and the global recession.

Massive government spending not only does not stimulate growth, it impedes future economic growth because it increases consumption at the expense of investment, said Riedl.

The \$700 billion bailout package passed by Congress in October was supposed to buy up toxic assets from banks and financial services firms to stimulate borrowing and ease the credit crisis.

But many Americans and economists question why Congress continues to focus on preventing home foreclosures, when 58 percent of borrowers whose mortgages have already been remodified in 2008 have defaulted once again after only six months, according to Lender Processing Services. Even

more alarming is that 25 percent of these borrowers end up delinquent after just one post-modification payment.

"We create wealth by inventing," said Carl Schramm, CEO and president of the Kaufmann Foundation, a non-partisan organization that promotes entrepreneurship, in a recent opinion editorial on CNN.com, "and then turning those in-

ventions into viable products sold by American companies." Government is not the answer.

Most economists agree that a vibrant small-business market, defined as companies under \$10 million in annual sales, is essential for economic growth. In the United States, there are more than 27 million small businesses, most of which have only a handful of employees, according to 2007 U.S. Census Bureau data.

The Advisor, published by MasterCard advisers, said in a 2008 issue that small businesses spend \$4.9 trillion annually, and "the net worth of the self-employed entrepreneur is five times greater than individuals who work for someone else."

Yet analysts say these businesses

and individuals would be negatively affected by President-elect Barack Obama's plan to increase taxes on higher-income Americans.

Stimulus proposal

In his weekly radio address and Internet video Dec. 6, Obama promised to create or save more than 2 million jobs under his proposed economic stimulus plan by "making the single largest new investment in our national infrastructure since the creation of the federal highway system in the 1950s" (www.change.gov).

Obama said his nearly \$700 billion plan will make public buildings more efficient, will invest in roads and schools, and will increase Internet access for schools and hospitals.

CNBC's Larry Kudlow recently pointed out that the government already has spent \$482 billion on non-defense infrastructure projects over the past five years through pork barrel projects and earmarks, and these projects have not stimulated substantial economic growth. This figure is more than half of what Obama proposes to spend in his "new New Deal."

Riedl and other analysts point out that massive government expansion has been tried many times before, notably in the 1930s, 1960s, and 1970s, and these policies failed to produce economic growth.

Taxing and spending the country into prosperity doesn't work, said Dan Mitchell of the Cato Institute in a December 2008 interview with Kudlow. Middle-class tax cuts won't stimulate the economy in the way that is needed.

Pro-growth tax policies that provide incentives to invest and create private-sector jobs, expansion of energy supplies, and a reduction in federal spending are the best drivers of a bigger economic pie for all Americans, not higher taxes, demand-side stimulus, or increased government spending, said Rep. Paul Ryan, R-Wis., and Bill Beach, director of The Heritage Foundation's Center for Data Analysis, during a hearing Oct. 20 before the House Budget Committee.

More taxes and regulation

North Carolinians might well face higher state and local taxes once Gov.-elect Beverly Perdue takes office. Ideas being discussed are a per-mile tax on vehicles to fund the state's transportation needs, a higher highway use tax on car sales, increased registration fees, toll roads, and taxes on Internet purchases.

Even while consumers are asked to purchase more fuel-efficient vehicles, use more public transportation, and reduce their household energy and water consumption, lawmakers plan to increase their taxes as a reward for consumers' frugality. CJ

Experts say it will be a long time before we see the kind of cheap credit that has been available for the past several years

Unfinished Business: Perdue Inherits Some Problems From Easley

By DON CARRINGTON
Executive Editor

RALEIGH

When Beverly Perdue replaces Gov. Mike Easley on Jan. 10 she will inherit serious problems with North Carolina's probation, mental health, and transportation systems, as well as a major budget shortfall.

She also will face some embarrassing ongoing public corruption scandals and other problems that took place under Easley's reign that will likely require her attention. Here are five:

Failed Currituck ferry project

In 2003, with the strong backing of Senate President Pro Tem Marc Basnight, the General Assembly authorized NCDOT to establish a new passenger ferry service across the Currituck Sound in northeastern North Carolina. The project came to a halt in 2004 after federal officials determined that Ferry Division officials dredged a channel without permits.



Jerry Gaskill

Four employees pleaded guilty to the illegal dredging. A federal jury convicted Ferry Division Director Jerry Gaskill of making material false statements in the course of the investigation.

In addition to the criminal charges, in February 2008 the federal government filed a \$3 million civil suit against Gaskill, former Ferry Division supervisor Billy Moore, and the NCDOT for damage caused by the illegal dredging. Attorney General Roy Cooper and Perdue will have to decide whether to fight the suit or to settle the claim.

Agri-Ethanol Products

Boyce A. Hudson, 67, a former state environmental official, pleaded guilty in federal court in May to extor-



The Currituck ferry has sat unused since federal officials determined that N.C. Ferry Division employees dredged a channel for its use without permits. (CJ file photo)

tion and money laundering in connection with his efforts to help the failed ethanol production company Agri-Ethanol Products obtain environmental permits through the Department of Environment and Natural Resources. Hudson was sentenced to 40 months in prison.



Boyce Hudson

of Wake Forest on charges involving bribery, extortion, and perjury.

Federal prosecutors have linked AEP investor Thomas "Ricky" Wright, a Wake Forest businessman and Democrat fund-raiser, to the case. Sources told *CJ* that Brady and Perry are planning to fight the charges. The case might lead to other state officials.

Global TransPark

Easley served as chairman of the Global TransPark Authority for eight years, but there is little evidence that he was actively involved in the struggling state-owned industrial park situated at the former Kinston airport. Per-

due will appoint the next chairman, or she might take that role herself.

The GTP annual operations budget is about \$2 million, with most of the money coming from the General Assembly. To help fund the project, years ago the legislature authorized the GTP to borrow money from the



State Escheats Fund, an unclaimed financial asset account managed by the state treasurer. The interest and principal have grown to more than \$32 million.

State Commerce Secretary Jim Fain, who was heavily involved in recruiting Spirit AeroSystems to the GTP last year, told *CJ* that he was not sure how the GTP would repay the \$32 million.

Randy Parton Theatre

The failed Randy Parton Theatre in Roanoke Rapids was one of North Carolina's most unusual economic development projects.

Regional state economic devel-

oper Rick Watson recruited Dolly Parton's brother Randy to North Carolina in 2005. Watson acquired an ownership interest in Parton's new company, Moonlight Bandit Productions. Parton invested none of his own money, the city borrowed \$21 million, and about \$6 million in state funds were used to launch the project. The theater opened in July 2007, but by December 2007 the city's relationship with Parton was over.



Rick Watson

Basnight, House Speaker Jim Black, and DOT were instrumental in moving the project forward, while Easley's transportation secretary, Lyndo Tippett, approved special funds for the project.

Parton has received a federal subpoena, but *CJ* was unable to determine whether he ever testified. Raleigh criminal defense lawyer Wade Smith told *CJ* that he is representing Watson in a federal investigation.

E-mail lawsuit

In April 2007 *Carolina Journal, The News & Observer* of Raleigh, *The Charlotte Observer*, the *Fayetteville Observer*, and the North Carolina Press Association sued Easley over his administration's policy allowing the systematic deletion of official government e-mails. The groups said the Easley administration's policy is a violation of the state's Public Records Law and deprives the people of North Carolina of access to information



Mike Easley

and records. Attorneys for both sides continue negotiations, but they have not reached a settlement. Perdue has promised that she will allow complete access to public records. *CJ*



James Albert Perry, center, was indicted on bribery, extortion, and perjury charges in the Agri-Ethanol Products case. (CJ file photo)



The Randy Parton Theatre, shown here shortly after completion, cost Roanoke Rapids \$21 million and state taxpayers \$6 million. (CJ file photo)

N.C. Briefs

Shore up beach plan

North Carolina could face a "property insurance disaster" unless it takes steps soon to shore up its coastal Beach Plan, according to a new John Locke Foundation Policy Report.

"This little-known plan imposes an enormous fiscal liability on the state," said Eli Lehrer, senior fellow at the Competitive Enterprise Institute in Washington, D.C., and author of the report.

"Intended largely to provide windstorm insurance for coastal residents unable to find coverage elsewhere, the plan has grown to exceed its mandate. It endangers the state's fiscal future," he said.

The Beach Plan is the popular name for the North Carolina Insurance Underwriting Association. The plan exists to write homeowners' and "wind only" insurance coverage for coastal property owners who cannot find coverage in the private market, Lehrer said.

That plan has major problems, he said. "By its own accounting, the plan could not survive a once-in-six-years storm without imposing significant taxes — called assessments — on North Carolina residents and businesses," Lehrer said.

"One independent study shows North Carolina could face liabilities of up to \$6.2 billion from the plan, and that figure is almost certainly low. In recent years, the Beach Plan has grown at a rate of roughly \$1 billion a month, growth that shows no signs of stopping."

Boosting career education

Improved Career and Technical Education programs could help lower North Carolina's public school dropout rate while helping more students prepare for the workforce. Those are key findings in a new John Locke Foundation Spotlight report.

"Rather than throw money at short-term dropout prevention initiatives that appear to have little impact, North Carolina should address its school dropout crisis by refocusing on career and technical education in middle and high school," said report author Terry Stoops, JLF education policy analyst.

An increased focus on CTE makes sense for the North Carolina economy, Stoops said. "The state Employment Security Commission predicts most job growth through 2016 will occur in occupations that require a high school diploma and some on-the-job training," he said. *CJ*

Legislators Tame Funding for State Zoo

Lawmakers argue the state zoo is a unique case that warrants special funding treatment

By MITCH KOKAI
Associate Editor

RALEIGH

They've scotched the idea for now, but N.C. lawmakers might return later to a plan that would call on taxpayers to foot a larger share of the bill for running the North Carolina Zoo.

A study committee dropped the idea during a meeting Dec. 9, but at least two members signaled their support for reviving the plan once the state's budget picture improves.

"Unfortunately, our timing couldn't be lousier," said Rep. Cullie Tarleton, D-Watauga. "But I support taking this out [of the committee's report to the new General Assembly] in light of what we all know we're going to be facing."

Tarleton and his colleagues face a hole in the \$21.5 billion state budget that could reach as high as \$1.6 billion, according to the state's economic forecasters. Gov.-elect Beverly Perdue has signaled she thinks the hole in the next state budget could grow as large as \$3 billion. That budget will take effect July 1.

The N.C. Zoological Park Funding and Organization Study Committee took the budget information into account as it dropped a proposal to shift more money from the state's ailing General Fund to cover zoo operations. The original proposal would have shifted about \$4 million per year for zoo expenses.

"But I would like all of us to recognize and acknowledge the need to keep this very much alive and on the table," Tarleton said. "You know, the North Carolina Zoo is unlike anything else we have in this state ... that belongs to the state. Rules that apply to other state entities don't always apply to the zoo because of its uniqueness. We have to recognize that."

The proposed funding shift could return to the drawing board in future years. "I really hope that as we go forward, that we'll keep revisiting this and say, 'Can we do it now? Can we do it now?' Because it is something, folks, that we need to do," Tarleton said. "I mean, we just need to do it. And eventually we've just got to bite that bullet and do it. But I agree that our timing couldn't be worse right now."

Tarleton's assessment drew favorable reviews from at least one colleague. "Thank you — that's a good observation," said Rep. Edith Warren, D-Pitt, a committee cochair.

"I think this is a critical issue," Warren said as the committee put the finishing touches on its report. "As Rep. Tarleton mentioned earlier, it is the most difficult of times for us to be wanting to do the kinds of things that really need to happen. But we will just keep this on the front burner, keep this work going so that we can take care of this most prized possession that we have in North Carolina. That is a crown jewel."

The shift of General Fund money — from state taxpayers — was tied to a plan to change the way the Randolph

County-based zoo could use its Special Zoo Fund. The plan would have allowed the zoo to steer some gate receipts toward construction projects. Zoo supporters depend largely on the Assembly now to approve specific expansion projects.

The proposed change would have helped the zoo address more than \$123 million in building and other capital costs expected during the next decade, according to zoo officials. That money includes planning for a new Asian exhibit, to join the zoo's existing exhibits covering North America and Africa.

Zoo officials touted the new exhibit as part of an expansion plan that could boost attendance, especially among guests planning to stay overnight. Zoo development could lead to other projects nearby, such as a theater or hotel.

Taxpayers should be glad lawmakers have set this idea aside, said Joseph Coletti, fiscal policy analyst for the John Locke Foundation. "That is good news, given how many other things are being requested this year despite the budget problems," Coletti said. "Any time legislators say, 'You know, maybe we can hold off on this spending idea,' it's great news."

There's no good reason to bring the funding plan back, Coletti said. "There's nothing like legislators acting like 4-year-olds in the back seat, saying 'Are we there yet? Are we there yet?'" That's what they've promised to do, to keep coming back until there is money that doesn't seem to have a better use," he said. "Then they can use General Fund money to pay a larger share of the operating budget of the zoo."

That arrangement doesn't make sense, Coletti said. "Ideally, you'd like to see more of the costs of the zoo coming from donations and from ticket sales so that it's more self-sustaining."

The zoo's advocates should follow the University of North Carolina's lead in raising dollars for capital costs, Coletti said. "Raise capital on your own — convince people that the zoo is worthwhile," he said. "Don't just have your expansion plan imposed on everyone else in the state, including many people who don't use the zoo and have no desire to go to the zoo."

Though the study committee scrapped the primary funding proposal, it endorsed other ideas designed to help the zoo improve its financial picture. The committee wants the legislature to exempt the zoo from the Umstead Act, a state law that blocks state agencies from competing with the private sector. Committee members also asked the legislature to reappoint a study group that could continue investigating restructuring and oversight of zoo operations.

Vendors working with the zoo through "revenue-generating contracts" would also have greater flexibility to advertise those contracts. For instance, a soft-drink vendor could advertise its relationship with the zoo on merchandise or in radio advertisements.

"That's a good idea," Coletti said. "The contractors are going to be there. Having worthwhile vendors at the zoo improves the value of your experience there. To the extent companies are willing to pay to provide that service, that's worthwhile. To the extent they can advertise their relationship with the zoo, they might even be willing to pay more."

The Assembly could consider these ideas once it returns to work in January.



Elephants take a bath in the North Carolina Zoo's Watani Grasslands exhibit. (Photo courtesy North Carolina Zoo)

Cash-Strapped States Might Push Streamlined Sales Tax in 2009

Decades-old issue attracting attention of state legislators

BY COLLEEN CALVANI
Contributor

CHARLOTTE

Thanks to the shaky economy and the fact that many states face budget shortfalls this year, some experts think the streamlined sales tax movement may gain some ground in 2009. The issue, a perennial favorite for cash-strapped governors and state legislators, might find a friendlier Congress than in previous years.

The streamlined sales tax, also known as the Streamlined Sales and Use Tax Agreement, is an effort by some states — including North Carolina — to enforce already existing sales taxes on online transactions.

Proponents of the Streamlined Sales Tax Project, or SSTP, hope to get authorization for states to force online businesses to collect sales tax from out-of-state customers. Even when the online businesses do not have a physical presence, or nexus, in the states, the companies still would be forced to remit the taxes to the states that customers listed as their place of residence.

Proponents of the SSTP include about 23 states, the majority of which are considered full-member states, according to the project's Web site. These states are in full compliance with the Streamlined Sales and Use Tax Agreement as decided by the SSTP's Governing Board, said Scott Peterson, executive director of the board.

States expecting a jackpot

The project's primary purpose is to simplify and enforce rules already in effect and to collect money already owed by consumers, Peterson said. The consequences include what Peterson estimates to be \$15 billion to \$20 billion in revenue for states and a chance to level the playing field for brick-and-mortar stores.

"This is all about tax administration. This is about making the current, existing sales tax system more equitable, more fair, and less expensive for the retailers that collect the tax," Peterson said. Brick-and-mortar stores say they are at a competitive disadvantage to online stores, which do not have to collect and remit such taxes. Instead, consumers are expected to report all Internet purchases in their yearly taxes.

But Peterson and other proponents of the tax project know not to hold their breath while waiting for the check to come. Consumers, when asked to pay taxes with no tangible

consequences for not doing so, simply don't do it.

"Our point has always been that there are people out there that have a tax obligation that they are evading. This is consumer tax evasion," Peterson said, classifying the guilty as either "ignorant" or "criminal." "We're not trying to hide the fact that there is a consumer that is going to pay the tax that they may or may not pay today."

States' 'scheme' to tax

If it sounds fair, critics say think again. The streamlined sales tax allows politicians to raise taxes under the guise of not doing so, by avoiding the need to pass any new legislation. That could be bad news for today's battered consumer, says Jim Harper, director of information policy studies for the Cato Institute. Harper's area of expertise is adapting law and policy to the Internet.

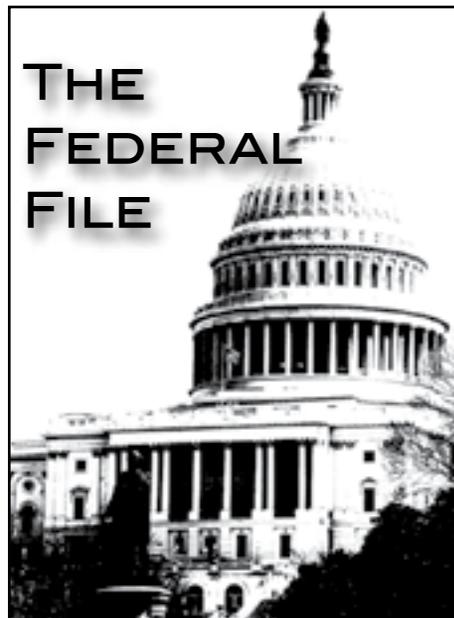
"You're talking about an elaborate scheme to try to avoid responsibility for taxation," he said. Despite claims that the economy is to blame for tearing their budgets asunder, the "states have been profligate spenders, and that's where the real budget shortfalls come from," he said.

