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State to Counties: We Like School Consolidation

Legislators send message in many ways that they prefer larger districts

By SAM A. HIEB
Contributing Editor

CHARLOTTE

Consolidate or deconsolidate? That's the question. Few would dispute that the trend in public education over the last 30 years has been toward the consolidation of county and city school systems. And it's clear a good many power brokers in Raleigh want that trend to continue.

In early May, Senate leaders backed off a plan in their proposed state budget to pay for only one school district administration per county. The funding restriction was aimed at encouraging the 11 remaining counties with separate city and county school districts to consoli-



Many school districts are struggling with the puzzling problem of deconsolidation

date them into one district, which would save \$12 million in the state budget.

The plan was proposed two years after the N.C. Board of Education said it would not pursue the merger of the

city school districts with county districts, saying there was no indication such a move would save money.

Under the funding limit that was removed from the budget, districts

that would be deconsolidated in Mecklenburg County would have to share administration funding for a single district.

But the plan could also be seen by many as a message to residents of Mecklenburg County: Deconsolidation of the city-county school system won't be easy.

But the budget plan wasn't the first message legislators have sent. In April, a bill was killed in committee that would pave the way toward the deconsolidation of the Charlotte-Mecklenburg schools.

The bill was introduced by Reps. John Rhodes and Jim Gulley, both Republicans of Mecklenburg County. Entitled the Mecklenburg Education Freedom Act, it's described as an "act to provide for education freedom for students, parents, and teachers in Meck-

Continued as "State to Counties," Page 3

Think Tank Gives N.C. Mixed Reviews on Welfare Reforms

Caseload has been cut, but state's poverty rate reduction is among worst

By PAUL CHESSER
Associate Editor

RALEIGH

A Washington, D.C.-based libertarian think tank gives North Carolina a mixed review in a 50-state analysis on the implementation of welfare reform.

In a policy report published last fall that rated all the states on the results of their policies, the Cato Institute gave the Tar Heel state a "C" grade, along with 19 other states. Idaho, one of four states to earn an "A," received the highest marks, while Vermont ranked the lowest among the nine states that received an "F."

Cato reviewed the states' policies and practices since the federal overhaul of the welfare system in 1996, through the Personal Responsibility and Work Opportunity Reconciliation Act. The law was pushed by the Republican Congress and signed into law by Democratic

President Bill Clinton.

The policy report, "Implementing Welfare Reform: A State Report Card," evaluated state programs based on two overarching criteria: structural reforms and quantitative results. Cato graded states on how effectively their reform measures:

- limit benefits for families that have additional children while on welfare
- require unmarried mothers under age 18 to remain in school and live with an adult
- require work as a condition for

benefits

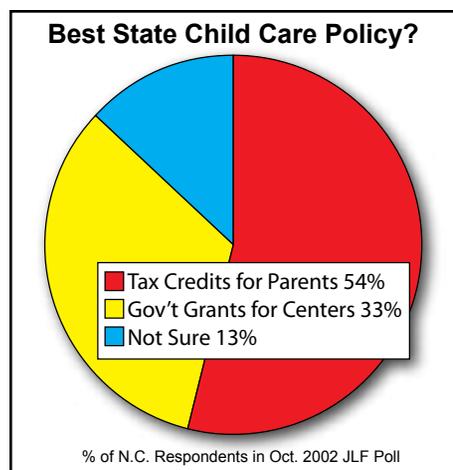
• implement "diversion" programs such as requiring mandatory job searches or seeking alternative resources before receiving benefits

- implement time limits for receiving benefits
- enforce their own welfare policies.

Cato also measured states' results in five categories:

- caseload reductions

Continued as "N.C. Gets," Page 2



Contents

State Government	3
Washington Watch	6
Education	8
Higher Education	12
Local Government	16
Books & the Arts	20
Opinion	24
Parting Shot	28

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N.C. Gets Middling Grade on Welfare Reform

Continued From Page 1

- poverty rate
- child poverty rate
- teen birthrate
- work participation

Work first, time limits working

The 1996 law allowed states flexibility for the implementation of their welfare reform programs. States were given federal dollars to distribute through the Temporary Assistance to Needy Families program, with work requirements and time limits attached as a condition for receiving the funds.

The results have been largely impressive. In data culled from the U.S. Department of Health and Human Services and from the National Center for Policy Analysis, Cato reported a 58 percent reduction in welfare caseloads between 1996 and 2002.

"The employment rate for never-married single mothers rose from 46 to 68 percent during roughly the same time period," wrote Cato's welfare policy analyst, Jenifer Zeigler, citing NCPA findings.

But from state to state, reform strategies and quantitative results vary greatly, Zeigler wrote. Differences exist not only because of types of programs, but also because of the states' population makeup due to factors such as sizes of urban areas, number of immigrants, and economic changes. Degrees of success in welfare programs, measured quantitatively, must take those factors into account.