The sales tax raises questions that go beyond figuring out ways to enforce an unenforceable law. Charges abound that the implementation of a streamlined sales tax would infringe on states' rights, endow the states with too much power to tax, place unfair burdens on Internet business, and quickly become cost-prohibitive.

"The idea of streamlining state sales tax is still just a fantasy. They talk about it, they talk about how they can do it, [that] there's all kinds of models for rationalizing state tax nationwide. But they don't have the model for it," Harper said.

SSTP ready to go

Adherents of the Streamlined Sales Tax Project, on the other hand, say that it is ready for implementation, with computer programs written and already functioning that allow for the country's more than 7,500 state and local tax jurisdictions to adopt a uniform system. For example, these programs know when to classify the purchase of



a bag of cotton candy from CottonCandyLover.com as "recreation" in one state and as "food" in another, both taxed at different rates.

"Frankly, this software has been available long before there has been a streamlined sales tax," said Peterson, who has been working on the tax for nearly 25 years. Every member state of the project has to create a database of its rates, broken down by jurisdiction and a nine-digit zip code, he said.

But even Peterson recognized implementation issues: "One of the problems we have, the reason our stuff isn't widely used, is because (business owners) out there don't create businesses thinking about their sales tax obligation."

The cost of converting the sales tax system in every existing business to the SSTP-compliant version is high, even by Peterson's own standards. That cost would be passed on to the state. For example, if a company does 3 percent of its business in North Carolina and 97 percent in Tennessee, the cost of implementing the new system also would be divided up that way, with Tennessee paying 97 percent of the fee.

"We know (it's expensive)," Peterson said. "But we also acknowledge that it's the states' laws that create that expense (in the first place)."

Retailers oppose SSTP

Even with a fully paid-for, streamlined system in place, online retailers would be facing new encumbrances to

conducting business as usual, said Bill McClellan, vice president of government affairs for the Electronic Retailing Association, the trade association for direct response marketers.

A nationally focused, electronic retailer would be forced to collect taxes in more than 7,500 jurisdictions — not just in one, like the brick-and-mortar shops do.

"Basically what the states want us to do is go and be their tax collector. They're the ones who have both the ability and legal responsibility to collect that from the people who live in the state," McClellan said. "No state wants to go out there and say, 'Oh, we've got to come in and collect taxes from you.' They prefer to do it on the business side of things, instead of (from) individuals as the law requires."

The amount of uncollected taxes isn't nearly as high as Peterson and the tax supporters estimate, either, he said. Out of the top 500 Internet retailers in terms of sales, most of the revenue generation comes from stores, such as Macys.com or BananaRepublic.com, that already have a nexus in a state and are therefore already paying taxes. "Once you whittle (away the stores) already collecting taxes, the number is much, much smaller," he said of the uncollected revenue.

'Big push' this year for SSTP

Though Harper thinks the streamlined sales tax is dead in the water, both McClellan and Peterson think that this could be the year for real movement on the issue.

"We expect there to be a big push this year," McClellan said. "We're here, ready to make the arguments on our side. (They're) pretty convincing for any person who is open-minded about the reality of what we're being asked to do."

He added that there is a coalition of critics in Washington, D.C. that has been the "mitigating factor" in the streamlined sales tax debates in recent years.

"We're not sure how the new political landscape is going to play out in terms of what the composition of Congress is," he said, noting that the opponents have received support from Democrats and Republicans.

Peterson's side is raising its army, too. He said that the project has received indications of support from several more members of Congress than it has in the past, and from new states that are not currently included in the SSTP.

Tax proponents expect Sen. Michael Enzi, D-Wyo., and Rep. William Delahunt, D-Mass., to reintroduce their respective legislation in favor of the sales tax this year, and plans to continue to recruit support in both houses.

Cal Thomas: Threats to a Nation's Freedom Often Come From Within

ASHEVILLE — The American political scene has some serious problems, according to Cal Thomas, America's most widely read syndicated columnist and a Fox News analyst. Thomas recently shared his concerns about American politics with a John Locke Foundation Headliner audience. He also discussed that topic with Mitch Kokai for Carolina Journal Radio. (Go to <http://www.carolinajournal.com/cjradio/> to find a station near you or to learn about the weekly CJ Radio podcast.)

We start with excerpts from Thomas' speech, including his assessment of what he calls the most socialist government ever elected in the United States of America.

Thomas: I think this is going to be bad for America. It's going to be bad for our economy. It's going to be bad for the kind of individual freedom and liberty for which John Locke stood. And it is going to be bad for the rest of the world that has looked for and relied upon the United States as a beacon of freedom.

I think any time you have unchecked power — whether it be a united government under Republicans or one under Democrats, and especially the latter, though not exclusively the latter — you're going to have some serious problems. ...

When I was growing up, and as a young reporter, I knew a lot of wealthy people and interviewed them. I never envied them. You know what I did? I asked them, where did they go to school? What did they study? What were their life and business principles? How did they become successful?

Today the attitude is if I make \$2 and you earn \$1, I owe you 50 cents just to make it fair. Why would you envy somebody who is a success? ...

We know what works. There is not any undiscovered truth. There is only people who do not believe it. We know — because the sociologists and human experience teach us — that it is better to get married before you have children and live together, and that it is better to be a model father and mother rather than work all the time and dump your kids in day care and hope that they turn out OK. We know it's better not to take illegal drugs. We know it's better to live within your means. Now there is a Puritan ethic — as my grandparents used to refer to it, and previous generations — that has been totally lost. ...

I've been fired, not hired, discriminated against because I was too young, discriminated against because I'm too old, too white, too male. Now on Fox, I'm not blonde. I said I'd dye my hair, but I drew the line at the surgery. Not going to do that. But you know something? I never filed a law-



"I think [socialist-leaning government] is going to be bad for America. It's going to be bad for our economy."

*Cal Thomas
Syndicated columnist*

suit. I guess because I'm not a member of an oppressed group, so I don't have anybody to complain to.

I just never took no for an answer. I went to one newspaper — trying to persuade them to take my column four times — in my travels. They turned me down every time. The fifth time, they took it. No is never the final answer. Somebody said to me, "What are you going to do if you get into every paper in the country?" I said, "Start another one, so I can be in that."

But we don't teach that anymore. We're all victims. The first time somebody tells you no, you whine. You go on Oprah, and you complain. Speaking of Oprah, this really gets to the heart of the entitlement mentality. This says it all. Everything you need to know about the spirit of the age that has infected this country and that I'm entitled to the product of other people's labor and income is wrapped up in this story. This is a very true story.

A couple of years ago, Oprah brought together a whole bunch of women who were in dire circumstances. The one common denominator: they all needed a car, in order to get to work or to get to day care, whatever. They just needed a car. They couldn't afford a car. No husband in the picture, and all the rest. So she got together with G.M. — great publicity move for G.M. — and gave them all Pontiacs, brand new automobiles. Oh, they were thrilled. They were excited. They were crying, which is one of the prerequisites for being on Oprah. They were just ecstatic ... except they were told that they had to pay the tax on the car. A lot of them complained. They wanted Oprah and G.M. to pay the tax, too.

That, ladies and gentlemen, is the best story you'll ever hear on what's wrong with the entitlement mentality in this country.

Kokai: You tie much of your discussion about the American political scene to the problems associated with the American culture. What's wrong with America?

Thomas: We're asking too much of government and too little from ourselves. That's why government has grown big, impersonal, insensitive, and omnivorous. Politicians always like to

accrue more power for themselves, and the more we cede to them, the less freedom we have. Freedom and liberty [are] what this country is about — not the government doing for us, but us doing for ourselves.

We've moved a long way from John F. Kennedy's wonderful line in his 1961 inaugural — "Ask not what your country can do for you, ask what you can do for your country" — to "Ask the government to do more for me." I think that's a prescription for economic and relational disaster and a putrid politics ... and great cynicism, too, by the way, because the more faith we put in government the less it can deliver and the more angry we get about it.

Kokai: I'm guessing a lot of people out there hear you and say to themselves, "That sounds about right. So what do we do about it?"

Thomas: First, I think we have to start small. We have to start with ourselves, our own families, the next generation, make sure they're educated in the proper environment — meaning private schools or home schooling, where the real values and traditions of the family in which we believe and

from which we come are passed on to a new generation. You can't expect your kids to be put in a state school and come out with your faith, your beliefs, your sense of history, and your values. That's just a fact. You wouldn't put them in the old Soviet Union schools and figure that they'd come out capitalists and freedom-loving. Why do you think you can put them in the state schools in America and come out with any other view than [the view] the state wants them to believe?

So we've got to start with ourselves. You don't have to have kids. But if you do, remember they're supposed to come first. They are the next generation. As a friend of mine says, "Our children are our letters to the future. We have to decide whether we're going to send them first class or postage due."

Kokai: If we know what needs to be done, are you optimistic that someone somewhere will stand up and say: "Let's do it now"?

Thomas: I don't know. I'm not a prophet. I know what needs to be done, and all I can do is share what I believe to be the truth and how to get it done. Nations rise and fall.

If you're a student of prophecy and scripture, there's no mention of the United States of America. We've lasted longer than any other constitutional republic in history.

The problem with a lot of free countries is that their freedom ends not from being invaded and occupied by others. They destroy themselves from within, and I fear that's what we're doing now — economically, financially, and politically. *CJ*

Visit our Western regional page

<http://western.johnlocke.org>



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

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

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

National Survey Paints Dire Picture of Today's Youth Ethics

By DAVID N. BASS
Associate Editor

RALEIGH

One-third of teen-agers say they shoplifted in the past year, and eight in 10 teens claim to have lied to their parents about something significant at least once during the same period, according to a new report from the Los Angeles-based Josephson Institute Center for Youth Ethics.

The study, which surveyed the moral beliefs and conduct of almost 30,000 high school students, also found that most teen-agers have an inflated view of their own virtue. Seventy-seven percent of respondents said they are "better than most people" when it comes to doing the right thing. That perception does not match the self-reported conduct of most teens, according to the authors of the report.

"It's alarming," said Rich Jarc, executive director of the Josephson Institute, in a telephone interview with *Carolina Journal*. "We see this as indicating a decay in the moral infrastructure of our youth, and it doesn't appear that most people are that concerned about the decay."

Jarc admitted the results of the survey might be worse, since one-fourth of respondents said they had lied on one or more of the questions. "It's an odd stat that shows many of them are instinctively cheating," he said. "It's a lack of understanding of what's right behavior and what's not right behavior."

The survey generated some conflicting answers. Fifty-nine percent of teens agreed that people in the real world have to cheat in order to be successful, compared to 41 percent who disagreed. But asked whether people who lie, cheat, and break the rules are more likely to succeed, 21 percent agreed and 79 percent disagreed.

The report found a similar gap between what teens preach and what they practice. Nearly all respondents agreed that it's important to be a person with good character, and 91 percent said that people should play by the rules even if they suffer for it.

But 30 percent admitted to stealing from a store in the past year, 42 percent said they sometimes lie to save money, and 64 percent said they cheated on a test at least once.

Some teen-agers also are willing

Some responses to survey on youth ethics

- Do you agree or disagree with this statement: In the real world, successful people do what they have to do to win, even if others consider it cheating.

Agree: 65 percent
Disagree: 35 percent

- How many times in the past year have you lied to your parents?

At least once: 24 percent
Twice or more: 56 percent
Never: 20 percent

- How many times in the past year have you cheated on a test in school?

At least once: 23 percent
Twice or more: 41 percent
Never: 36 percent

Source: www.CharacterCounts.org

to sneak a peek at others' homework and swipe goods from friends and relatives.

Eighty-two percent of respondents admitted to copying another student's homework at least once, and 62 percent said they did it two or more times.

In addition to shoplifting, 23 percent of teens said they stole from parents or relatives in the past year, and 20 percent admitted to pilfering from friends.

"It's a hole in the moral ozone," Jarc said. "These young people are going to become our future bankers, government officials, and business leaders. I would be personally concerned to know that people in those positions have grown up in

an environment where lying and cheating and stealing was OK."

Jarc pointed to one statistic in particular — 47 percent of boys said they feel the need to lie and cheat in order to succeed — as alarming. "If half our young men feel that way, how much faith are we going to put in these people when they are in responsible positions?" he said.

The moral lapses among youth could be addressed if parents and teachers worked on instilling basic values in kids, Jarc said. "In many cases parents are abdicating this [responsibility] to the teachers," he said. CJ

Not surprisingly, one-fourth of respondents reported they lied in their responses to survey questions

COMMENTARY

Their Cheatin' Hearts

Are ethical lapses among America's teen-agers becoming increasingly commonplace? A new survey of almost 30,000 high-schoolers, conducted by the Josephson Institute of Ethics, says so. The study found "alarming rates" of lying, cheating, and stealing among the nation's adolescents. "There's a hole in our moral ozone," warned Josephson's press release, "and it's getting bigger."

The report found a shocking 64 percent of teens had cheated on a test during the past year. Dishonesty plagues student relationships at school and at home: 65 percent of adolescents admitted they lied to a teacher about something important. Eighty-two percent lied to a parent. Outright criminal behavior was less common, but still disturbing: Almost one-third of teens said they stole something from a store over the past year.

Adolescents demonstrate a startling disconnect between beliefs and behavior. Ninety-three percent of these same teens indicated they were "satisfied with their personal ethics and character." Eighty-four percent agreed with the statement, "It's not worth it to lie or cheat because it hurts your character." Yet teens clearly engage in these behaviors anyway.

Why? Some say kids cheat because of unprecedented pressure to perform — to secure admission to high-ranking colleges, and to find employment in an increasingly competitive job market. Adherents of this view point to recent cheating scandals at top-performing schools, such as Chapel Hill High, as evidence that moral standards wilt when we turn up the heat.

Others fault technology. PDAs, cell phones, and MP3 players all can be put to nefarious purposes by students. The "scan and snack" method, outed by the Education Portal blog, highlights a particularly shrewd cheating strategy for those skilled in high-tech wizardry: Students peel a label from a soda bottle or snack, scan it into a computer, and then replace the nutrition facts with calorie-free, grade-boosting test answers.

Scanners and snackers can access step-by-step instructions on YouTube. Online, YouTube features more than 3,000 "how to cheat" videos, according to CBS News. The

Internet is also a boon to uninspired scribes tempted to copy or purchase term papers. Thirty-six percent of teens in the Josephson survey said they had plagiarized from the Internet.

Educators are ramping up their efforts to squelch cheating. Many use online detection services such as Turnitin.com to check papers for plagiarism. School administrators, wise to the cheating potential of high-tech devices, are cracking down on what students can bring into exams. Honor codes are receiving renewed attention.

In July, in the wake of Chapel Hill High's cheating scandal, the district school board passed a comprehensive academic integrity policy.

Such school-based attempts to encourage honesty are necessary and good. So, too, are swift and decisive disciplinary measures when infractions occur. By themselves, however, these efforts are insufficient.

Here's why: Kids don't cheat at school because of their technological savvy. Nor do they choose the dishonest path just because they're stressed out. They do it because they lack the integrity to stay true.

Ultimately, schools reap what we, as parents, sow. Cheating and lying are merely outward manifestations of an inner attitude of the heart — an attitude shaped primarily by the presence, or absence, of parental time, training, and care.

If, as parents, our particular brand of character is jarringly inauthentic, we should not be surprised when theirs is as well. The reverse is also true: If we model lives of decency and integrity, pairing admonition with action, then we give our children something to admire and emulate.

In the end, there's a lot schools can and should do to deter dishonesty. But we would do well to acknowledge that parents, not schools, provide the moral scaffolding on which children construct a lifelong system of ethics. If the Josephson report tells American parents anything, it's this: We have much left to do. CJ



KRISTEN BLAIR

Kristen Blair is a North Carolina Education Alliance Fellow.

School Reform Notes

Policy for sex offenders

Guilford County Schools officials are trying to decide how to handle students who are registered sex offenders, the *News & Record* of Greensboro reports.

The system's Governance Review Committee is developing policies to address a state law passed earlier this year restricting the access registered sex offenders have to places where children are, including schools.

One of those policies will address sex offenders who are students.

The board could decide to do one or a combination of several things, including:

- Expelling any student who is a registered sex offender
- Expelling any student 16 years and older who is a registered sex offender, considering younger students on a case-by-case basis
- Reviewing each case, applying various options to address the student based on the degree of the crime.

The policy could require that any student who is a registered sex offender be supervised or any student expelled be provided an alternative course of education, such as online classes.

School board attorney Jill Wilson said she has reviewed a few similar policies from school boards and her recommendation is that the board review each case.

Pay for mandate

A state legislator says the state should pay school districts' costs to oversee the projects that high-schoolers must complete before getting their diplomas, *The News & Observer* of Raleigh reports.

Calling the new graduation requirement an unfunded mandate, Rep. Jimmy Love, D-Sanford, said he is considering a proposed law to allow school districts to drop the requirement unless the state pays for it.

The State Board of Education is requiring all high school students, starting with the class of 2010, to complete an ambitious project. The students will have to write a paper, create a product, and present their work to a panel of judges. Students must find mentors familiar with their research topics to guide them through the project.

It is not clear how much the graduation project costs. Local school districts do not have uniform rules, and the state Department of Public Instruction did not estimate how much it would cost districts. CJ

School opened in 2007

Thales Academy Offers Affordability, Excellence

By KRISTEN BLAIR
Contributor

Carlene Sumner moved to Wake County from Utah in 2007 with high hopes for her sons' educational prospects. "We were hearing Wake County had the best school system in the country. We were thrilled," said Sumner. The process of enrolling her oldest child, Isaac, in public kindergarten proved to be fraught with difficulty, however.