"Some programs also take time to produce results," Zeigler said, "especially programs designed to discourage self-defeating behavior such as teenage pregnancy."

She said that welfare programs should not be judged solely on their results.

"It is difficult to place a numeric value on structural reforms that encourage self-sufficiency and personal responsibility," Zeigler wrote.

"The quantitative results used in the report are certainly indicators of successful welfare reform, but they cannot reflect important accomplishments such as encouraging community organizations to take over social services or changing the perception of welfare as a safety net rather than a lifestyle subsidy."

Report card studies progress

Therefore, the Cato study sought to capture whether the states are moving in the right overall direction in their



White House photo

President George W. Bush addresses the audience during a program honoring graduates of welfare-to-work programs in the East Room on Jan. 14, 2003.

individual welfare reform policies.

"The states with the highest grades ranked in the top third of the states in both structural reforms and quantitative measures," Zeigler wrote.

North Carolina received a perfect score for its "family cap" policy, which means families that bear children while on welfare do not receive higher payments because of the new child.

However, the state rated a "zero" for the way it handles the requirement for unwed teen mothers to remain in their parents' home. While other states have stringent policies, Cato said North Carolina offered too many exemptions, which makes it less effective.

But Cato offered praise for the state's employment requirements as a condition for benefits. Recipients, who can receive benefits for up to 24 months after moving from welfare to work, are ineligible afterwards for three years.

"That approach may anger critics who call such strict limits unfair to families facing major setbacks, but it certainly works," Zeigler said. "The state has cut its caseload by nearly 69 percent since welfare reform was instituted."

She said that the program is designed to keep families off welfare. In addition, North Carolina uses other tools as an incentive to show families "that they are better off working than on welfare."

"Struggling families are often reluctant to accrue assets for fear of exceeding eligibility requirements if they need to turn to welfare," Zeigler wrote. "By raising the limits on allowable savings and automobile value and providing services to support the working poor, such as subsidized childcare

and transportation, the state encourages work and saving while keeping people off welfare."

Perhaps the greatest incentive that drives the caseload reduction in the state is its time limit. The federal law only allows for lifetime payments of up to five years, so the state must pay if it wishes to grant benefits beyond that time period, with some exemptions. North Carolina received extra credit from Cato for its added limit of ineligibility for three years after providing benefits for two years.

North Carolina also ranked in the middle among the states for its sanctions policies. The most stringent of such policies bear serious consequences for welfare recipients who do not meet requirements or are still on the program when their time limit is up. Such consequences usually bring a reduced welfare check. Cato categorized North Carolina's sanctions policy as moderate.

North Carolina's outcomes

Among all the states, North Carolina ranked eighth in percent of reductions in its welfare caseloads.

But in other measured outcomes, the state did not fare as well. It ranked near the bottom (48th) in overall poverty rate reduction, although it finished a more respectable 12th when only child poverty rate reduction was measured.

North Carolina's teen birth rate reduction placed it 20th among the states. But Cato docked it several points "because of its numerous exemptions to the requirements for living arrangements for minor parents."

However, the report did praise the state for its emphasis on local control of the Work First programs.

"Local input provides more efficient social services to those who are truly in need," Zeigler wrote.

"North Carolina is on the right track overall, but there is certainly room for improvement." CJ

State to Counties: We Like School Consolidation

Continued From Page 1

lenburg County by providing for the Mecklenburg County school administrative unit to be separated into multiple administrative units."

Basically, the bill would have set up a referendum in November. A "For" vote would have divided the Mecklenburg County Schools into smaller administrative units on July 1, 2006. The Charlotte-Mecklenburg Board of Education would have been abolished in the process. There would have been no 2005 election for the school board, and the terms of current members would have been extended until new boards of education would have been elected under the plan.

A petition filed to introduce the bill points out that when Charlotte-Mecklenburg schools consolidated in 1960, the system had fewer than 60,000 enrolled students. Today, the system has more than 121,000 students, with enrollment expected to exceed 170,000 students by 2014.

Incredible growth

The incredible growth has rendered the central administration incapable of responding to the concerns of parents in north Mecklenburg County.

"Whereas many citizens believe Charlotte-Mecklenburg schools is an unnecessarily large organization; that its size has made it unresponsive to the needs of families who generally seek local ownership, less bureaucracy and more control over their children's lives," the petition reads.

But while the bill failed, it nevertheless sparked public debate over school deconsolidation. The issue has become hot as school systems around the state grow exponentially, and many legislators and parents believe control is getting away from school boards and administrative units.

In a phone interview, Rhodes said the issue is definitely not going away.