"We were moving into a new home that was not going to be finished until after the school year started. We tried to put Isaac in the public school where we were going to be living," Sumner said. But school officials balked, telling Sumner her son could not enroll until after the family closed on a home. Even then, Sumner learned, ongoing student reassignments meant Isaac would not be guaranteed a spot in the neighborhood public school.

Subsequent efforts to enroll Isaac in a charter school were unsuccessful. Unfamiliar with the rush for charter school openings, Sumner missed most admissions deadlines. She did get an application in on time for the lottery at the popular Franklin Academy charter school, but like many other students, Isaac was placed on the wait list. An offhand, but fortuitous, conversation with another parent finally led Sumner to Thales Academy.

The brainchild of Raleigh businessman Bob Luddy, Thales Academy opened in 2007. Situated in Wake Forest, the school is the first installment of what Luddy expects will be a network of 25 to 50 affordable private schools. In October, Thales students moved into a permanent facility, constructed for a fraction of the cost of a conventional public school.

A second Thales Academy opened in Apex in September. Students were scheduled to move from temporary quarters to a permanent school building in mid-December. Three other Thales schools are in development, said Luddy. The next will be situated in north Raleigh.

Enrollment is growing rapidly. Last year, the Wake Forest school had 60 students; this year, 160 pupils attend. Advertising has been minimal, said Annie Roach, Thales' public relations administrator, but "we get applications every single day." Both Thales locations offer kindergarten through fifth grade. At full capacity, each school will serve 432 students in grades K-8.

Another route to educational choice

Initially, Luddy had looked to charter schools as a viable way to serve families seeking educational options. Ten years ago, he founded one of the state's top-performing charter schools, Franklin Academy. A state-designated public "school of excellence," Franklin Academy has enjoyed enormous success since its inception.

Demand for charter schools continues to mount, but the General Assembly has failed to raise the 100-school statutory cap. So Luddy has targeted the low-cost, private Thales model — with tuition set at \$5,000 per student — as another route to school choice.

Like Franklin Academy, Thales Academies employ Direct Instruction, a teaching method that "emphasizes well-developed and carefully planned lessons designed around

small learning increments and clearly defined and prescribed teaching tasks," according to the National Institute for Direct Instruction.

At Thales, the format and pace of instruction work synergistically to keep kids engaged. "Direct Instruction is clear and comes in small bursts of information. ... It requires all students to pay attention all the time," said Luddy.

"I like how structured it is — there's not a lot of time for getting off the beaten path, but yet the kids can still have a lot of fun with their learning," Sumner said. Such intensive academic focus, joined by student enthusiasm, begets success: Isaac started kindergarten last year at Thales "knowing all of his letters," Sumner said. By year's end, he was "reading at the third grade level."



Thales Academy, the brainchild of Raleigh businessman Bob Luddy, opened in 2007. (CJ photo)

Students at Thales are grouped according to ability, a boon to precocious and struggling students alike. Carol Steckbeck, whose son Greg is a fourth-grader at Thales in Apex, said this practice helps teachers "better accommodate students' abilities, either to advance or catch up." Flexible tracking already has benefited Greg. His computational competencies have landed him in fifth-grade math. Thales uses the well-regarded Saxon math curriculum, just like Greg's former private school in Michigan. Steckbeck said it's "one of the biggest reasons" she chose Thales.

Parents are also drawn to what Luddy described as a "very good culture of civility and fairness and respect" at Thales. Students attend "character club" at the school and help out in the community.

Thales' academic program attracts families from all educational backgrounds. Homeschooled students come "mostly because of curriculum," Roach said. Still others make the switch from another private school. Constant reassignments, long bus rides, and safety concerns at public schools cause some parents to seek out spots at Thales.

Affordability a 'huge factor'

A Thales education features a manageable price tag, a major consideration for scores of families. "Affordability is a huge factor. If it wasn't affordable, I wouldn't see as many families attending," Sumner said. In addition to modest tuition, Thales offers parents a sibling discount and financial aid when needed.

While Wake County boasts a cadre of excellent private schools, the cost to attend them often falls outside the range of affordability, Luddy said. Annual tuition at some Wake County private schools nears \$20,000, quadruple the cost of a year at Thales. As a result, "schools like Thales are filling a very important market niche," Luddy said.

For Sumner, a once seemingly endless quest for the right school has finally reached its happy conclusion: Isaac is flourishing in his second year at Thales. School selection the next time around will be refreshingly easy. Sumner's younger son, Ethan, is poised to start kindergarten at Thales in 2009. CJ

Kristen Blair is a North Carolina Education Alliance fellow.

N.C. Students' Test Scores Plummet Under New EOG Standards

End-of-grade scores fall by double digits after recent changes

By DAVID N. BASS
Associate Editor

RALEIGH

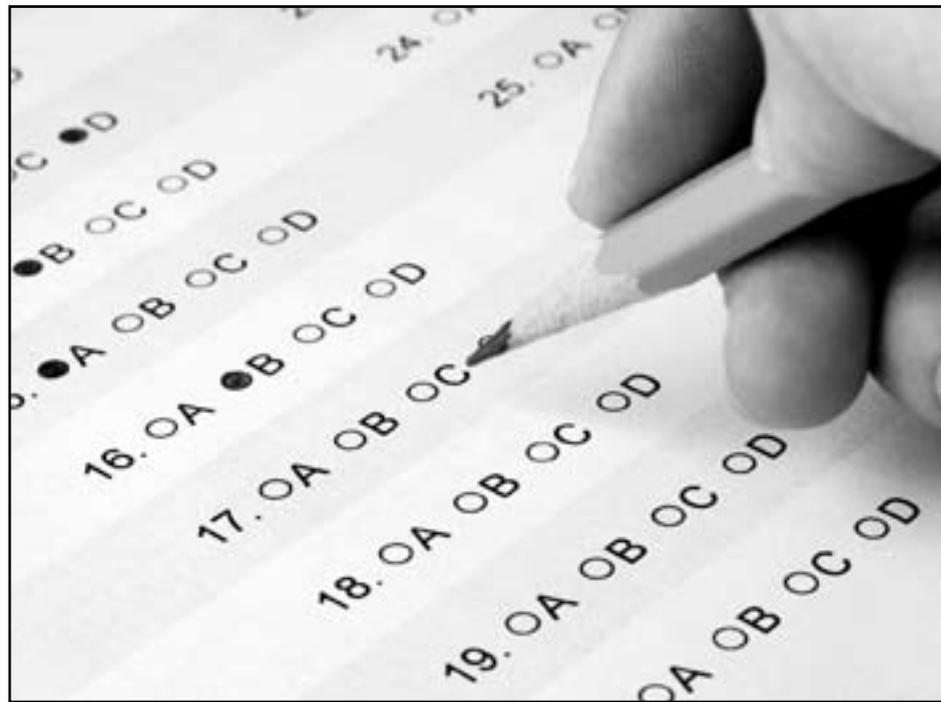
For Susie Johnson, a Youngsville resident and stay-at-home mother of four special-needs children, paying the bills each month is struggle enough. But watching her sons languish in the public schools was far worse.

"Unfortunately, we've been in a district that has failed my four boys," she said. "One of my sons, who is in the ninth grade, has a reading level of fourth grade. I have witnessed it myself. They've come home with great grades, and all [the teacher] has done is slide him right through the system."

Living on a limited income and facing a barrage of medical bills, Johnson and her husband could not afford a better educational option. One of her sons is in terminal condition, and another suffers from severe neural problems. The other two have learning disabilities.

"The only reason we live and the only reason that we wake up in the morning is because of the grace of God and the faith we have in the family," she said.

Some of Johnson's burden was lessened when Parents for Educational Freedom in North Carolina, a nonprofit school choice advocacy group, gave her a \$2,500 scholarship. Now, she can send two of her boys to Friendship



CJ photo illustration

Christian School in Raleigh.

"Joshua is getting the consistency that he needs," Johnson said. "His scores have risen by 90 percent since he has been at the new school." Brandon, another of her sons, now has the confidence and determination to seek a college education, she said.

Johnson received the grant Oct. 28, shortly before the N.C. Department of Public Instruction released the latest results of the state's ABCs of Public Education testing and accountability program. Because of more rigorous reading standards adopted by the State Board of Education, student performance dropped dramatically this year compared with last year. Between 53 percent and 61 percent of elementary and middle-school students scored at

or above "proficient" on the reading test, down from between 84 percent and 92 percent last year.

The new scores show that many students remain in schools that fail to meet their needs, said Terry Stoops, education policy analyst of the John Locke Foundation. "These new numbers reinforce the need for more school choice in North Carolina," he said.

The scores mean that just over half of students are passing the end-of-grade tests for both reading and mathematics, reports *The News & Observer* of Raleigh. In the latest results, DPI also gauged whether schools met adequate yearly progress under the federal No Child Left Behind Act. Sixty-nine percent of schools did not make adequate yearly progress, compared with 31 percent that did.

DPI officials have cast the lower scores in a positive light. "What is important in North Carolina is that we have new goals and new levels of support to help our schools move students forward," said state Superintendent of Public Instruction June Atkinson.

"We have to keep raising the bar and demanding more of our students," Gov. Mike Easley said in a press release. "When they all start scoring 90 percent, the standards have to be raised. That is how you make improvement."

But Stoops said the heightened standards are too little, too late. "This is the first comprehensive change in the ABCs testing program since it was first created in 1996," Stoops said. "The

requirements should have been raised years ago. In the past, students could literally guess their way to the 'proficient' rating."

According to the results provided by DPI, more than 100 schools failed to meet their expected growth standards and had less than 50 percent of student scores at or above Level III, considered the mastery level. Thirteen of the schools were in Charlotte-Mecklenburg Schools and nine in Guilford County Schools, the state's second- and third-largest districts. Wake County Schools had two schools in the low-performing category. They were Barwell Road Elementary and East Wake School of Integrated Technology.

Most schools were classified either as "schools of progress," meaning they met expected growth and had at least 60 percent of student scores at Level III, or "priority schools," meaning they failed to meet the 60 percent benchmark but were not considered low-performing schools.

Thirty-three schools earned top rank as schools of excellence or honor schools of excellence. Quest Academy Charter School in north Raleigh had the highest performance composite, followed by Metrolina Regional Scholars' Academy, a charter school in Charlotte.

The overall results were a mixed bag for charter schools. Charters averaged 63 percent on the performance composite. Several had composite scores under 30 percent and failed to

make adequate yearly progress — among them Kennedy Charter School and Crossroads Charter High School in Charlotte and Healthy Start Academy in Durham, all three schools for at-risk students.

Others earned scores that put them at the front of the pack.

In addition to Quest and Metrolina, five other charter schools scored above 90 percent on the performance composite: Magellan Charter School, Raleigh Charter High School, Greensboro Academy, Gray Stone Day School, and Exploris Middle School.

Some parents don't put much stock in the test results. One father with two students in CMS is "cynical" of the scores. "I am not surprised that the test grades went down because they made the tests harder," said the source, who asked to remain anonymous. "It kind of reinforces what we already thought. For those of us who know where the challenges are in the school system, it's not surprising at all."

CJ

Just over half of students are passing end-of-grade tests for reading and math

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

State School Briefs

Reassignment shift

There was standing room only in Cary High School's auditorium in early December as hundreds cheered the changes being considered to Wake County schools' three-year plan for reassigning students to fill 10 new schools, *The News & Observer* of Raleigh reports.

Wake school officials were conducting hearings across the county to gather comment on the proposed reassignment plan. A revised plan was presented to the school board Dec. 16. A final vote on the revised plan is expected in February.

"We received more than 2,000 [e-mail] comments prior to the Thanksgiving holiday," said Chuck Dulaney, the schools' assistant superintendent for growth and planning. He assured parents that his staff is listening to the pleas for changes.

Parents hoping to change the current proposal showed their solidarity at the meeting in Cary by wearing clothing with school logos or holding papers that questioned "WHY?"

Parents of Apex High School students scheduled to be reassigned to Cary High or Athens Drive High turned out in large numbers.

Nonprofits and principals

A nonprofit is joining forces with Charlotte-Mecklenburg Schools to place 50 principals in some of the county's most-troubled schools over the next six years, *The Charlotte Observer* reports.

Superintendent Peter Gorman described the project Dec. 10 as "an enormous stride forward" that will help turn around the lowest-achieving CMS schools.

New Leaders for New Schools, a nonprofit that often reaches into the military, nonprofit, and business world to train new principals, picked CMS from among about 20 applicants nationwide.

The new principals will start taking jobs in 2010, after going through a one-year academic program and a one-year paid residency. Teachers may apply. Officials also welcome candidates from the business sector who have at least two years of K-12 teaching experience.

The program operates in nine other cities, including New York, Chicago, and Washington, D.C. *CJ*

Democratic leadership an obstacle

No Change on Horizon for Charter Schools

Proponents facing tough row to hoe in General Assembly

By COLLEEN CALVANI
Contributor

CHARLOTTE

Proponents of charter school expansion are feeling less than hopeful about Gov.-elect Beverly Perdue. The lieutenant governor has been outspoken about her hesitancy to remove or change the cap of 100 charter schools in the state, and there's little evidence that her opposition will change when she takes office in January.

"I don't support removing the cap on charter schools," Perdue, a Democrat, confirmed recently in an e-mail.

With a recommendation still on the docket from the Office of Charter Schools to allow six more schools a year, Perdue may get her chance to evaluate the need sooner rather than later. But some education experts aren't expecting much.

"Bev Perdue is not a friend of charter schools," said Lindalyn Kakadelis, director of the North Carolina Education Alliance and a contributor to the John Locke Foundation. "She's entrenched in the education bureaucracy, so unless ... the grass roots of the state of North Carolina, the everyday people, lobby their General Assembly members, I don't see any change in charter school law."

Though charter schools are part of the public education system, they differ in some significant ways. First, charter schools have open enrollment, meaning parents are not bound to the school through districting. They also give parents the option to decide where to send their children without the financial hurdles of enrollment in a private school, for example.

"A lot of times, parents — especially our lower-income families — have no options except charter schools, and a lot of (them) were started to give those parents options," Kakadelis said.

Like traditional public schools, charter schools are funded through local, state, and federal dollars, and charter school students are subjected to the state-mandated end-of-course and end-of-grade tests. But charter schools are also charged with another purpose, to contribute "innovative" or new approaches to education that can be ap-

plied to the traditional public school system. Ensuring that charter schools meet the need for innovation in these schools is an admitted key element of Perdue's opposition.

"I support allowing new charter schools to emerge after underperforming schools have been phased out," she said. "They must be held to high standards, and schools that do not perform should have their charters revoked."

But some people question why traditional public schools are not held to the same high standards as charter schools, when by most estimates charter schools do not fare worse than traditional schools on average. State School Superintendent June Atkinson said that charter schools tend to either rank among the best or among the worst schools in the state, while traditional public schools comprise the middle — some might say mediocre — levels. Atkinson said she does not think the cap will be removed during Perdue's tenure.

Jack Moyer, director of the Office of Charter Schools, said that the disagreements in Raleigh about charter school expansion have less to do with performance than the perceived lack of innovation coming out of the schools.

"When the charter school law was put in place, charter schools said that they would, through innovative curriculum and instructional methods, make a difference. And I think there is an accountability issue there when you say that's what you're going to do," he said.

Moyer is a member of an ad hoc committee that will look at the recommendations from a legislature-mandated Blue Ribbon Commission charged with examining accountability and, separately, charter schools. The committee, comprising of Moyer, state Board of Education members, and others, will examine the cap issue in January, Moyer said.

Therein lies the problem with accountability, say charter school proponents like Kakadelis. "Basically you have the agency being its own overseer. The state board sets the lines for achievement standards," she said, noting that the N.C. tests are not easily comparable to nationwide tests. "(Parents) don't understand what the state tests are really telling them; (they) don't understand what 'Level 1' means. There's no way to know how your child's doing."

When charter schools are often composed entirely of underperforming students, this method of testing

without looking at growth gains can mean dismal test results.

Moyer explained that to remedy the problem, the Office of Charter Schools is already working with about 30 charter schools to introduce interim testing. Students will take nationally averaged tests at the beginning of the school year, in the middle, and again at the end. This allows for year-to-year comparisons and also helps teachers craft lesson plans to help students make gains in specific areas.

"With the type of children enrolled, we need to look at growth gains," Kakadelis said. "So many of the charter schools take children who for one reason or another have not been successful in a traditional public school."

It was because these at-risk children were not succeeding at public schools that the charter school initiatives got off the ground initially, and Kakadelis explained that nationally, there is a growing level of support among parents and legislators on both sides of the aisle to increase the options for school choice. Perhaps the most visible example of this has been in Washington, D.C., where some African-American students have found success with a controversial school voucher system.

"The public school system has not serviced African-American students very well. ... [Their] dropout rate is extremely high, and we're seeing this trend around the country," Kakadelis said.

Though the school choice issue, including

charter schools and vouchers, is often fought along partisan lines, in places such as Washington, D.C., African-American Democrats are aligning with Republicans to say that school choice is a good thing. But in North Carolina, partisan politics continue.

Perdue, for one, was endorsed by the North Carolina Association of Educators, the local arm of the National Education Association. Both groups are among the biggest opponents of school choice here and nationally.

"Bev Perdue (is) the typical white Democrat who can afford to send her children or her grandchildren to private school, and yet (is) concerned about the system for everybody else," Kakadelis said.

As the governor-elect facing a four-year term and a friendly legislature, Perdue has the option of remaining pragmatic — and true to her platform. *CJ*



Gov.-elect
Beverly Perdue

Gov.-elect Perdue,
a former teacher,
is unambiguous
in her opposition
to raising the
charter school cap

Roundtable Discussion Shows Unsettled Nature Of Role of Sports in U.S. Colleges and Universities

BY JAY SCHALIN
Contributor

RALEIGH

Two different visions of how to deal with college athletics were on display at a recent Pope Center round-table conference. Most of the 12 participants agreed that the world of college sports is troubled, but disagreed on the direction reform should take.

The Pope Center's Jane Shaw dubbed one approach the "fight" model, which suggests wholesale de-emphasis of big-time athletics. The other she called the "reclaim" model, which favors reaching out to coaches and administrators to gradually restore sportsmanship and ethical behavior.

The basic arguments were presented by Bill Thierfelder, president of Belmont Abbey College and a former national champion in the high jump, and Murray Sperber, a professor of English and American studies at the University of Indiana for many years and the author of several popular books on college sports, including *Beer and Circus: How Big-Time College Sports Has Crippled Undergraduate Education*.

Each of the two men has seen the world of athletics from many different angles. Despite their different perspectives, they both agreed that something is seriously amiss in the world of college athletics.

Thierfelder, representing the "reclaim" model, focused on his belief of what college athletics should be — a means to train the whole person and a way to lead an athlete to virtue.

He rejected a common assessment that college athletics are so tainted

Are sports teams inspiring and positive, or are they corrupt and too commercialized?

ed by money that they should be eliminated or given professional status. To Thierfelder, sports have great value in forming the character of students. He said that he could understand the expense of college sports if it served a greater purpose than making money. However, few athletic departments are profitable.

He described sports as an "artificial environment" in which good or bad behavior can be taught deliberately. He said coaches, administrators, and athletic departments must be held accountable for students under their charge, in terms of their character as well as their performance.

"If the end is world-class performance and the development of virtue and the formation of a whole person — body, mind, and spirit — fantastic!" Thierfelder said. He suggested that, too often, the goal is simply to win championships, with no higher purpose in mind. Still, he sees no divide between world-class athletic performance and virtue — "world-class performance is a virtue, but it's only one of them." The problem with collegiate athletics is that

only athletic performance is rewarded, and not the other aspects of virtue, he said.

Sperber, representing the "fight" model, had a darker focus. As the author of several books strongly criticizing big-time college sports, he continues to emphasize exposing the problems of corruption, and he indicated little hope for any shift in the focus of athletic departments away from winning and money.

He amusingly described how college athletics were born in corruption and commercialization. The first intercollegiate athletic event was a rowing contest between Harvard and Yale in the 1830s. It was intended to advertise real estate for a railroad company, and both teams had numerous "ringers" with no known connections to the schools. "Before an oar hit the water, it's highly commercial, and they're cheating," he said.

Athletic departments and administrations at big Division I universities have given themselves over to an "athletic arms race," in which money drives everything, he said. Even Division III schools are "increasingly imitating the big-time universities."

The public has long thought that big-time sports are profitable, he said, "which is the way athletic departments want it portrayed. ... It's now generally accepted that they lose money."

Sperber quoted an economics professor from Cornell University, who said "the pattern is very troubling. We're spending a lot of money on things that in the end aren't going to make any difference in how well we do as a society."

Many of the problems stem from the fact that "athletic teams have marketing value," said Harry Lewis, a computer science professor at Harvard University. Administrators are "worried that 16-year-olds won't recognize their schools without a football team," he said.

Peter Wood, president of the National Association of Scholars, suggested that school officials partly justify athletics' prominence on campus because it is an easy way to build a "community."

Changes in academia's economics and demographics might alter the athletic landscape. Women dominate academia, while their sports programs have so far suffered less corruption. And more students are seeking educational alternatives such as online programs. "The University of Phoenix has no football team," Wood noted. CJ

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

Campus Briefs

- Controversy has been swirling around N.C. State about messages painted in the university's Free Expression Tunnel that referred to killing President-elect Barack Obama. Since the incident, four students have admitted responsibility for the messages and have issued an anonymous public apology. The campus police and the Secret Service investigated the matter but determined that the racist graffiti did not constitute a true threat and that no crime was committed. The Foundation for Individual Rights in Education, the American Civil Liberties Union, and two local newspapers — *The News & Observer* of Raleigh and the *Greensboro News & Record* — have come to the defense of freedom of speech, pointing out that N.C. State's commitment to free expression means nothing if it cannot survive the test of unpleasant and politically controversial speech. In fact, N.C. State advertises similarly violent language, written in the early 1980s against Iranian leaders, as an example of legitimate expression in the tunnel. According to FIRE, the UNC system cannot follow through on President Erskine Bowles' idea for a ban on "hate speech" without producing an unconstitutional policy.

- This year UNC-Chapel Hill ended a tradition of displaying Christmas trees in campus libraries. The trees, which have stood in the lobby areas of Wilson and Davis libraries each December, were kept in storage this year at the behest of Sarah Michalak, the associate provost for university libraries. In order to make her decision, Michalak, chief librarian for four years, asked library colleagues at Duke, N.C. State, and elsewhere, and found no other school where Christmas trees were displayed. Her search did not, however, extend to Western Carolina University or East Carolina University, where Christmas trees are always displayed. Michalak said that at least a dozen library employees have complained over the last few years about the display. She hasn't heard similar criticism from students. In fact, many students expressed outrage about ending the tradition in letters to the editor of *The Daily Tar Heel*, with one student claiming, "This has gone way too far." CJ

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

Visit our Wilmington regional page

<http://wilmington.johnlocke.org>



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

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

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

COMMENTARY

Why Students Get Bored

Every college student, at one time or another, has endured a course with a terrible professor. The professor could read directly from his notes, like he's telling a very boring story, or simply recite the same information found on the PowerPoint, using slightly different words. Or perhaps she is a wannabe hip grad student who spends all her time "connecting" to students rather than imparting knowledge.

I had my own fair share of bad professors. And after spending several years as a graduate student, I know why. There are very few standards for teaching future professors how to teach — and little pressure to meet any standards at all.

Graduate students receive very little formal teacher training. They often are thrown into a classroom full of undergraduates, where they sink, swim, or cling to various life rafts such as PowerPoint and student-led discussion.

As a first-year graduate student at UNC-Chapel Hill, I was a teaching assistant for "Introduction to American Politics." I led my first discussion sections — and graded student exams and papers — after only a single half-day orientation for future graduate teaching assistants.

I continued to lead discussion sections for a few semesters before teaching my own course. I ostensibly "observed" the professors for whom I was a TA, and I took two courses on college teaching.

The first college teaching class, through the Department of Curriculum and Instruction at the School of Education, was completely useless. Course standards were so low that I was able to receive full credit simply by creating one sample syllabus and by showing up in class a few times. The second, tailored for future political science professors, was useful for issues specific to political science, such as how to present contentious political ideas and remain neutral, but it gave little general guidance.

My credentials might not be what parents expect when they send their children off for an undergraduate education. But those standards are among the highest of any department in the University of

North Carolina system.

Across the state, requirements for future tenure-track faculty range from fairly substantial in certain departments at UNC-Chapel Hill, UNC-Wilmington, and Duke to downright shoddy at most schools in the UNC system.

Throughout UNC, graduate schools have abdicated responsibility for graduate student teaching, leaving the responsibility to the individual departments or programs. For example, at UNC-CH, the official policy on student teaching states, "Directors of graduate study in each graduate program are best informed to make these judgments on an individual basis ..."



JENNA
ASHLEY
ROBINSON

That would be fine if each department instituted rigorous standards. But many departments do not. In most departments, teaching is an afterthought.

For example, in UNC-CH's Department of Slavic Languages and Literature, graduate students undergo a short orientation, and are often observed, but they take no teaching courses before entering the classroom as teachers or teaching assistants. Courses at the Center for Faculty Excellence are "strongly encouraged," but not required.

Instead of leaving teaching standards in the hands of individual departments, graduate schools should adopt strong guidelines, while allowing individual departments to implement them.

Schools should provide opportunities for public speaking and have a dedicated professor-mentor for each graduate student whose job is to answer questions. The schools should provide guidance on how to prepare syllabi, write exams, and design term papers. Graduate students also should have opportunities to practice, practice, practice.

Graduate departments and graduate schools should recognize that they are doing more than training future researchers. They are training professors who will teach future generations of undergraduates. A sink-or-swim policy simply doesn't cut it. CJ

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

Story of Black Fraternal Orders Challenges Conventional Wisdom

BY GEORGE LEEF
Contributor

RALEIGH

One of the goals of the Pope Center and the North Carolina History Project is to bring to campuses ideas and information that have been neglected. That happened in November when the organizations sponsored a lecture by University of Alabama history professor David Beito at St. Augustine's College, North Carolina Central, N.C. State, and Campbell University.



David Beito

Beito's talk was titled "Black Fraternal Societies, Mutual Aid, and Civil Rights." It was based on his book *From Mutual Aid to the Welfare State*. He discussed how black Americans in the Deep South formed voluntary societies for their betterment.

Despite the fact that they were denied the right to vote and faced a host of obstacles supported by discriminatory state laws, blacks succeeded in many occupations and businesses. They used their wealth and property to good advantage in providing insurance, hospitals, banks, and other services to members of their community, often through fraternal societies.

Beito told a story of politically oppressed people advancing in spite of widespread bigotry and governmental barriers against them. Following are a few examples from Beito's presentation.

Maggie Walker was a black woman living in Richmond, Va. She founded the Independent Order of St. Luke, a group dedicated to mutual aid that encouraged black entrepreneurship. Walker herself founded a department store, a newspaper, and a bank. She helped to lead a rising black middle class during the late 19th century.

There were two "Odd Fellows" orders, one white and one black. The Odd Fellows were working-class people who joined together for mutual benefit, particularly insurance. Members would pay a percentage of their earnings and were entitled to sick benefits if they could not work. The society carefully evaluated claims to deter malingering. The society also provides death benefits — an early form of life insurance. The Odd Fellows had a half million black members around the turn

of the century.

Another important group was the Knights and Daughters of Tabor, founded by ex-slaves in the late 19th century. Among other accomplishments, the group established a hospital that opened in Mound Bayou, Miss., in 1942. The doctors and staff were black. They provided good medical care for people who would not be admitted at other hospitals. Taborian members could purchase medical insurance for \$8 per year in 1942, entitling them to up to 30 days of hospital care.

The chief surgeon at the Taborian hospital was Dr. T. R. M. Howard, who was not only an accomplished doctor, but also a successful businessman. In 1951 Howard formed the Regional Council of Negro Leadership with the goal of promoting thrift, entrepreneurship, equal treatment under the law, and voting rights.

Howard's group held a large rally each summer, drawing thousands of supporters. The rallies were in rural areas of Mississippi where

violence by the Klan would certainly have been possible. There never was any, however, because Howard posted armed guards. Howard himself usually went around armed, and his home was an arsenal. Two crucial elements in Howard's success: the freedom to acquire and profitably use property, and the right to defend himself.

One of the Regional Council's projects was to use the economic power of the black populace to bring about change. Specifically, it organized a boycott of gas stations where blacks were not allowed to use the restrooms. The boycott was successful. The national gasoline distributors did not want to lose business and told local station owners to provide restrooms for blacks as well as whites.

What most American students hear from their history professors is that political action is the path for minority groups desiring upward mobility. Beito's research shows that American blacks, using their private property and economic freedom to the extent that they had it, made great strides in the era before they had any political influence at all.

When college professors challenge conventional wisdom with facts, they are truly encouraging their students to do some "critical thinking." CJ

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



Opinion

Community Colleges Seek Big Increase, Despite Budget Woes

Hard times should mean hard decisions about higher education in North Carolina. The state's community college system does not appear to have heard the news about the economy, however.

UNC system president Erskine Bowles has already ordered the 17 constituent schools to reduce spending by 5 percent, to account for the anticipated loss of revenues due to the economic recession. This is more than the 4 percent cut ordered by Gov. Mike Easley for all state spending.

However, the state's community colleges have not only received a lower level of support than UNC schools in the past, but have urgent needs, said community college system president Scott Ralls.

Ralls explained his 2009-2011 budget request to the state legislature at the Nov. 13 UNC Board of Governors meeting. This budget proposal, already approved by the North Carolina Board of Community Colleges, seeks a \$64 million increase this year and \$111 million more in 2010-11. The two-year increase sought is roughly 19 percent, at a time when the state is looking to cut back. Perhaps the community colleges should re-examine priorities than to expect the state to throw money at its problems.

The funding disparity between the two systems is revealed by attempts to improve faculty salaries. UNC schools are trying to — and in

some cases already do — pay professors as well as 80 percent of equivalent institutions nationwide.

In contrast, the state's community colleges are currently paying well below the 50th percentile nationally for community college salaries.

Ralls is asking for increased investment to raise the community college system to "world class" status, and paying higher salaries to attract top educators is merely the start. He wants approximately \$1,000 more per student per year to achieve this improvement — an increase of hundreds of millions of dollars when the current state allocation is \$933 million.

But the economic downturn has put the community colleges between a rock and a hard place. The system has a "comprehensive" mandate to be all things to all residents, and at a low cost: full service academic institutions, vocational training sites, and remedial centers for those who lack the skills to advance in life. According to the Civitas Institute, the cost to educate a full-time student at a North Carolina community college for the 2007-08 school year was \$5,376. The state subsidizes roughly 75 percent of that—the average tuition was only \$1,277 per full-time student. Various state and federal programs often reduce the tuition further.

Resources are already stretched thin — Ralls said the system replaces instructional equipment every ten years, when six or seven years would be optimal. To add to the existing



pressures, enrollment is now soaring.

With state revenues plummeting, the system will be hard-pressed to accommodate the additional students. The system should therefore

re-examine some assumptions about its role, and might have to jettison temporarily some high-cost or low-demand programs.

One area for re-examination is technical training programs, which are often expensive or plagued by low enrollment. Ralls said that when he was president of Craven Community College, he bought one machine that used 28 percent of the school's equipment budget for that year — to train only two students.

Schools often need to recruit students for such technical programs, which raises an important question — shouldn't this lack of interest be considered a signal that these programs might be unnecessary? If jobs in these specialties were plentiful and well paid, chances are recruiting would be unnecessary. Why not return some of the most expensive and industry-specific training to the firms that require those specific skills?

Another trade-off concerns the community colleges' attempt to increase access for all state residents, particularly those from low-income families. Many of these students come to the community colleges poorly prepared — Ralls said 50.3 percent require remediation, and 48 percent don't make it to their second year. Re-

mediation is expensive — it requires instructors to work intensively with a small number of students. Failure is expensive in the long run, too. Nobody wants to turn these students away, but now is not the time to seek more.

Perhaps community colleges should focus on those improvements that can be accomplished without much investment, or those that will eventually reduce higher education costs for the state. One idea where progress can be achieved at low cost is "seamlessness." This concept makes transfers between the community colleges and UNC schools more efficient. Costs can be cut by pushing more four-year academic students onto the cheaper community colleges. According to Sharon Morrissey, the president of Richmond Community College, seamlessness can help to ensure that local residents in rural communities can fill high demand professions, such as teaching, nursing, and engineering.

Education is no magic bullet for economic problems — a low tax environment and viable regulatory system also contribute to development. The attempt to fulfill every mandate that the community college system imposes on itself in a downturn will mean a higher tax burden on the middle class or deficit spending — this is likely to prolong the economic malaise, not end it. Now might be a good time to rethink priorities and cut — to add by subtraction — rather than to throw money at problems — to subtract by addition. CJ

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



JAY SCHALIN

North Carolinians for Home Education

The MISSION of NCHÉ is to:

- PROTECT the right to homeschool in North Carolina.
- PROMOTE homeschooling as an excellent educational choice.
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Town and County

RDU vs. newspaper boxes

The Raleigh-Durham Airport Authority is likely to fight a federal court ruling requiring it to allow newspaper vending boxes in the airport, *The News & Observer* of Raleigh reports.

In 2004, *The N&O*, The Durham Herald Co., The New York Times Co., and Gannett Co., which publishes *USA Today*, sued the airport, contending that their constitutional rights were being impinged upon by the airport's refusal to allow newspaper racks in the airport's concourses. The airport contended that the newspapers already had adequate distribution via stores in the airport that sold the papers.

U.S. District Judge Terrence W. Boyle did not agree with the airport authority, holding that its refusal to allow coin boxes "substantially burdens the newspaper companies' expressive conduct within that public place." Boyles noted that a significant number of flights arrive or depart when the outlets that carry papers aren't open.

"We felt like we should have access, by our First Amendment rights, to everywhere out there," said Jim Puryear, *N&O* vice president for circulation. "They sell every other kind of product on the concourse."

No vote on nuke waste

The Asheville City Council has rejected a proposal to ban the transportation of high-level nuclear waste through the city. A majority of council members questioned whether such a ban would actually be enforceable, and if it were, whether it would complicate attempts to provide safe storage of the material, the *Asheville Citizen-Times* reports.

"We're billing this as prevention," said Mary Olson, of the Common Sense at the Nuclear Crossroads, about the group's request to make it a misdemeanor to transport the material by truck or rail through the city.

High-level nuclear waste is not transported through the city. The group's proposal would not have applied to enriched uranium products, medical supplies, or low-level radioactive waste.

City Attorney Bob Oast questioned whether such a ban would actually be valid, as existing federal regulations would likely supersede such a prohibition. CJ

PTI Puts Hopes in FedEx 'Magnet' Effect

By SAM A. HIEB
Contributor

GREENSBORO

Piedmont Triad International Airport officials recently told Guilford County officials that while 2008 was one of the airport's most challenging years, hopes were high over the "magnetic effect" the new Fed-Ex hub would have once it opens next year.