"The people in my district spoke very clearly and very loudly that they wanted to break away from the Charlotte-Mecklenburg school system," he said. "We've already had the citizens of Mecklenburg County absolutely come out in droves in favor of deconsolidation, wanting their school systems to be smaller, more efficient, safer.

"They're tired of the status quo. But when we brought the issue to Raleigh, they would have nothing to do with it.

"Is deconsolidation the best way to go? I don't know. But let's at least have the discussion. And at least let the citizens decide what they want to do," Rhodes said.

But Rhodes admits that deconsolidation faces a tough battle against what he calls "the good-old boy network between the education bureaucracy and the leaders in the General Assembly."

"An education bureaucrat will protect his establishment, their territory, their power at any cost," Rhodes said. "This issue is not going away, and they'd better just go ahead and deal with that fact. They can continue to defend a sinking ship as long as they want to, but it's not going away."

Media opposition

Unfortunately, citizens of North Mecklenburg have another enemy in their battle for deconsolidation: the mainstream media.

Despite its own poll that showed 47 percent of residents supported a proposal to break CMS into smaller districts while 39 percent opposed it, *The Charlotte Observer* wrote in an editorial that deconsolidation is not "sound public policy for a metro region such as Mecklenburg. Indeed, metro areas in which small,



Deconsolidation does not seem to be in the future for Guilford County students in the state's third-largest district

independent suburban districts surround a center-city district almost always feature a center-city district that serves predominantly low-income racial minorities, struggles for money and produces unacceptably low academic results. That's not a recipe for a healthy urban region, even if the residents of the affluent, cozy suburban districts are quite happy."

About 150 miles up Interstate 85-40 is Mecklenburg's mirror image. Orange County is still split into two school systems, with Chapel Hill-Carrboro City Schools receiving \$12 million more in funding than county schools through a special schools tax inside the town limits.

Achievement gaps

The \$25,000 taxpayer-funded study led by Madeline Grumet of UNC-Chapel Hill's School of Education, concluded that this inequity in funding was a major factor in the achievement gap between students in county and city schools.

While the report didn't explicitly recommend merging the two systems, it did recommend increased access to high school courses across the district, development of shared nomenclature, and increased professional development across districts.

The report was further impetus on a process that has been in discussion since the late 1980s. But the ire of parents had already been raised when Chapel Hill-Carrboro schools Superintendent Neil Pedersen presented a report to County Manager John Link outlining the logistics of consolidation.

Orange County schools are under capacity and Chapel Hill-Carrboro are over capacity, so students, mostly in the northern corridor of the city school district, would be shifted to county schools to fill classroom space.

In the report, Pedersen estimated that, between the 2005-2006 and 2013-2014 school years, 1,348 elementary school students, 2,500 middle school students and 2,000 high school students would be shifted from city schools to county schools.

The issue, at least for now, is on hold until the fall, said Orange County Commission Chairman Moses Carey. While Carey has been a vocal proponent of merger, Vice Chairman Barry Jacobs has remained relatively quiet.

In a phone interview, Jacobs admitted that the disparity in funding between Orange County and Chapel Hill-Carrboro was an issue. Resources could be better shared among the districts, he said. But merger

might not be the answer.

"The more I learn, the less I think it's necessary. I don't see it as a social-justice issue where one group of kids is being deprived of opportunity. There's a difference between equity and equal funding. I think people get hung up on money sometimes to the exclusion of reason," Jacobs said.

Consolidation of school systems has been a hot topic since 2003, when a decision by the N.C. Court of Appeals allowed the merger of the Kings Mountain School District into Cleveland County Schools, along with Shelby City Schools.

Challenging a merger

The Kings Mountain Board of Education, individual Kings Mountain board members, and parents of children attending Kings Mountain schools challenged the merger, arguing that the district operated in two counties, Cleveland and Gaston. Therefore, both county commissions would have to approve the merger, and the Gaston County Commission had not done so.

Though the Kings Mountain municipal boundaries extend into Gaston County, and the district does serve children there, the court ruled there was no evidence that the Kings Mountain school district extended across county lines.

As the year progresses, it appears as though all the attention surrounding consolidation and deconsolidation will be focused on Mecklenburg and Orange counties. That's because the state's other large school systems seem content where they are, whether it be with a city-county split or as a geographically expansive school district with one central office.

Buncombe County has kicked around merging county schools with Asheville City Schools for years, but there's no significant movement.

On the other side, a movement to deconsolidate Wake County Schools was short-lived, according to *The Charlotte Observer*.

Nor is there a movement to deconsolidate Guilford County Schools, which became the state's third-largest district with the 1992 merger of High Point and Greensboro city schools with county schools.

In an e-mail message, Guilford school board member Kris Cooke said there was no deconsolidation movement "that I know of."

Still, Cooke said, "There are still individuals that believe consolidation has been the downfall of this school system and it is too large. Still, we continue to make progress in achievements and academics." *CF*

Tobacco Trust's Final Report on Fingerprint Company Released

Final document lacks financial details but confirms the promised creation of 10 to 15 jobs 'were not able to be met'

By PAUL CHESSER
Associate Editor

RALEIGH
The state's Tobacco Trust Fund Commission closed its file last month on a fingerprint security business that it funded, even though little or no new information was provided in a revised final report about a project the company conducted for the N.C. Division of Motor Vehicles.

Privaris, Inc. received \$307,575 from the commission through a grant to the Martin County Economic Development Corporation, ostensibly in exchange for starting business in Williamston with 10 to 15 employees, which the company never fulfilled. Privaris was to be paid for determining whether its technology could help DMV enhance the security of drivers' licensing for transporters of hazardous cargo.

Karen Long, a lawyer in the state Department of Justice who reviews legal documents for the commission, told Tobacco Trust officials in February that the development corporation's final report on the DMV's Hazardous Material Carrier Authentication Pilot project was "pretty thin." She said a candid and detailed discussion of technical problems, and of which goals were met and unmet, was needed in the report.

"The numbers listed 10 to 15 jobs initially," Long wrote. "That didn't happen, and I think a more thorough explanation of why needs to be included."

Privaris leaves TeleCenter

Fairfax, Va.-based Privaris pulled out of the development corporation-run Northeast TeleCenter in Williamston by December 2003. The company never hired more than three employees for the project, but despite its failure to fulfill the jobs requirement, the commission paid the development corporation \$132,575 in April 2004.

An agreement between the Tobacco Trust and the development corporation stipulated that if any conditions of the agreement were breached, the corporation must repay to the commission "the full amount of sums awarded" and any interest accrued on the money.

The grant called for the project's funds to be paid in increments, with \$175,000 issued to the development corporation 14 days after the agreement was signed. The remaining money was to be paid periodically as requested by the development corporation, which

had to certify that the work required under the agreement was actually performed. The corporation was also to "include documentation of the amounts for which (the development corporation) requests reimbursement." Upon conclusion of the project, a final report on HAZCAP was to "include a detailed final financial report of the use of grant funds by category, showing all expenditures during the entire term of this agreement...."

Final report lacks new details

But the final report, received by the commission May 20, 2005 after the earlier version delivered Jan. 28 was deemed unsatisfactory by Long, did not include any financial data, except that "\$42,425 was not needed and will be released back to the Commission." Other documents obtained by *Carolina Journal* showed that no receipts or invoices were provided to justify the development corporation's or Privaris's expenditures, other than numbers shown on a spreadsheet. Ten months of rent from the develop-

ment corporation's Telecenter to Privaris accounted for \$10,575 of the money.

Upchurch told *CJ* that the financial information "has already been received in previous reports."

As for the failure to create 10 to 15 jobs, development corporation officials said "because funding has not been provided for implementation of subsequent pilot

programs, the job creation and investment objectives for this project were not able to be met." However, the contract between the corporation and the commission did not predicate those jobs on whether further funding for the program would be forthcoming. The 10 to 15 jobs were to be created "initially," and if the project grew, 200 jobs and a "capital investment of more than \$10 million" were expected to materialize.

The earlier version of the final report submitted by the development corporation in January 2005 said the



Senate President Pro Tem Marc Basnight

HAZCAP project "was highly successful and met the needs of NCDMV in demonstrating the capacity of (the)... program." That version was not sufficient, according to Long and the commission.

Long did not respond to phone messages or an e-mail inquiring about the final report. William Upchurch, executive director of the Tobacco Trust Fund Commission, told

CJ in an e-mail, "Martin County EDC needed to provide a final response from their perspective before we could accept the report." The Tobacco Trust did not seek repayment of its money from the development corporation, Upchurch said.

County wants TeleCenter funds

Although Privaris fell short on its job creation, the development corporation tried to leverage the company's brief activity at the TeleCenter into a request for more funding from public resources. In a letter to Upchurch, development corporation Chairman Stan Crowe said "funding is crucial" for expansion of the TeleCenter because "there are several clients that are waiting for... improvements to be completed so they can move from the incubator office space into a larger area."

Between July 25 and July 30, 2003, Privaris was one of three TeleCenter tenants that wrote similarly worded letters to Crowe stating their intentions to expand their businesses, conditional upon expansion of space. Privaris President Barry Johnson wrote a letter of support for the renovations, saying that Privaris "has been in operations at the NC TeleCenter... since February, 2003," even though the project began in April and employees moved into the facility in June.

"During our tenure at the TeleCenter we have enjoyed great success and are now faced with expansion opportunities," Johnson wrote. "We would very much like to remain in the Williamston area but to do so requires securing adequate space for our continued operations." Documents showed no evidence that Privaris developed new business during the month in the TeleCenter, or that the HAZCAP project had begun in earnest.