PTI board Chairman Henry Isaacson and Executive Director Ted Johnson presented the airport's annual report to county commissioners at a December meeting. It was not exactly encouraging. "This has been another challenging year," Isaacson said. "High fuel costs sent all our carriers into a financial tailspin, and it was the direct cause of the failure of one of our low-fare carriers."

That low-fare carrier is Skybus, which declared bankruptcy in April, just months after establishing a hub at PTI with the help of a generous incentives package. Local governments and the state helped PTI offer up \$57 million in incentives, including a new \$7 million concourse and a \$33 million parking deck.

PTI has had trouble competing with larger airports in Charlotte and Raleigh for years now, with passengers willing to make the hour-and-a-half drive in either direction for lower fares and more destinations.

PTI officials thought they finally had gained some ground when the airport landed Skybus. Analysts and local media cheered the move, taking care to note that the incentives were performance-based when saying that the move would help PTI rise above its status as a second-tier airport.

There was initial success: Triad passengers eagerly took advantage of Skybus' \$10 flights. But things began to unravel in March as the price of fuel began to rise. Ominous signs continued to appear as Skybus announced it was cutting flights out of PTI and CEO Bill Diffenderfer announced he was leaving to resume his book-writing career. By the first week of April, the airline was bankrupt.

Isaacson said in April that he didn't regret recruiting Skybus and that he would put together another incentives package for another low-fare carrier "in a heartbeat." Johnson told commissioners the airport was marketing the region aggressively to airlines and he "didn't think you could do much better than our chairman" when it came to recruiting low-fare carriers.

"We're constantly making proposals to these guys, trying to show them what's happening in our area," Johnson said.

Johnson said that carriers are interested in PTI because of the "magnetic effect" of the FedEx hub, which is scheduled to begin operations in July. The hub has been under construction



Piedmont Triad International Airport uses the Web site FlyFromPTI.com to promote additional use of the facility.

for 10 years after it was recruited with the help of \$270 million in state and local incentives. In addition to attracting carriers, local officials believe the hub will help attract companies with a vested interest in locating next to a shipping hub.

Expectations are extremely high, as local officials and economic developers promote visions of an "aerotropolis" that will revive an economy hard-hit by job losses in the furniture and textile industries. Airport officials are so confident that businesses will spring up around the hub that the airport discourages developers from building any facility not designed for a related use.

Another bright spot is the low-fare carrier Allegiant Air, which recorded a 180-percent gain in passengers at PTI from January to October.

Allegiant almost pulled out of PTI after Skybus set up operations. Allegiant officials would cite Skybus only as a "destabilizing factor," but speculation was they were upset with Skybus'

incentives deal.

But a week after Skybus declared bankruptcy, Allegiant officials decided to stay at PTI, citing the fact that Allegiant's competition was no longer a factor at the airport.

Johnson told commissioners the airport's financial strength was intact. Revenues are generated by tenant rental fees and additional fees for fuel, landing, and parking.

PTI's operating revenue is \$27.5 million, with operating expenses of \$12.1 million and annual debt service and interest expense of \$11.6 million. Revenue bonds total \$169 million, while PTI received a total of \$19 million in federal and NCDOT grant money.

Despite the hope for the economic development the FedEx hub will bring, at least one commissioner expressed concern that difficult times might still lie ahead.

"I hear the tone of your voices, and it doesn't sound very uplifting," Commissioner Bruce Davis said. CJ

Visit our Triad regional page

<http://triad.johnlocke.org>



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

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

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

JLF: Few Would Benefit From Corridor Proposal

By CJ STAFF

Chatham County landowners would bear the costs of a "radical" land-use plan designed to benefit a small, politically connected elite, the John Locke Foundation reports.

"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. "It would also force most, if not all, new commercial and retail development into 10 designated intersections along major county roadways. These intersections, or nodes, contain little more than 7 percent of the county land outside existing cities and natural areas."

The new ordinance would do more than just limit the location of future development, Sanera said. "The county would also prescribe the type of development acceptable in these designated nodes," he said. "Regulations would control the size, location, and proportion of new buildings, along with the location of sidewalks, parking, and landscaping. The rules would even limit the heights and widths of windows and doors and specify the types of trees and shrubs permitted for mandatory landscaped buffers."

Property owners would face even more restrictions in the 60 miles of major roadway covered by a 3,000-foot-wide scenic overlay district,

Sanera said. "These new rules would create severe restrictions of the supply of land," he said. "Land prices in the nodes would skyrocket, benefiting a lucky few landowners. Meanwhile, landowners along the major corridors who sit outside the nodes would suffer a large loss of land value. A cash-poor, land-rich property owner would suffer the most damage."

Property owners in the nodes or within the areas covered by the scenic overlay district would be forced to get a conditional-use permit from the county for all new nonresidential development, large subdivisions, and mixed-use projects, he added.

"This provision places a great deal of discretionary power in the hands of county planners and commissioners," Sanera said.

"Ambiguous language would help county officials reject any planned development that they

deem to be inconsistent with the county's 'rural character,'" he added. "Commissioners would be free to justify imposing their personal preferences. Given these extremely broad grants of power, it is likely that landowners will face major injustices."

This type of ordinance opens the door for problems, Sanera said. "The process leaves plenty of room for graft and corruption," he said. "Those who control the county commission can benefit fellow members of the Chatham County elite."

Chatham County is considering this land-use plan largely to offer a presumed aesthetic benefit to people driving through the county, Sanera said. "This plan would place all of the costs on the property owners and give all of the supposed benefits to those who use the roadways, most of whom would pay no cost."

If county commissioners believe scenic buffers are in the public interest, the county should pay for the buffers, Sanera said.

Sanera recommends another step before commissioners move forward. "Any radical land-use plan such as this one would create a drastic change in Chatham County's future development," he said. "The idea should be put to an advisory vote of county residents, rather than a vote of a temporary majority of county commissioners." CJ

Chatham proposal represents "dramatic restriction on freedom and property rights"

COMMENTARY

Too-Powerful Local Governments

How much power does local government truly have? It's a fair question. The truth is that local government is a creature of the legislature, and while that group isn't fond of doling out personal freedom, it is more than willing to dole out power. Lest you think I've had a bit too much egg-nog, consider the following:

Jackson County now regulates the color of homes on hills. County officials even regulate how many trees must be planted between your home and the view of people down in the valley. Yes, county officials can prevent you from painting your house white, if they so desire. It seems absurd, but they've enacted a host of restrictive ordinances that require 10-acre minimum lot sizes. They are more aggressive on lots with a slope. Imagine a slope in western North Carolina.

The beauty of this is that Jackson County officials wanted to slow development. Now, thanks to the economy and their restrictive rules, they will be facing shortfalls of their own doing.

Not to be outdone, Chatham County officials are on the rampage against property owners as well. Their proposed development ordinances don't restrict development within 100 feet of most roads or even 500 feet. No, they will restrict development a staggering 1,500 feet from each side of the road.

If you are unfortunate enough to hold property along such roads, you will be forced to pay taxes on property you might as well be forbidden from developing. The rationale is even stranger: It's to protect the view of people traveling along the roads.

In Sanford, the city has banned the raising of chickens. Residents can keep their ducks, guinea hens, and even peacocks, but chickens have been outlawed. Sanford also prevents personal signs from being displayed on property if they are more than six square feet in size.

The way the ordinance is written, if such a sign exists on your property and is buried under 10 feet of dirt, the sign still would

be illegal. The city would have the right to come on your property and assess a \$100 fine per day if a neighbor complains.

Meanwhile, cities such as Wilmington, Pinehurst, Sunset Beach, and many others still practice forced annexation. Current law allows cities to annex homes without the residents' request or approval. Fayetteville recently annexed about 40,000 folks, making Fayetteville one of the fastest-growing cities in the state. If municipalities can't get folks to move inside the city, local officials annex them anyway and reap new tax revenues.

Raleigh Mayor Charles Meeker, however, takes the prize for the most bizarre logic in city government. After going way over budget on the city's new convention center, having record numbers of police resignations, and recently fining a restaurant more than \$40,000 for improperly pruning trees, Meeker

wants federal money. To put things in perspective, federal money is also taxpayer money, but the mayor seems to miss that point. He would "very much like the federal funds to come directly to local governments, whether it be cities, counties, whatever," Meeker said during a recent news conference. "That way the funds can be expended more quickly," he said.

Since when have local government officials had any problem spending money quickly?

But 2009 holds great promise. A difficult economy and diminished revenues, while troubling, also tend to make local government leaner, more efficient, and focused on core functions, such as law enforcement and fire protection.

Actually, it's during healthy economic times that local officials act like kids in a candy store without their parents being present. Otherwise, I remain optimistic. CJ



CHAD ADAMS

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

Local Innovation Bulletin Board

Smart Road Scam

So-called "intelligent transportation systems" combine information and communications technologies with vehicles and public infrastructure in order to manage congestion, traffic routing, travel times, and fuel consumption. These programs finally have entered the mainstream. However, the results are not always pretty, write Jerry Werner and Peter Samuel, of TOLL-ROADnews, in *Regulation*.

One particularly troubling venture is the Transportation Technology Innovation and Demonstration program. Critics say the program has been used to steer taxpayer money to a private company — Traffic.com — chosen not by competitive bids but in behind-closed-doors political deals that favor the company over the local governments with which it partners. They also accuse the U.S. Department of Transportation of evading legislative provisions intended to open the program to competition.

An analysis by the Sunlight Foundation of the agreements between state and local agencies, DOT, and Traffic.com show how lopsided they are in favoring Traffic.com. While most federal ITS grants require the state or local government entity involved to provide some matching funds, the requirement has been waived in most agreements involving Traffic.com, making it much easier for the company to recruit localities.

The agreements with Traffic.com typically restrict what the local public-sector partner can do with the data, including a prohibition on providing real-time information about traffic conditions to the traveling public. Revenue-sharing provisions in the deals generally require reinvestment back into the program, adding to Traffic.com's bottom line much more than to the state or local governments with which it partners.

Pay-as-you-throw garbage

Most people and communities look at energy efficiency as a quick means of reducing their carbon footprint, but pay-as-you-throw garbage collection may be more efficient, reports *Miller-McCune magazine*. The PAYT concept is to pay for garbage to be picked up one bin or bag at a time, so that, just like electricity, you are paying for what you use. Instead of being charged a flat rate by a hauler or an addition to home property

taxes, the homeowner pays for each bag or bin of garbage set out for collection.

This idea is gradually gaining acceptance in the United States. About one-fourth of Americans pay their trash bills under such a system, including the entire populations of Minnesota, Oregon, and Washington. Evidence shows that such plans increase recycling and decrease greenhouse gas emissions.

Opposition to the concept has, however, been vehement in the United Kingdom. Great Britain recycles only 18 percent of its garbage, compared with 58 percent in Germany. In an attempt to address this, the ruling Labor Party government has proposed a "bin tax," and pilot programs are scheduled to get under way this year in selected municipalities.

The poor tax

Even though poor inner-city residents have access to more locally owned stores than do inhabitants of wealthier big-box suburbs, they have to pay more for the same groceries, writes researcher Debabrata Talukdar in the *Journal of Consumer Research*.

His study thoroughly catalogued prices and surveyed customers at stores selling grocery items in various neighborhoods around Buffalo. Talukdar found that prices for the same items were about 10 percent to 15 percent higher in poor neighborhoods relative to affluent neighborhoods. The cause? Competition.

Prices at the independent corner stores that dot city streets run about 7 percent higher than those at chain supermarkets, effectively levying a "ghetto tax."

In wealthier neighborhoods, there are more chain stores, and customers are more likely to have cars, making it easier to price shop, thus, driving down prices.

Moving the nearest chain store closer by one mile to a particular neighborhood store brings the neighborhood store's prices down by 1 percent to 3 percent.

However, even after controlling for store size and competition, prices were found to be 2 percent to 5 percent higher in poor areas. Yet, it is not the poverty level, per se, but access to cars that acts as a key determinant of consumers' price search patterns, says Talukdar. CJ

Jordan Lake Cleanup Cost Worries Officials in Triad

By MICHAEL LOWREY
Associate Editor

RALEIGH

Triad communities are concerned about the costs of newly adopted state regulations to reduce the amount of nitrogen and phosphorus that flow into streams and creeks that feed Jordan Lake.

The issue is expected to come before the General Assembly when it reconvenes in January, the *News & Record* of Greensboro reports.

"It puts a gun to the heads of cities," said Greensboro Water Resources Director Allan Williams of the regulations. The city will, at minimum, have to spend \$70 million to upgrade its sewage treatment plants to meet the new standards.

The potential costs, however, will go well beyond that. Between 25 percent and 45 percent of the flows of nitrogen and phosphorus going into the lake come from existing subdivisions, something that the new rules also require local governments to address.

"We simply can't ignore that contribution in designing the strategy," said Rich Gannon, a supervisor with the Division of Water Quality.

While some possible solutions are simple, such as leaf collection and street sweeping, some areas might require drastic remedies to come into compliance, such as building collection ponds in existing neighborhoods.

"It's completely unrealistic and impractical," said Marlene Sanford of the Triad Real Estate and Building Coalition, which has joined with local governments to fight the regulations. "You can't go back and retrofit old subdivisions. And even if we could do it, we couldn't pay for it."

Not all Triad government officials think the regulations are excessive.

"They're already pretty watered down from the protections some people feel are needed," said Rep. Pricey Harrison, D-Guilford.

Metal prices dip

Metal prices have dropped sharply in recent months, much to the relief of state and local government officials, businesses, and ordinary citizens affected by thieves pilfering copper, aluminum, and other metals to sell for scrap.

The price of copper peaked at

more than \$4 a pound over the summer but has since fallen to below \$1.50 per pound. The prices of other metals have fallen sharply.

"The word is getting out that it's not worth bending over to pick it up in some instances," Charlotte-Mecklenburg police detective Tom Geisler said to *The Charlotte Observer*. Geisler tracks sales at local scrapyards, looking for transactions that might involve stolen items.

He reviewed about 50 sales a day in November, as compared to 300 a day over the summer when prices, and thefts, were higher.

Among items stolen for their metal content were copper piping, appliances, old cars, empty beer kegs, and air-conditioning units. Thieves took \$100,000 worth of wiring for lights the N.C. Department of Transportation was installing along Interstate 77 in Charlotte.

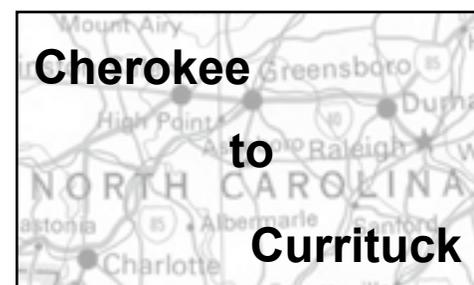
In Asheville, Curbside Management, the company that handles recycled material for the city, estimates it has lost \$27,000, equal to 20 percent of its typical profits, to thieves, the *Asheville Citizen-Times* reports. Three city code enforcement officers have been assigned to investigate thefts. They have issued \$100 tickets to thieves observed taking recyclables.

Meck revaluation delayed

Mecklenburg County has decided to put off for at least a year revaluing properties in the county. County commissioners cited possible property value fluctuations in unanimously voting for the delay, *The Charlotte Observer* reports. Property values in Charlotte fell by 3.5 percent in the year ending in September.

Mecklenburg is the only one of 26 counties that had been scheduled to revalue properties this year to push it back. Chatham County had considered holding off as well, but decided to go forward with revaluation this year after county commissioners learned that a delay would cost the county \$300,000 in property tax revenue from utility companies.

A provision in state law allows property tax breaks in the fourth and seven year after the last revaluation. State law requires counties to revalue property at least every eight years. Mecklenburg County last reassessed property values in 2003. CJ



Annexation Foes Want Bar Set Higher for State's Municipalities

BY MICHAEL LOWREY
Associate Editor

CHARLOTTE

In December, a specially appointed Joint Legislative Commission on Municipal Annexation began conducting hearings about possible changes to North Carolina's annexation laws. The issue is almost certain to come up again in the General Assembly in 2009.

Last year, the House passed a moratorium on involuntary annexation. The Senate did not act on the measure.

While the Assembly has resisted reforming annexation laws, state courts frequently hear cases of property owners fighting annexation. The state's appellate courts most recently ruled in an annexation case in October, when the N.C. Court of Appeals overturned a lower-court ruling that had prohibited the village of Sugar Mountain from involuntarily annexing a number of properties. The appeals court ruling shows exactly how low a bar North Carolina sets for annexations.

Under state law, municipalities can annex adjoining property involuntarily if they follow proper procedure



This cartoon, prompted by a 2007 annexation issue in Greensboro, reflects the fears of many suburban residents in North Carolina. (Cartoon by Anthony Piraino)

and if a sufficiently large percentage of properties of the land to be taken in qualifies as residential, commercial, industrial, institutional, or governmental. Consent of those to be annexed is not required. N.C. law does require that services be extended in a nondiscriminatory basis to newly annexed

residents.

In 2006, the N.C. Supreme Court issued a ruling that had the potential to limit annexations. In *Nolan v. Village of Marvin*, the high court held that state public policy prohibited an involuntary annexation by the Union County municipality.

Legislation the Assembly adopted in 1959 allowing involuntary annexation stated:

"That municipalities are created to provide the governmental services essential for sound urban development and for the protection of health, safety and welfare in areas being intensively used for residential, commercial, industrial, institutional and government purposes or in areas undergoing such development."

The legislation, codified as N.C.G.S. § 160A-35(3), listed nine types of services that an annexation report must address: police protection, fire protection, streetlights, solid-waste removal, street maintenance, administrative services, water and sewer services, animal control, and parks and recreation.