The letters of intent from three

companies helped the TeleCenter garner an additional \$200,000 grant from the Tobacco Trust for expansion. The development corporation was also awarded \$250,000 from Golden LEAF, the state's administration agency for half its tobacco settlement funds, for the TeleCenter expansion. None of those funds have been paid yet, however.

Watson an investor?

North Carolina's Northeast Partnership had originally applied for the Tobacco Trust grant and was awarded the money in October 2002. Rick Watson, executive director of the partnership, requested that the Tobacco Trust transfer responsibility for the grant in November 2002 to the development corporation.

Sources with direct knowledge of the project who requested anonymity say Watson is an investor in Privaris. Watson sought to obtain funds for the pilot project despite his personal financial stake in the company, creating an apparent conflict of interest. He pressed for the Tobacco Trust's April 2004 payment to be made to the development corporation, which in turn paid Privaris.

According to a report in the April 21, 2005 *Washington (N.C.) Daily News*, Watson would not confirm or deny that he was an investor or "silent partner" in Privaris.

"I am not accustomed [to] investing in companies in which there is a conflict of interest," he told the newspaper.

However, Ernie Pearson, Watson's lawyer, told the *Daily News*, "I don't find it to be a conflict of interest at all for staff or members of a board of a nonprofit to invest in companies considering investing in the northeast region or locating there."

Privaris, formerly known as Transforming Technologies, Inc., was originally promoted by one of its chief investors and board members, Ernest Knighton of Edenton. Knighton lobbied Senate President Pro Tem Marc Basnight's chief assistant, Rolf Blizzard, in 2002 to get the Division of Motor Vehicles to start a security project using the company's technology.

Knighton's wife, Anne Marie, is the town manager of Edenton. He is described on Privaris's website as "a successful North Carolina-based technology venture developer, investor, and management advisor."

Blizzard initiated help for the project at DMV, pressuring former Commissioner Carol Howard and Department of Transportation officials to evaluate the technology and to carry out the pilot.

Knighton is one of four members of Privaris's board of directors, according to the company website. Asked by *CJ* whether Watson was an investor in Privaris, Knighton said he did not know. *cj*

"I am not accustomed [to] investing in companies in which there is a conflict of interest."

**— Rick Watson,
Northeast
Partnership**

Would be double the length of the 900-foot Apache Pier near Myrtle Beach

Basnight's Solution Would Create East Coast's Longest Pier

By DON CARRINGTON
Associate Publisher

RALEIGH

A deal brokered by Sen. Marc Basnight to get the Currituck-to-Corolla passenger ferry up and running would result in the construction of an 1,800-foot docking pier extending into the Currituck Sound, which, if approved by the federal government, would be the longest pier on the East Coast.

The pier proposal, the result of a recent meeting between Basnight and several state and local officials, would be twice as long as the 900-foot Apache Pier near Myrtle Beach. However, several federal agencies would have to approve the project before it could be built.

"All this is just conceptual right now," Wildlife Resources Commission Director Dick Hamilton told *Carolina Journal*. The ferry service was scheduled to be in operation by May 2004, but has been plagued with problems from the start. Hamilton said the proposed solution for the ferry issue came from a recent meeting with Basnight. "[He] called us into his office to see if there was a fresh approach."

Hamilton said the National Marine Fisheries, the U. S. Army Corps of Engineers, and the U. S. Coast Guard will all have to approve the project. Justin McCordle, an attorney with the Corps' Wilmington office confirmed the project would require a permit from his agency. "We will look at alternative locations and the need for the project," he told *CJ*.

The meeting, held in late May in Basnight's office, included Currituck County Manager Dan Scanlon, Hamilton, and the heads of three other Easley



Carolina Journal Photo by Don Carrington

The proposed 1,800-foot docking pier would start here, near Corolla Lighthouse

Administration agencies — the Coastal Resource Commission, the Division of Marine Fisheries, and the Department of Transportation's Ferry Division. *The Daily Advance* of Elizabeth City first reported the deal.

Even though detailed plans have not been prepared, Hamilton said he envisions a 10-foot wide structure sitting six feet above the mean water level so sunlight can reach the environmentally sensitive sound bottom.

"There is no question federal agencies will have to approve this," Coastal Management Division Director Charles Jones said. When *CJ* informed Jones the pier would be twice as long as the longest pier on the East Coast, he laughed and said, "I didn't realize it. It is a long pier."

He said that 1,800 feet is an estimate and that surveys must be conducted to determine the actual water depth. The big issue, Jones said, is "the potential danger boats can cause to submerged aquatic vegetation in shallow water."

Currituck County officials said the ferry service was necessary because students living on the Currituck County section of the Outer Banks would no longer be able to attend Dare County schools because of crowding. School officials initially said about 40 students would be involved, but that number now is about 10 students.

They said the bus ride to the mainland, entirely by land, would be too long. With State Senate President Pro Tem Marc Basnight of Dare County as the driving force, the N.C. General As-

sembly appropriated \$834,000 in June 2003 for the ferry project. Annual operating costs are estimated to be more than \$400,000.

A feasibility study prepared by Ferry Division Director Jerry Gaskill stated that dredging a channel on the Corolla side would be necessary, but failed to mention that the U.S. Army Corps of Engineers had denied permits on two previous occasions. In June 2004 the state Division of Coastal Management issued a notice of violation to DOT after a Ferry Division boat and crew dug an illegal channel near Corolla. The Ferry Division has since repaired the damage.

In August 2004 the U. S. Environmental Protection Agency's Criminal Investigation Division, armed with search warrants and in search of information about the dredging incident, led a raid on Ferry Division offices. No criminal charges have been filed.

CJ has also reported that a new Dare County elementary school opening this summer should eliminate the school overcrowding that was the original stated justification for the project. Also reported was that representatives of the Sanderling Resort and Spa, who were looking for alternative ways for employees to get to work, had met with DOT officials and approved the ferry route.

Most recently *CJ* and other news organizations revealed the 49-passenger pontoon boat purchased by the Ferry Division does not meet the requirement that it be able to operate in 18 inches of water and may require as much as 42 inches of water to operate. The boat has been sitting at the State Shipyard at Manns Harbor since last August. *CJ*

Basnight's Company Pays Up

By DON CARRINGTON
Associate Publisher

RALEIGH

Elizabeth City plumbing contractor James Morris said he expects to be paid almost \$50,000 owed to him by Basnight Construction for work he completed in July 2002. Morris said he thinks that the political influence of Marc Basnight, president pro tempore of the N.C. Senate and president of Basnight Construction, made it difficult for him to collect the money.

"It seemed everything was stacked against me winning this lawsuit," he told *Carolina Journal*.

Morris said he will not be able to recover attorney fees and has to pay his lawyer about \$10,000 for the legal work.

In January 2004 Morris won a judgment against Basnight's company in Hyde County Superior Court. Basnight

Construction appealed that decision. The N.C. Court of Appeals ruled in favor of Morris in March of this year.

The county clerk of court last month received a check from Basnight Construction for \$49,592.

Basnight has said that he was not involved in the day-to-day operation of the company and that his cousin Jimmy Basnight ran the business.

The dispute involved a \$5 million contract to install a sewer system in Engelhard, an unincorporated community in Hyde County.

A Virginia company, Peters and White, won the contract and subcontracted a portion of the work to Basnight Construction. Basnight subcontracted another portion of it to Morris's company, JMM Plumbing and Utilities.

"We got the grants through Marc Basnight," Sanitary District Chairman Tommy Ethridge said earlier this year. *CJ*

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NC Delegation Watch**Foxx seeks IRS change**

U.S. Rep. Virginia Foxx's (N.C.-5) first piece of legislation, the Heroes Earned Retirement Opportunities (H.E.R.O.) Act, passed the House. It was the first policy-changing bill introduced by a freshman member to pass.

The H.E.R.O. Act would amend the Internal Revenue Code of 1986 to allow members of the Armed Forces earning hazard pay to be eligible to make retirement account contributions. The current tax code prohibits many soldiers serving in combat zones from taking advantage of Individual Retirement Accounts.

"Hazard pay wages are not taxed – nor should they be. However, since this compensation is non-taxable, the wages are not eligible for IRA contributions. This is a serious problem that I am happy to fix," said Rep. Foxx.

Foxx sought to amend the tax code after receiving a letter from a constituent in Forsyth County. The constituent's son, an Army soldier who spent nearly a year in Iraq, did not earn enough taxable income to take full advantage of an IRA.

Forty-seven House members co-sponsored the bill.

Etheridge: Protect food supply

Rep. Bob Etheridge (D-Lillington), a member of the Homeland Security and Agriculture committees, and a N.C. Department of Agriculture & Consumer Services official advocated for stronger protection of the nation's agriculture and food supply before a House panel. Etheridge and N.C. Food Administrator Joe Reardon participated in a hearing of the U.S. House Homeland Security Committee Intelligence, Information Sharing, and Terrorism Risk Assessment Subcommittee examining the threat of agro-terrorism.

"We know that terrorists want to attack our food supply, and a successful attack on agriculture could be crippling to North Carolina's economy, to our national economy and to our national security," Etheridge said.