Marvin sought to annex 324 lots on 468 acres. The only services it provided were administrative. The village employed a part-time village administrator, village clerk, and tax collector and contracted for planning and engineering services, an auditor, and an attorney. Marvin's reason for the proposed annexation was clear enough: It estimated it would cost \$14,240 to provide these services to the area it wanted to annex. By contrast, the village would collect an estimated additional \$80,395 in property taxes.

The Supreme Court ruled that these administrative services were inadequate to allow for annexation.

"We agree that services must be provided on a (qualitative) nondiscriminatory basis; however, we also conclude that N.C.G.S. § 160A-35(3) is

grounded in a legislative expectation that the annexing municipality possesses meaningful (quantitative) services to extend to the annexed property," Justice George Wainwright wrote for the Supreme Court.

The Supreme Court did not define what level or types of services were required to qualify as "meaningful."

What are meaningful services?

If the Supreme Court ruling in *Village of Marvin* held that municipalities must provide some level of actual services to annex, subsequent rulings by the state's second-highest court, the N.C. Court of Appeals, established a low barrier as to what constitutes "meaningful."

The latest such case involves a number of local landowners fighting a proposal by Sugar Mountain, which has a year-round population of less than 250, to annex their land. The landowners contended, among other things, that the village wouldn't provide them with meaningful services. Sugar Mountain contends its extension of police protection, waste collection services, use of recreational facilities, and street maintenance to the annexed areas would indeed be meaningful.

After a Superior Court judge ruled in favor of the landowners, the village brought the case before the Court of Appeals.

"After careful review, we conclude that the record demonstrates that respondent substantially complied with the essential statutory provisions in annexing petitioners' property and that petitioners failed to produce competent evidence demonstrating that respondent failed to meet the statutory requirement," Judge Robert Hunter wrote in ruling for the village.

Hunter rejected the arguments that the landowners wouldn't really be provided with useful services by Sugar Mountain and that the municipality would spend little if any additional money to provide them. The quality of the service the municipality would provide was, in the appeals court's judgment, irrelevant, as long as it was providing services.

Hunter also noted that the Court of Appeals' pre-*Village of Marvin* rulings did not require annexing municipalities to add additional police officers or equipment when extending police protection to annexed areas.

N.C. Court of Appeals rulings are controlling interpretations of state law unless overruled by the N.C. Supreme Court. Because the ruling by the three-judge panel was unanimous, the high court is not required to hear the case should the property owners further appeal. The case is *Norwood v. Village of Sugar Mountain* (07-1402) and is available online at <http://www.aoc.state.nc.us/www/public/coa/opinions/2008/071402-1.htm>. CJ

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From the Liberty Library

• Children shout "Allahu akbar!" Women aren't allowed in public without a male relative. Muslims are exempt from paying interest on financial transactions. Sound like a description of daily life in Saudi Arabia? It's actually happening right here in America — most people just don't know it.

In his controversial new book, *Stealth Jihad: How Radical Islam is Subverting America without Guns or Bombs*, best-selling author Robert Spencer exposes the silent war jihadists are waging on our nation. Not through violence, but by undermining our culture.

Footbaths at publicly funded universities. Prayer breaks during the work day for Muslims. Mosques at airports.

Radical Islamic forces are using our schools, media, and even our government to force Muslim practices bit by bit into the public square. More at www.regnery.com.

• Two of the most influential figures in American history had opposing political philosophies, radically different visions for America.

Thomas Jefferson and Alexander Hamilton were, without question, two of the most important Founding Fathers. They were also the fiercest of rivals. Of these two political titans, it is Jefferson — the revered author of the Declaration of Independence and our third president — who is better remembered today.

But in fact it is Hamilton's political legacy that has triumphed — a legacy that has subverted the Constitution and transformed the federal government into the very leviathan state that our forefathers fought against in the American Revolution.

So argues economic historian Thomas J. DiLorenzo in his new book, *Hamilton's Curse*. Learn more at www.randomhouse.com.

• In *The Reagan I Knew*, William F. Buckley Jr. offers a reminiscence of 30 years of friendship with the man who brought the American conservative movement out of the political wilderness and into the White House.

Reagan was not an enigma to Buckley. They understood and taught each other for decades, and together they changed history.

This book presents an American political giant as seen by another giant, who knew him perhaps better than anyone else. More at www.perseusbooksgroup.com. CJ

Population control zealots

Mosher Documents An Unsavory Piece of History

• Steven Mosher: *Population Control: Real Costs, Illusory Benefits*; Transaction Publishers; 2008; 300 pp; \$29.95 hardcover

BY GEORGE LEEF
Contributor

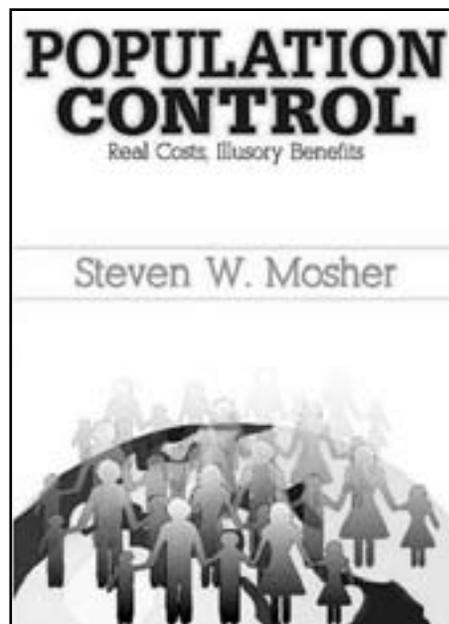
RALEIGH
You have probably never heard of Dr. Reimert Ravenholt, but he was one of the most influential people of the 20th century. More than anyone else, Ravenholt was responsible for putting together the worldwide network of population control programs and agencies.

Appointed in 1966 to be the first director of the Office of Population in the United States Agency for International Development, Ravenholt was an arch-Malthusian who saw human fertility as a looming planetary disaster. Backed by a large supply of federal tax dollars, he zealously went about promoting contraception, sterilization, and abortion as cures for the "plague" of too many children.

The result of Ravenholt's global crusade against human fertility, which almost always proceeds under such euphemisms as "family planning" or "reproductive health," has been what Steven Mosher calls the "white pestilence" in his book *Population Control* — that is, a dearth of children in the population. Mosher, president of Population Research Institute, argues strongly that the Malthusian worry that people would breed themselves into disaster was always wrong, but we do face, if not a disaster, at least severe socioeconomic problems from the fact that in many countries the fertility rate has been below the population replacement rate for decades.

Mosher has put his finger on another instance of the general case that government intervention in the spontaneous order of the world is counterproductive. When it does, resources are squandered to "solve" a small or imaginary problem, and in doing so a large and real problem is created. I'm delighted that the author has shown that the population control movement is another of those blunders. As he puts it, "For over half a century, the population controllers have perpetrated a gigantic, costly and inhumane fraud upon the human race, defrauding the people of developing countries their progeny and the people of the developed world their pocketbooks." A passionately held but erroneous belief supported by government money and force is always harmful, and Mosher makes a good case that the population control crusade is one of the worst ever.

The population control bureaucracy, he shows, usually relies on deception, coercion, and even violence to accomplish its objectives. Local offi-



cial are generally paid — with money that comes initially from American taxpayers — on the basis of the number of sterilizations and abortions they bring about. Most of them are not much concerned over the rights of the individuals. Mosher recounts many heart-wrenching stories about the despicable tactics of the antichildbirth enforcers.

All right, it's too bad if population control officials sometimes go overboard, but isn't it crucial that we do something to stop human breeding before it's too late? We must take action unless we want to face widespread famine, resource depletion, and pollution, don't we? That is the justification advanced by not just the Ravenholts of the world, but also of the "greens" who proclaim that the world's population needs to fall dramatically to reach the point of "sustainability."

As I had anticipated, Mosher cites the work of Julian Simon, that *bete noir* of the gloom and doom crowd. In his book *The Ultimate Resource*, Simon punctured the theories of the population control advocates by showing that larger populations stimulate production. People are not just mouths; they also have brains. After Simon's work, the idea that population control is imperative stood on just as thin ice as the labor theory of value, and Mosher reminds us of that.

Feeble as it is, there has never been any real debate over the wisdom of population control programs in U.S. government circles. They have been in the hands of zealots like Ravenholt all along. When challenged on occasion by members of Congress who think their programs are a waste of money, the population control bureaucracy usually responds by dismissing the skeptics as religious simpletons.

It is ironic that some of the most adamant population control advocates are environmentalists who believe that it's always bad to tamper with nature.

The antinatal tampering is leading to some very serious consequences. Consider what the Chinese have managed to do. Owing to their mania for family planning, in just a few decades they will be looking at some unpleasant demographics — an older cohort of people that's much bigger than the workforce needed to support it, and a shortage of young women for young Chinese men to marry.

Most European countries are also facing a demographic crisis. Throughout Europe, low fertility rates are not because of strict population control programs, but rather the confluence of the welfare state and the propaganda about how small families are more "responsible." Mosher points out that those economies face stagnation, as fewer and fewer young workers are available to take the place of those who retire. European political leaders have been aware of this looming crisis for years and have attempted to reverse the fertility trend with incentives for families to have more children. Those efforts, however, have barely changed the trend lines, and Mosher contends that they can't work. In perhaps the most incendiary lines of this incendiary book, he writes, "(T)he welfare state itself, with its high tax rates and usurpation of family functions, relentlessly drives down fertility. In this sense, it is paternalistic government itself that is the problem."

Humanity has recovered from population disasters in the past, such as the Black Death, but that didn't distort the balance of the population between old and young. Nor was it coupled with the nasty inter-generational politics of the modern welfare state. Mosher's excellent discussion of the long-run population problems we have created with our tampering with the natural order through population control and welfarism make his book one of the most thought-provoking I have read in years.

Yet, despite the fact that fertility has been falling around the world and total population is expected to peak in the middle of this century and begin falling, the antifertility movement keeps going, pushing contraception and sterilization in poor countries where serious health needs go unmet. Mosher thinks it is time that we took the batteries out of this Energizer Bunny by eliminating its government funding.

Population Control should provoke a long-overdue reassessment of "family planning" programs and the impact of the welfare state. CJ

George Leef (georgeleef@aol.com) is book review editor of *The Freeman* and vice president for research of the John W. Pope Center for Higher Education Policy.

Civil War's Causes Included More than Just Issues About Slavery

The American Civil War was about more than slavery. There, I said it.

The historical debate is not settled. Most historians, or rather Civil War specialists, have concurred with James McPherson, the dean of Civil War studies. In his *Drawn With Sword*, McPherson argues that the war evolved into one to end slavery. Lincoln, or the North, fought initially to preserve the Union. McPherson also puts forth a Northern exceptionalism argument. He argues, "The South's concept of republicanism had not changed in three-quarters of a century; the North's had."

This argument runs contrary to what many have learned: The South started deviating from the Founders' intent and became something other than American during the antebellum era. McPherson argues that the North changed at a rapid pace because of, among other things, industrialization,

urbanization, immigration, increased mobility, and the development of free-labor ideas and a meritocracy. These phenomena and trends happened in the South, too, but at a much slower pace.

The North and South were similar in 1776. By 1861 the two regions were quite different. According to McPherson, "Union victory in the war destroyed the Southern vision of America and ensured that the Northern vision would become the American vision."

Leaders in both regions claimed to be heirs of the Founders' intent. The Confederate Constitution, Southerners believed, perfected the U.S. Constitution and clarified previously muddled concepts.

For instance, the Preamble includes such language: "We the people of the Confederate States, each State acting in its sovereign and independent character, in order to form a permanent federal government . . ." And, "This Constitution . . . shall be the supreme law of the land. . . anything in the constitution or laws of any State to the contrary notwithstanding." The CSA Constitution outlawed the international slave trade, but the states retained sovereignty

over the "peculiar institution" existing within their borders.

Asking why the North and Unionists fought will reveal that the war was about more than the preservation of states rights, for whatever reason, and the elimination of slavery. For some reason, the South has captured historical scholarship, and the region is demonized or glorified. It's time some different questions are asked. It's time for history buffs and scholars to ask why the North fought and to pay more attention to the economic, cultural, religious, and social trends occurring in the North. Asking such questions will provide answers that offer a more complete understanding of what was said, and not said, during the antebellum era.

There were at least five reasons Northerners fought the war. (1) Some abolitionists believed the war was a "purifying act of God." Northern accusations of immorality against Southerners abounded, and rightfully so in more than a few cases. According to historian Susan Mary-Grant, however, the belief in a blighted or immoral South says more about the "North's self image than it did about the reality of the South." (2) Andrew Johnson and Parson Brownlow, a Knoxville

Whig, believed that all questions must be secondary to whether the Union was to be preserved. (3) America must put down the rebellion for national pride and a show of national strength. (4) Southern economic interests prevented a growing American economy. (5) The war offered an opportunity to ensure that America achieved its predestined mission.

A Brooklyn minister, Samuel Spears trumpeted from the pulpit one 1863 Sunday morning: "The United States must connect the destinies of Christianity and civilization on this continent with one permanent, indivisible, powerful, progressive nationality . . . the nation was made for growth, for increase in population, for the organization and addition of new States that glitter on its flag."

Of all the possible primary and secondary causes, one thing is certain: After the war the United States ceased being an "are" and became an "is."

The positive and negative effects of that transformation are another subject and column. CJ

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



TROY KICKLER

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Short Takes on Culture

'Bees' a Worthy Adaptation

• "The Secret Life of Bees"
Fox Searchlight Pictures
Directed by
Gina Prince-Bythewood

Directed by Gina Prince-Bythewood, "The Secret Life of Bees," is a shining adaptation of the original novel by Sue Monk Kidd. I first read *The Secret Life of Bees* in 2002 when it quickly reached all the bestsellers lists. The novel was incredibly poetic and emotional, so I was nervous when I heard the news about a film adaptation. However, the plot of the film version unfolds just as it did in the book, and the characters were just as I had pictured them.

The story takes place in 1964 in a small South Carolina town. Lily Owens, a 14-year-old girl, struggles to find the missing pieces of her mother's life and death. Her father refuses to give her any details about her late mother. With the help of her caretaker, Rosalyn, the two run away in search of her mother's past.

Their journey leads them to a small town called Tiburon and the home of three calendar sisters: May, June, and August. For a living, the sisters own a beekeeping farm and sell honey to all the Tiburon stores and residents. August, played by Queen Latifah, teaches Lily all about the secrets of beekeeping and the life lessons that can be learned from the beehives.

The characters are the strongest aspect of the novel, and this idea carries over to the film. The setting of the film, a small Southern town amid the civil rights movement, is realistically portrayed. It is definitely worth your time to read the touching novel and see this heartwarming film.

— JANA DUNKLEY

• "Big Love"
HBO
Produced by Mark V. Olsen

For you married guys out there who think dealing with one wife is its own form of extreme sport, try dealing with three wives. That's the situation in which polygamous hero Bill Henrickson (Bill Paxton) finds himself in the HBO series "Big Love."

Bill is a Salt Lake City business owner who begins following the literal teachings of the Mormon Church after his "first wife" Barb (Jeanne Tripplehorn) becomes seriously ill. Barb recovers, but now must share Bill with "second wife" Nikki (Chloe Sevigny) and "third

wife" Margene (Ginnifer Goodwin).

In addition to his large immediate family (which includes seven kids), Bill must deal with his mother Lois (Grace Zabriskie) and father Frank (Bruce Dern), neither of whom is growing old gracefully. Bill is also overseeing his thriving retail business, which was underwritten by Roman Grant (Harry Dean Stanton), the shady prophet of the local Mormon compound. Roman wants his cut from Bill's revenues and is not above using coercive tactics to get it. Nosy neighbors across the street aren't making Bill's life any easier, either.

"Big Love" is another in a line of cable series much like "The Sopranos" and "Weeds" that portray the complex alternative lifestyles being led in the cozy confines of suburbia. If nothing else, such shows can make our average lives seem downright dull, which is just what we need sometimes.

— SAM HIEB

• *New Deal or Raw Deal?*
By Burton Folsom
Threshold Editions

Hillsdale College history professor Burt Folsom (disclosure: a good friend of mine) has written several splendid revisionist books during his career, and the most recent is his examination of the New Deal.

Where I think the book is truly outstanding is the way it digs into the details of the New Deal — how it affected ordinary people. Statistics on federal spending should not obscure the specifics of the programs that FDR fostered, and Folsom shows how damaging those programs often were for people struggling to run their businesses and farms.

Also, Folsom's book shows the great extent to which scarce resources were diverted from the productive sector and sucked into the vast political maw of Washington, D.C. Money that would have otherwise gone into investment was taxed away so FDR could employ legions of bureaucrats whose jobs often entailed interfering with business and agriculture. A double whammy.

With all the blather about our supposed need for a new New Deal, the intellectual warfare over the truth about FDR's policies takes on added significance.

— GEORGE LEEF CJ

Book review

Global Tax Competition is Here

• Chris Edwards and Daniel J. Mitchell:
Global Tax Revolution: The Rise of Tax Competition and the Battle to Defend It;
Cato Institute; 2008; 250 pp; \$21.95 hardcover.

By MITCH KOKAI
Associate Editor

RALEIGH

President-elect Barack Obama said during his march toward the White House that he wants to restore higher tax rates for the nation's highest earners. Obama paints this idea as a way of restoring fairness to the tax system.

The authors of *Global Tax Revolution* see things differently: "If current tax cuts are allowed to expire, the top federal individual income tax rate will jump to 40 percent. With average state taxes on top, the U.S. rate would be 46 percent, which would exceed the [Organization for Economic Cooperation and Development] average of 43 percent. Even worse, if the current dividend tax cut is allowed to expire, the United States would easily have the highest dividend tax rate of all industrial countries."