Reardon testified that national leadership must take effective action to address agro-terrorism. "As we harden highly visible, metropolitan infrastructures, greater pressures are placed on agriculture as a ripe target for an attack with high visibility and an economically potent impact," he said. *CJ*

REAL ID Act Designed to Improve Security

States must comply with provisions of the act, which takes effect in 2008

By **MAXIMILIAN LONGLEY**
Contributing Editor

The REAL ID Act, part of a budget bill signed by President Bush on May 11, contains provisions designed to improve the security of drivers' licenses. The wisdom, fairness, and cost of these provisions remain subject to vigorous debate.

Scheduled to take effect in 2008, the REAL ID Act's drivers' license provisions provide that states must comply with security requirements in issuing drivers' licenses. These requirements include having machine-readable features determined by the secretary of Homeland Security, putting the person's actual residential address on the license (not just a P.O. box), and requiring applicants for licenses to provide identifying information and Social Security numbers. If a person has a license that doesn't meet the act's requirements, federal agencies won't recognize it as a valid ID.

One of the organizations that has long been pressing for tougher federal standards on ID documents is the Federation for American Immigration Reform. FAIR Media Director Ira Mehlman said that illegal aliens and terrorists have exploited the country's "chaotic documentation system." In the past, North Carolina has been among the states whose loose drivers' license requirements have been exploited by illegal aliens, although Mehlman isn't sure of the current status of North Carolina law. Although Mehlman would like to see all drivers' licenses denied to illegal aliens, he said REAL ID wouldn't preclude a second-tier drivers' license for illegal immigrants, so long as the second-tier license isn't used for identification purposes beyond driving.

U.S. Rep. G. K. Butterfield, D-North Carolina's First District, is among members of Congress who voted for the REAL ID Act. Butterfield's communications director, Ken Willis, said the drivers' license requirement is an "opportunity to increase homeland security." The new drivers' licenses will be hard to duplicate. Thanks to the act's license provisions, drivers' licenses throughout the country will be brought "up to standard."

Another member of the North Carolina delegation who voted for the REAL ID Act is North Carolina's U.S. Rep. Sue Myrick, R-9th Congressional District. A press release from her office calls REAL ID "a large step in the right direction." Myrick's Web site says: "This is not a federal ID, but makes sure people are who they say they are." The new requirements will make it more difficult

The REAL ID Act

- Scheduled to take effect in 2008
- Applicants must provide an actual address
- Applicants must provide ID and Social Security number
- ID will have machine-readable features as prescribed by Homeland security
- New drivers' licenses will be difficult to duplicate
- Goal is to make sure people are who they say they are

for terrorists to get drivers' licenses, Myrick said. Myrick's site said that the act "sought to close up the loopholes terrorists were using to illegally get into America, and stay here."

North Carolina's entire Republican House delegation (Coble, Foxx, Hayes, Jones, McHenry, Myrick, and Taylor) voted for the REAL ID Act, along with two Democratic Representatives (Butterfield, McIntyre). The remaining four Tar Heel Democrats (Etheridge, Miller, Price and Watt) voted against the law. The Act was approved in the Senate as part of a larger budget bill.

Many organizations representing state government bodies have expressed concern about the expense the states may bear, and the derogation from traditional state prerogatives.

Others oppose the law as a federal infringement on freedom. Jesse Benton of the American Conservative Union is concerned that retinal scans may be used to confirm the identity of anyone who applies for a drivers' license. Benton is also worried about the sharing of citizens' information with the governments of Canada and Mexico, as contemplated by REAL ID.

Tim Sparapani, legislative counsel for privacy rights at the American Civil Liberties Union, says the Act has

no protections for data required to be shown on a drivers' license. A Social Security number, which will have to be furnished if you want a license, was "never meant to be an identifier" except for retirement benefits.

Both the ACU and the ACLU are part of the Liberty Coalition, an umbrella organization or groups and individuals from all parts of the political spectrum who protest alleged federal encroachments. Michael Ostrolenk, a public-policy consultant in Washington, D.C., was a prime mover behind the establishment of the Liberty Coalition. "It (the REAL ID) is basically creating a de-facto internal passport system," Ostrolenk said. "In order to travel by plane, train or bus, citizens will be required to show their national 'travel' license." According to Ostrolenk, there's a risk that the law may lead to radio frequency identifiers being installed in drivers' licenses. With the radio frequency identifiers, state and federal governments would be able "to track citizens' every move," without the citizen knowing it.

The cost to the states of implementing the REAL ID Act is uncertain. One estimate, by the Congressional Budget Office, is that states will have to spend a total of about \$100 million to comply with the new standards the Act imposes for drivers' licenses.

Sparapani said North Carolina will bear heavy implementation costs. He predicts the state will face "enormous problems."

Mehlman said the REAL ID reforms in drivers' license standards will actually help the states save money. Making licenses available to illegal aliens "facilitates their illegal presence in this country." With stricter requirements for issuing licenses, Mehlman said, there will be less incentive for illegal aliens to come, and the states will thereby save money on public services those aliens would otherwise use.