So what? If that's your response, you have not yet read the new book from Chris Edwards and Daniel J. Mitchell, director of tax policy studies and senior fellow, respectively, at the libertarian Cato Institute. Edwards and Mitchell outline in detail the case for simple, low tax rates in today's global economy.

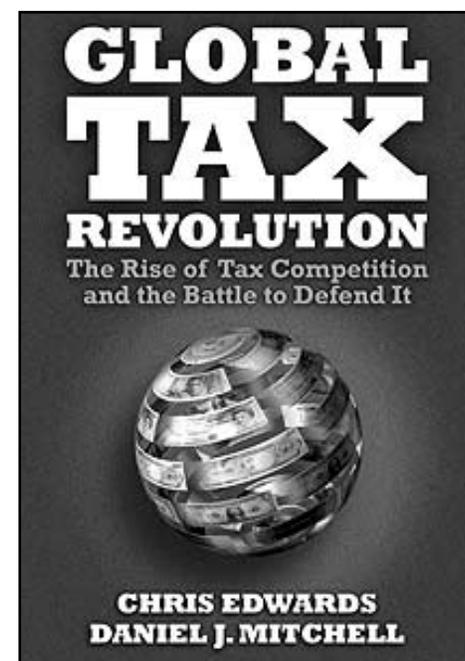
It's no coincidence that nations around the globe have been slashing tax rates in recent years, the authors explain. Every one of the 30 OECD nations has a lower top individual tax rate now than in 1980. Rates have dropped an average of 26 points.

Why? A world in which people have an easier time moving capital from one country to another is a world in which those countries can compete for capital through their tax policies.

"Tax competition is all about choice, and that makes it similar to competition in the marketplace for good and services," Edwards and Mitchell write. "In the marketplace, people compare the costs and benefits of products when deciding what to buy. Consumer choice encourages businesses to produce efficiently and to respond to the real needs of individuals. To an extent, tax competition does the same thing for governments. By limiting the ability of politicians to raise taxes, it encourages them to implement better tax policies and be more frugal with taxpayer money."

This observation leads to one of the key reasons the Cato analysts have devoted an entire book to global tax competition: They fear that advocates for high-tax, high-spending big government will kill tax competition.

Critics make two basic arguments.



First, they say an undefined form of "harmful" tax competition causes inefficiency in the private sector by driving resources from high-tax to low-tax nations. Second, critics argue that a "race to the bottom" in tax rates will leave governments with too little money to fund essential public services.

Edwards and Mitchell dismiss both arguments quickly. First, when the movement of capital to more efficient tax systems spurs other countries to adopt similar systems, "global investment and growth will increase to the benefit of all nations." That's no sign of inefficiency.

Second, though Edwards and Mitchell admit they would like to see lower tax rates constrain the size of government, "governments have not yet had to go on a fiscal diet as a result of tax competition."

"Falling tax rates spur faster economic growth and reduced tax avoidance, which expands the tax base," they say. Thanks to the expanding base, lower tax rates have not meant less money for government to spend.

Those facts will not stop the critics, Edwards and Mitchell warn. Anyone who listened to Obama's campaign speeches must wonder whether his efforts to restore America's reputation among the world community will include a willingness to adopt high-tax nations' arguments about the dangers of tax competition.

If the new president really wants to position the United States well for the economic future, Edwards and Mitchell suggest he should, first, oppose restrictions on tax competition, and second, replace our complicated progressive individual income tax structure with just two rates — 15 percent and 25 percent — with plans to move toward a flat tax. Third, drop the federal corporate tax rate to 15 percent. Fourth, stop taxing U.S. companies for foreign earnings.

CJ

Freedom for Themselves Tells Story of Black Tar Heels in Blue

• Richard Reid: *Freedom for Themselves: North Carolina's Black Soldiers in the Civil War Era*; University of North Carolina Press; 2008; 420 pp; \$40 hardcover

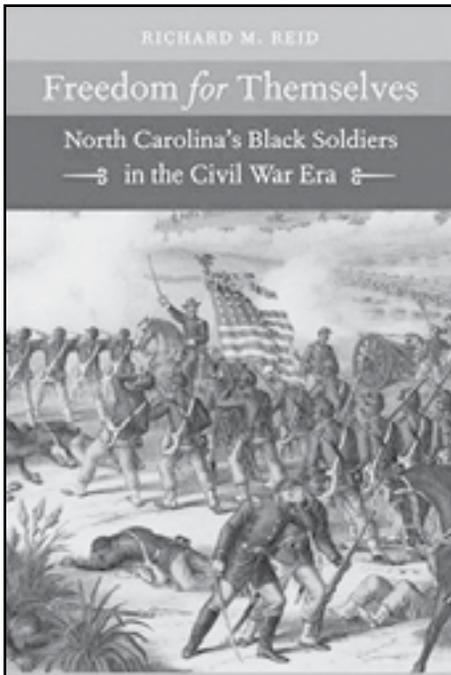
BY GEORGE C. LEEF
Contributor

erates that 'nigger stealers' were coming to take everything they had," he said.

In other words, federal officers were willing to undermine their own army's operations out of personal racial animosity. It's a reminder that even in the war to end slavery, true abolitionists were a minority, even in the Union army. As a black trooper, Reid said, "You didn't know who your friends were."

When federal forces gained a foothold in eastern North Carolina, field commanders proposed raising an African Brigade from the escaped or liberated blacks who were coming into the federal lines. Gen. Edward A. Wild, an abolitionist who helped organize the 54th Massachusetts, was sent to New Bern in 1863 to begin recruiting and training, with the stipulation that he fully man each regiment before recruiting the next. This meant the 1st, 2nd, and 3rd N.C. Colored Volunteers would come into being at different times of the war, each in a distinctly different situation. A fourth unit, designated the 1st N.C. Colored Heavy Artillery, was a separate effort late in the war that found itself used for lifting heavy guns rather than firing them.

Gen. Benjamin Butler, operating



in North Carolina at that time, enters into the story in several places. Butler might be the federal commander most hated by Southerners, second only to Sherman. In several assignments, Butler proved to be ineffective in the field, high-handed and brutal as an occupier, and a political hot potato to Lincoln, who eventually sacked him. As a proponent of black recruitment, he receives

an unusually sympathetic treatment in this book.

"I have to make a confession," Reid told me. "I respect Butler in spite of all the charges levied against him. He changes in the course of a year or two from someone hostile to black troops to someone who cares about them and sees them carrying a larger burden than others."

That burden was multifaceted. While all black soldiers endured prejudice and disrespect from their white counterparts and faced the prospect of massacre, abuse, or enslavement if captured, N.C. troops had additional worries. For one thing, many of them had family members on both sides of the lines and knew they were susceptible to reprisals at home. That's exactly what happened when Confederate forces attempting to retake New Bern

overran two refugee camps, killing or capturing black civilians in their path.

There were unequal policies of pay and supply. Quartermasters suspected black troops were diverting shoes and clothing to impoverished family members, and black soldiers were required to pay for some items that white troopers drew as government issue. Still, Reid said, "In the army, they received less unequal treatment than in civilian life."

At the same time, many federal commanders had deep doubts about blacks as soldiers. Wild handpicked the first company and regimental commanders from Massachusetts abolitionists like himself, and they were serious about creating an effective fighting force. Higher-ups, though, often saw black soldiers as day laborers in better clothing, and NCCV commanders fumed as their infantrymen were detailed day after day for hours of fatigue duty, spending so much time building fortifications and unloading supply ships that there was none left for drill.

Still, the three African Brigade units did find themselves in combat eventually, where they served as capably as white troops.

Taking men of the most powerless underclass and recasting them in the role of conquerors, and in their home counties yet, was provocative. Yet as the response of both black and white communities showed, it was the most decisive demonstration that could be made of the abolition of slavery, and both races saw that an irreversible change had taken place. CJ

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

BOOKS AUTHORED BY JLF STAFFERS



By John Hood
President of the
John Locke Foundation

Selling the Dream Why Advertising is Good Business

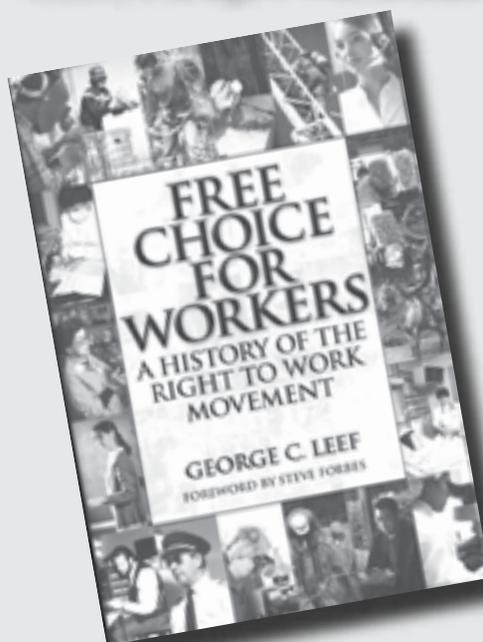


"[Selling the Dream] provides a fascinating look into the world of advertising and beyond ... Highly recommended."

Choice
April 2006

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COMMENTARY

Health Insurance Roadblocks in N.C.

U.S. Census officials recently revealed that 17.2 percent of North Carolinians went without health insurance between 2006 and 2007, up 2.1 percentage points from the preceding two years. That's greater than the national average and translates to about 1.5 million uninsured Tar Heels.

These statistics are unfortunate, but they're not surprising. North Carolina's government has thrown up countless regulatory roadblocks that have made health insurance too expensive for ordinary consumers. If state officials want to expand health insurance in the state, they must reduce government interference with people's health care and return decision-making power to patients.

These moves, which would improve "health ownership" in the state, would significantly enhance the quality of care and bring costs down, making private insurance a reality for many more Tar Heels.

States with higher levels of health ownership spend just a fraction of what North Carolina does on health care each year. In the Pacific Research Institute's annual state-by-state ranking of health ownership, North Carolina placed near the bottom for the second year in a row.

Lawmakers can start by cutting the number of burdensome benefit mandates. Today in North Carolina, no matter a policyholder's age, medical condition, or behavior, every insurance policy is required to cover marriage therapists, drug abuse treatment, chiropractics, and a host of other extraneous medical procedures. North Carolina has 47 of these mandates — more than almost any other state — and they significantly drive up the cost of insurance, pricing many families out of the market.

States at the top of the health ownership rankings, by contrast, don't overload private health plans with onerous benefit mandates. Alabama, which has the highest level of health ownership in the country, imposes only 19 of them.

North Carolina also needlessly injects politics into insurance regulation by electing a state insurance commissioner. Because the commissioner must face voters every four years, he or she has a strong incentive to advocate popu-

lar but expensive regulations, such as benefit mandates, in order to curry public favor.

North Carolina doesn't just overregulate insurers. It butts unnecessarily into the affairs of health-care providers, too.

Over 25 percent of all hospitals and hospital beds in the state are owned by local or state government. The vast majority of scholars agree that private hospitals deliver far more efficient and effective care than state-controlled facilities do.

Compare this to Pennsylvania, where just 1 percent of hospitals are owned by some level of government.



JOHN R. GRAHAM

Meanwhile, North Carolina's medical tort system, which ranks in the bottom half nationwide, forces health insurance premiums ever higher. Across the country, one in every eight doctors gets hit with a medical malpractice suit each year. In North Carolina, it's particularly bad. The average malpractice claim payment in North Carolina, at nearly \$330,000, is higher than most other states.

When physicians must pay high malpractice premiums to guard against potentially debilitating lawsuits, those costs get passed along to health plans, and ultimately patients.

All told, the monetary burden of excessive health regulations and medical tort costs amounted to \$169.1 billion nationally in 2002. Medical tort costs alone accounted for more than \$80 billion.

With such deficiencies in mind, it's no surprise that North Carolina has such a high percentage of citizens without private health insurance. Private coverage is prohibitively expensive for many, so the state is forced to cover nearly one in every five residents under Medicaid, at a yearly cost of about \$9 billion.

Only by granting North Carolinians greater control over their health-care decisions can the government drive down costs, improve health care, and expand insurance coverage in the state. *CJ*

John R. Graham is director of health care studies at the Pacific Research Institute. He is also the author of the U.S. Index of Health Ownership, an annual report published by PRI.

LOOK, I KNOW WE'RE BROKE.



AND WE CAN'T MEET OUR PENSION OBLIGATIONS.



SHUT UP AND DRIVE, HARRY.

BUT IT'S HUMILIATING TO ARRIVE AT THE CAPITOL IN THIS STUPID LITTLE HYBRID.



EDITORIAL

Gov. Easley, Quit Digging!

It appears that Gov. Mike Easley has forgotten the first rule of holes: When you find yourself in one, stop digging.

How else can one explain Easley's proposal — endorsed by his successor, Beverly Perdue — to speed \$722 million in state government building projects?

Announced at Thanksgiving, it's hard to consider Easley's proposal as little more than a turkey. Easley wants quick action on projects such as new buildings on University of North Carolina campuses and expanded prison space. But his list also includes such dire needs as renovations to the N.C. Zoo's polar bear exhibit, work on a "Green Square" complex in downtown Raleigh, and a state-funded oyster hatchery.

The projects could pump millions of dollars into the state's economy and lead to 26,000 new jobs, according to Easley's calculations. The construction had been slated to head to the Council of State in March. Easley's proposal sped up the timetable by two months.

"Wait a minute," the regular *Carolina Journal* reader interjects at this point. "Haven't I heard that North Carolina is facing a big budget hole? Why would we want to speed up hundreds of millions of dollars of construction projects now, when we don't have enough money to pay bills we know we'll face in the next year?"

That *CJ* reader is right. State revenues already have fallen 5 percent short of projections this year. In other words, \$1 out of every \$20 we expected for the budget year that runs through June 30 is nowhere to be found. The state's own forecasters say the budget hole could grow as large

as \$1.6 billion out of a \$21.5 billion budget.

Add in new expenses, and the hole for the next budget year could be as large as \$3 billion. And we're talking about jump-starting a polar bear exhibit?

Supporters of Easley's plan point to the fact that state lawmakers already have approved these building projects. The governor is not trying to sneak through ideas without legislative approval.

But there's a catch: State lawmakers left Raleigh last summer, long before the financial mess that sent the national economy into the tank. They've had no input into the process since the current economic woes hit the front pages.

Even more important, taxpayers have had no say. Long before the economic crunch, the governor and legislative leaders agreed to a series of bond-funded projects that do not require voter approval. The absence of voter input still applies, even under changed economic circumstances.

Easley's calculations of new jobs and millions of dollars of economic pump priming ignore a key fact: The money has to come from somewhere else.

To the extent that Easley and his supporters ignore this basic economic fact, they are continuing to prove an adage that's as useful as the first rule of holes.

If the governor intends to ignore that rule and keep digging the state's hole, he will offer proof of this assessment from renowned economist Thomas Sowell: "Economists may say that there is no such thing as a free lunch, but politicians get elected by promising free lunches." *CJ*

EDITORIALS

Higher-Ed Money

Put it where it will do the most good

Politicians in North Carolina and elsewhere often pay lip service to the importance of basic education in preparing young people for the jobs of the future. In reality, however, they spend far more time — and a disproportionate amount of tax money — on universities, of which, not coincidentally, most of the politicians, their family members, and friends are graduates. Universities also draw disproportionate attention for their cultural, recreational, and athletic offerings.

Based on the numbers, policy-makers ought to redirect their focus toward youngsters not headed for university campuses. These young North Carolinians remain the majority — high-school dropouts, high-school graduates who go straight into the workforce, and the one-third of college students attending two-year rather than four-year institutions. Only about a quarter of those aged 25 to 29 were graduates of four-year institutions in 2007. Despite massive government subsidies, in the form of direct grants and subsidized loans, that fraction hasn't changed a great deal in 30 years. Besides, the evidence

clearly shows that many current university students are unprepared for university-level academic coursework. So, at least for the foreseeable future, the idea of sending additional young North Carolinians off to university is nonsensical. It's also hard to justify the current system of education finance, which imposes taxes across the board to subsidize the university educations of a minority of North Carolinians whose household incomes typically exceed the state average by a large amount.

Instead, we should focus more time and resources on the majority of North Carolinians who need basic education, training, and vocational skills to succeed in the future. We should change dramatically how post-secondary education and training programs are funded, by increasing the share of the cost funded by students and ending the current practice of redistributing wealth up the income ladder.

Put most of the money where most of the kids are, and less money in university subsidies. And at the other end of the spectrum, reform state-run training programs that deliver poor results. CJ

Civic Literacy

Apparently, there's not enough of it around

Political elitists everywhere, of all political parties and persuasions, should take note of this: On a recent survey of civic literacy in America, elected officials scored lower than the general public did.

Carolina Journal has given the disturbing findings of the Intercollegiate Studies Institute's ongoing American Civic Literacy Program a lot of coverage in the past. The most recent survey, released last month, included a sample of elected officials for the first time. Their failure rate was 74 percent, compared with 71 percent for the general public.

On average, elected officials scored a 44 percent. The public scored a 49 percent. Neither score is good. But surely politicians should have been expected to score much higher in civic literacy.

Were ISI's questions unfair or obscure? Not at all. Here are some of the questions that elected officials were more likely to answer incorrectly than the general public was:

- 79 percent of politicians didn't know that the Bill of Rights expressly

prohibits establishing an official religion for the U.S.

- 30 percent didn't know that "life, liberty, and the pursuit of happiness" are inalienable rights referred to in the Declaration of Independence.

- 43 percent could not identify the role of the Electoral College in our system of government. One of five politicians thought it either "trains those aspiring for higher political office" or "was established to supervise the first televised presidential debates."

With the economy in recession, millions of people fearful about their jobs and family prospects, a crumbling infrastructure, new threats to freedom, and the world facing a resurgence of terrorism and even piracy, a lack of civics knowledge among Americans may not seem like a crisis.

But one could argue that increasing the general public's understanding of history, economics, and the fundamentals of free government institutions is an essential prerequisite to addressing the many other challenges we face. CJ

COMMENTARY

Spending and School Improvement

In a revealing example of Alexander Pope's observation that "a little learning is a dangerous thing," some left-wing politicians and activists in North Carolina seem to believe that because family structure and income exhibit a persistent correlation with student achievement, significant education progress is impossible without massive social programs or income redistribution.

Actually, their overstatement of the poverty-education link is a sign of progress. Not that long ago, leftists tended to engage in grossly simplistic thinking about school reform, arguing that if the taxpayers were simply compelled to "invest" more of their money in public education, the result would be large gains in learning and, therefore, in the economic prospects of our young people.

We tried this. It didn't work. At the national level, real per-pupil spending has more than doubled since the early 1970s, but the needles barely moved on reading, math, and graduation rates. Here in North Carolina, large increases in school spending were accompanied by strong test-score gains in the early 1990s, but the performance trend had flattened out by the end of the decade.

Recognizing that the old simplistic model of "dollars in, scores up" wasn't panning out, many public educators and their defenders fell back on the almost-as-simplistic notion that public schools can accomplish only so much given cultural and socioeconomic conditions beyond their control.

Sure, studies show that demographics matter. All other things being equal, students from disadvantaged backgrounds tend to score lower and finish school less often than do those with stable home environments and household incomes near or above the median. But demography isn't destiny. How do you explain variances in school performance among students of like circumstances?

Pedagogy matters, too — a lot. So does discipline. Generations of Americans received excellent education despite being a lot poorer than today's Americans are. Generations of students in other countries, such as South Korea and Finland, have

recently been outperforming American peers who are, by any standard measure, significantly more affluent.

Consider the recent performance of two Southeastern N.C. charter schools run by the Roger Bacon Academy, a creation of entrepreneur (and John Locke Foundation board member) Baker Mitchell. Charter Day School in Leland and Columbus Charter School in Whiteville combine proven, phonics-based methods of teaching students of all backgrounds with firm discipline and a broad, classical curriculum. The two schools currently serve about a thousand students between them, and they do it at a lower cost than the public schools.

When the state's 2007-08 test scores came out, there was a great deal of confusion and consternation across North Carolina because the percentage of students deemed "at grade level" was so much lower than had been reported in the past. But as JLF's Terry Stoops observed, the state's charter schools outperformed district-run schools on all but one measure.

At Mitchell's charter schools, the lesson is unmistakable. State-wide, 56 percent of students passed the reading test, and 70 percent passed the math test. At Charter Day School, the passing rates were 62 percent and 82 percent, respectively. But was this just because the charter school attracted students more likely to perform well?

Not at all. Among students eligible for free or reduced-price school lunch, North Carolina public schools as a whole posted dismal results in 2007-08: Only 40 percent were proficient in reading and 57 percent proficient in math. But at the Roger Bacon charter schools, 56 percent of disadvantaged students were proficient in reading, and 78 percent were proficient in math.

In other words, at Charter Day and Columbus Charter, the disadvantaged students matched or exceeded the average statewide performance of all public-school students. Is school reform possible without spending more money or redistributing family income? Absolutely. CJ

John Hood is president of the John Locke Foundation.



JOHN HOOD

EDITORIAL BRIEFS

The Uninsured

When Barack Obama becomes president, he will likely move quickly toward some form of government-provided, and possibly government-mandated, health insurance. A principal reason for this is the oft-cited figure of 46 million uninsured Americans.

But what does this number mean? And do we really need to remake our entire health-care system to protect the uninsured? Most people have an incomplete understanding of the uninsured population, which can lead to bad policy choices, says William Snyder, a policy adviser to the Heartland Institute, in *The Wall Street Journal*.

Many Americans think that the uninsured are too poor to purchase coverage and that government programs aren't available to them. However, according to a study published in *Health Affairs*, about 25 percent of the uninsured were eligible for public coverage, and 20 percent probably could afford coverage on their own. The other two common misperceptions are that the uninsured don't get health care, and that when they do they're "free riders," i.e., they don't pay for the care they get.

A study published by the California HealthCare Foundation in April 2000 found that, of the uninsured California residents whose household income was at least twice the poverty level, 50 percent had received care in the last year for which they were charged, and 8 percent had received care for which they weren't charged. The study also found that 89 percent of these people were either somewhat or very satisfied with the care they received, and that only 15 percent went to the emergency room versus a doctor's office or clinic when they got sick. CJ

A Permanent Bailout

As governments race to fill the vacuum left by the collapse of a particular model of financial capitalism, they would do well to remember that the perils of overly light regulation can be more than matched by heavy-handed interventionism. They need only look at half a century of experience with agriculture policy, says Jack Thurston, a trans-Atlantic fellow of the German Marshall Fund of the United States, in *The Wall Street Journal*.

Since the late 1950s, Europe had a command-and-control farm policy in which prices were set and farmers were guaranteed good prices regardless of whether their products were actually needed, resulting in an out-of-control farm budget. But in 1992, the European Union began moving toward a more market-oriented model. Yet, skeptics prevent more sweeping reforms, seizing on the recent volatility in global food prices as evidence of the failure of markets.

There are three principal causes of this food crisis, says Thurston, and each is an instance of too much government intervention, not too little. The most important factor is the low productivity of farmers in sub-Saharan Africa, India, and parts of Latin America. Government policies that encouraged the use of food crops as transportation fuel also played a significant role. CJ



Economic Challenges

The election is over, and now our newly elected (and re-elected) leaders face the task of governing. Clearly, economic issues were front and center during the political campaign, so it's understandable that voters will be expecting action on pocketbook issues. Here's an evaluation of what our leaders face in both Washington and Raleigh.

The Recession: The recession is the most pressing economic problem facing the nation and North Carolina. Hastening the end of the recession is really something only Washington can attempt because recessions, by definition, are nationwide — and this one is really worldwide.

The federal government already has done much. One "stimulus" package was passed by Congress and another is likely on the way. The Federal Reserve also has lowered interest rates, bought bad debt, and is printing more money. However, the impacts of these actions take time, and they also pose risks. More federal spending requires more borrowing, which must be repaid from future income. Printing more money could spark higher inflation in a year or two. Most economists think the recession likely will last until at least mid-2009.

Education: Education is the key to our economic future. Although federal involvement has increased in recent years, state and local governments long have been the primary movers in education, and this likely will continue in the future.

The issues are different for K-12 and higher education. For K-12, the big question is, what works? Unfortunately, the answers aren't obvious, which makes the job all the harder when financial resources are limited, as they always are.

For higher education, the question isn't what works, but instead, who pays? We have the best universities and colleges in the world. North Carolina also has supported a higher percentage of the costs of public universities and colleges than most other states. But as more college-aged individuals attend universities and colleges in the future, how will their expenses be financed? What is the "fair"

or "correct" share to be paid by the student and by the public?

Energy: People want alternatives to fossil-based fuels both for environmental and national-security reasons, but getting there is complicated, and there are many questions. What alternatives are technically feasible, and who should be the leader in finding them — the government or the private sector? If the alternatives aren't yet economically feasible, that is, their costs exceed their revenues, what's the best way to make them profitable? Can states such as North Carolina carve out a profitable, self-sustaining future in alternative energy production, or are the risks and uncertainties at this time too great?

Health Care: Health care might be the thorniest longstanding economic issue of our day. There are two parts to the health care problem — coverage and cost. What can we do to make sure everyone is covered by health insurance, and what can we do to arrest the steep climb in health-care costs?

Possible answers are all over the board. Some prefer the federal government simply take over (nationalize) the entire health-care system and finance it from general tax revenues. Others prefer a less-expansive approach, with maybe the federal government requiring employers to provide health insurance, but with government coverage as a backup. Still others want to go in the opposite direction — less government involvement by reducing mandates and requirements with the goal of increasing the supply of basic, lower-priced health insurance.

Entitlements: Unfortunately, the two big "entitlement" programs, Social Security and Medicare, were little discussed during the political campaign. Yet they are still looming as a growing, and potentially, crippling, part of the federal budget. The sooner we address them, the better. Yet it won't be easy because the programs assist perhaps our most cherished generation — senior citizens.

Wow! I'm tired just thinking of the challenges associated with these issues. Will our new leaders be able to find any easy answers? Stay tuned. CJ



MICHAEL WALDEN

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

Retiree Tax-Protest Group Shows the Way

The fourth branch is a term that is used to define a group that influences government. The press has been called the fourth branch, and sometimes the fourth estate, as have special-interest groups and lobbyists. Some government agencies with widespread rule-making authority and overreaching bureaucracies have been referred to as the fourth branch.

There are even illusions that a secret society made up of the descendants of the Founding Fathers exists in some underground effort to guide the course of the country.

So when I was invited to attend a recent meeting of The 4th Branch in downtown Raleigh, I was curious. Although I had a vague impression that this was a group interested in tax issues and that it seemed to comprise a lot of retirees, many with military experience, I wasn't sure exactly who they were and what they did. I found out they were a group of citizens who challenged their government over unfair taxation and have ended up changing the face of that government. Sound familiar?

In March 1989, a U.S. Supreme Court decision involving state and federal income tax on retirees triggered lawsuits in 24 states, including

in North Carolina. Raleigh lawyer Gene Boyce undertook the lawsuit, which became the *Bailey* case for state retirees, and the *Patton* case, for federal and military retirees. It took more than 12 years and 15 court battles and appeals going all the way to the Supreme Court of North Carolina to reach fruition and involved hundreds of affected taxpayers. These taxpayers were government retirees from local, state, and federal government and included military retirees as well — hundreds of individual taxpayers whose rights could be protected only if they pulled together in an organized group.

In mid-1995, in preparation to lobby the legislature for equitable taxation of their incomes, the groups came together on the grounds of the State Capitol. After receiving last-minute instructions on how and who to lobby, the organizer handed the bullhorn to Boyce. Boyce pointed down Halifax Mall to the General Assembly building and explained that there lay the legislative branch, where the laws of North Carolina were made. He turned and pointed at the State Capitol, where the second branch, the governor, works and executes the laws of North Carolina. Boyce then pointed south and drew attention to

the Supreme Court Building across the street, with "Law and Justice" carved over the entrance. He explained that the third branch of government interprets the laws and ensures that the state's constitution is followed. Then he looked at the citizens from across the state gathered on the grounds of the Capitol, swept his hand over

the crowd, and explained that they were the fourth branch of state government, the branch that elects the other three, keeps them accountable, and makes sure that the values and ideals set forth by the Founding Fathers were

adhered to. The fourth branch is the most powerful because it elects the other three. The name stuck. This group lobbied successfully, prevailed in court, and ensured that there was equitable tax treatment for all government retirees. You'd think that would have been the end of their efforts.

But it wasn't. This coalition of more than 60 retiree associations was incorporated in North Carolina in 2000, officially adopted the name, The 4th Branch, and was granted nonprofit status as a 501-c (5) organization. Leaders of about 20 of those associations meet regularly to review issues important to retirees, everything from taxes to property rights to health care.

These are gentlemen who believed in basic laws made by the people and set out in the North Carolina Constitution, proudly wear patriotic lapel pins, and stand when a lady enters the room. The meeting I attended started with a tribute and moment of silence for one of the members who had died since their last meeting and ended with a summary of Veterans' Day events. In between, they discussed additional fair taxation initiatives and plans for the upcoming legislative session.

In North Carolina The 4th Branch is a group of citizens who cared, were initially brought together by a concern over unfair taxation, and have stuck together for 15 years. They lobby the legislature, they organize grass roots, and they aren't afraid to sue to protect our constitutional rights. They represent 500,000 federal, state, local, and military retirees residing in North Carolina. Many have fought for our country, and all are proud civil servants. They have seen the difference that citizens coming together can make. They understand that getting involved means getting things done. The result is government as the Founders intended. They are the 4th Branch.

They serve as an inspiration and reminder that the government belongs to us, that the Constitution is the people's law, and that we all are the fourth branch of state government. *CJ*

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



BECKI GRAY

Group reminds us that we are all a part of the government's fourth branch

A School Lunch Question and Other Queries

To the editor,

In regard to your article on the school lunch program established by the USDA, David Bass needs to get his facts straight before writing. In the article he states that entitlement is meant for families at or below 185 percent of the federal poverty level. That is not correct.

The USDA sets the level at 130 percent of the poverty level for eligibility for the free school lunch program (the 185 percent applies to reduced-price meals). Poverty for a family of three is \$17,600 a year, and 130 percent of that is \$22,880. Then, subtract taxes and other required deductions, and that family of three takes home less than \$20,000 a year and certainly de-

serves assistance on school lunches for their child.

Anyway, the question that should be asked is not so much whether or not some getting the lunches are above the income level required for eligibility. The question that should be asked is: Is the level set too low and keeping children who need meals from getting them?

The focus of everyone needs to be on trying to make sure that all children have enough nutrition in order to be able to focus on their learning.

**Gary Parker
Ocean Isle Beach, N.C.**

Editor's note: The article focuses on the free and reduced-lunch program, which is available for applicants with incomes at 185 percent of poverty or below (131 percent to 185 percent for reduced price, or 130 percent or below for free). The 185 percent figure in the article did not refer only to the free lunch program — it refers to both the

free and reduced-price program.

To the editor,

Good article on worries over Fairness Doctrine (*CJ*, December 2008). You missed an important point, however.

If anyone should worry about its impact, it should be the Left and the MSM. All statistics show that Fox and conservative radio are far more balanced. Besides, there are plenty of alternatives to broadcast radio — see Live 365 Internet radio. Satellite radio.

I suggest you read about the pirate radio ship Radio Caroline and the way it forced European governments to allow commercial radio. I used to be an avid listener of this great station while living in Belgium in the late 1970s. If necessary, we conservatives will do the same when and if the lefties try to muzzle us.

**Kent Misegades
Cary, N.C.**

To the editor,

Any school board member who thinks her constituents don't know how to steal from the government should be recalled.

Even those in Guilford County aren't so dumb to say that in public.

**Steven Mullis
Greensboro, N.C.**

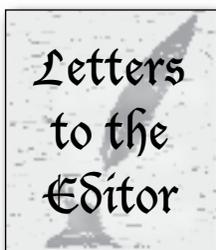
To the editor,

I just read the article in the Carolina Journal Online "Transportation Group Debates New Taxes, Fees."

What can we do to stop this action, and other actions where all they want and seem to know how to do is raise taxes.

Enough!

**Ed Sweazy
Raleigh, N.C.**



Attorney General Angered Over Low Fuel Prices (a *CJ* parody)

By T. BONE JENKINS
Consumer Correspondent

RALEIGH

N.C. Attorney General Roy Cooper said the Department of Justice will pursue legal action against price-droppers, gasoline stations selling fuel at low prices.

Cooper made the announcement at Roscoe's Cheap Gas in eastern Wake County, where gas was selling for \$1.23 per gallon, the lowest price in the area.

"Earlier this year, I went after price gougers who were selling gas for more than I thought appropriate," Cooper said. "So, to be consistent, I feel I had to go after stations taking advantage of falling prices by selling gas for much lower than most stations in the market."

Just as the N.C. Department of Justice fined several fuel distributors and retailers for high prices several months ago, forcing them also to issue rebates to victimized consumers, Cooper says he will do the same for the price-droppers.

Cooper said North Carolina's Motor Fuel Marketing Act, which prohibits the sale of motor fuels below cost when the intent is to injure competitors, gives him the authority to pursue fuel retailers when they set prices too



N.C. Attorney General Roy Cooper announcing his campaign against gasoline price-droppers in front of Roscoe's Cheap Gas in eastern Wake County. (CJ spoof photo)

low.

He also said state law gives the attorney general power to investigate potential product dumping — selling products at prices too low — in times of economic emergency. It logically follows, he said, that the law also allows him to seek payments from consumers who paid too little. The courts also may impose civil penalties against price-droppers of up to \$5,000 for each violation.

"We will search retailers' records to find out which customers bought this cheap gas and attempt to get money back from them," said Cooper. He

said the recovered money will go into a special fund to help pay for the new Price Fairness Division he has set up in the attorney general's office.

"We're sending out a clear signal to these price-droppers that they'd better not try to use this recession as an excuse to lure in customers," Cooper said.

When asked how he knew whether a business was selling fuel below cost to injure competition he said, "You know it when you see it. These scammers sometimes crawl out from under rocks, and they take advantage of people in a number of ways," Cooper

per said.

Hoping customers will buy other products, some retailers also sell fuel at or below cost to lure customers in their stores, he said. While this type of activity is not specifically mentioned in the Motor Fuel Marketing Act, Cooper said he found the practice objectionable and promised to "go after the scammers."

He said he recently had a personal experience with a quickie mart scam. "The store behind me here advertised regular grade gas for \$1.29 a gallon, so I bought some," he said. "Then I went inside and had to pay \$3.50 for a pack of Nabs and an RC. See what I mean?"

Roscoe Drumheller, the owner of Roscoe's Cheap Gas, says Cooper's action should be a concern to all.

"Just because a government official gets ticked off because of the price of a pack of cheese crackers and Royal Crown Cola, that's no reason to prevent my customers from reaping the rewards of a free market," Drumheller said. "This smacks of socialism."

Cooper said he considers price fairness administration to be even more important than his pursuit of public corruption. "Price fairness touches everyone, and I have already cleaned up all the corruption in the state," he said. *CJ*

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