Shortly after the REAL ID Act passed, Rep. Obey, D-Wis., offered an amendment to the Homeland Security appropriations bill that diverted \$100 million from other parts of the agency's budget to pay for the expenses states would have to meet under to comply with REAL ID's drivers' license standards. Obey said sarcastically, "I am just trying to help keep a Republican promise" not to impose new unfunded mandates on the states.

The Obey amendment passed by a vote of 226-198, and the Homeland Security budget bill is now before the Senate. In the House vote on Obey's amendment, all the Democrats in North Carolina's House delegation (Butterfield, Etheridge, McIntyre, Miller, Price, and Watt) voted for the bill. Two Tar Heel Republicans (Myrick and Jones) voted for it as well. The remaining Republicans in the North Carolina delegation (Coble, Foxx, Hayes, McHenry, and Taylor) voted against it. *CJ*

FEC's Bradley Smith: Citizens Participate in Process by Giving

By CAROLINA JOURNAL STAFF

RALEIGH

Bradley Smith is a commissioner with the Federal Election Commission, the independent group that administers and enforces election laws at the federal level. He was in Raleigh recently to address a luncheon group hosted by the John Locke Foundation. Carolina Journal Associate Editor Donna Martinez talked with Smith after the event. Following are edited excerpts from their conversation.

Martinez: So if we believe the headlines from the last year or so, campaign finance reform laws that were passed by Congress were supposed to take big money out of politics, which of course critics said was corrupting the election system. Was the system broken really in the first place?

Smith: Well, I don't think the system is broken by the presence of money in the system. We have to realize it costs money to communicate, and the entire amount of money that we spend on politics in this country is less than Procter & Gamble will spend on advertising in a given year. In other words, it costs money to communicate, whether you're advertising soap or you're telling people about politics.

So the money needs to be in the system, and that money has to come from somewhere. It's worth noting that big business spends 10 times as much money on lobbying as it does on all kinds of other political participation, and that's the real source of influence for these groups, not political giving. Political giving is how citizens really participate in politics.

Some people have more money than others to be sure, and other people have more influence because they host radio shows or they have newspaper columns, or they're just good at writing letters to the editor or whatever it is.

We also need to remember that we have a government that spends a couple trillion dollars a year. Naturally people will want to affect that government, and much of the spending that goes on is done by groups, whether it's the Sierra Club or Handgun Control, Inc., or the National Rifle Association or Right to Life, they spend money to try to influence political issues, and they represent thousands, indeed millions, of people when they do so.

Martinez: So give us a brief overview of the effect of the changes that were in place. The effect on last November's election; what was different to the average voter?

Smith: Well, one thing was that you heard all these ads begin or end with somebody saying, "I'm so and so and I approve this ad." [LAUGHS]

Martinez: There you go; I remember many of those, yes.

Smith: Big elements of the bill, and I think most of us would heartily agree that that has dramatically improved political discourse in the United States.

Martinez: Forcing people to say right up front, "Hey, this message is mine."

Smith: I think the idea was that that would make ads less negative, but again, first, I don't think it really had that effect, and secondly, there's nothing wrong with a negative ad; it contrasts candidate's positions and says "I'm right and my opponent's wrong."

Martinez: Those are always cast as attack ads these days.

Smith: That's right, but it's a fair part of political discourse, telling people why they should not vote for the opponent. More specifically, what the McCain/Feingold Law did that took effect for the first time for the last election was it limited the ability of national and state political parties to raise money for things like Get Out the Vote drives, by eliminating significantly the size of contributions they could take for that purpose.

The result then was that a lot of that activity then went over to outside groups other than the political parties and people will be familiar with some of them: George Soros funded, and other very wealthy individuals funded some groups on the Democratic side; there were groups called Americans Coming Together, Moveon.org...

Martinez: Are these essentially the 527s?

Smith: They're what are called, in the parlance, 527s. That's just a section of the tax code under which political groups are organized. And it's worth noting that there are lots and lots of different types of 527s. That is, the Bush/Cheney campaign, and the Kerry/Edwards campaign were 527s as well; they were just run by candidates. In other words, a 527 is just a type of political committee. The McCain/Feingold Law put limits on certain types of 527s, that is, political parties, but left others unregulated, and so that's where the money went.

Martinez: So did the changes then in fact restrict free speech in your view?

Smith: Well, I think they do because they force people to do different ways to express themselves. They limit the ability of political parties to speak, which I think was a bad thing because political parties have to balance a coalition of interests, whereas a lot of these special interest groups are much more focused on a single narrow issue, much more dogmatic, less prone to compromise. In other words, I guess the answer to the question is, there are still ways that people can speak, but it gets increasingly complex, and that tends to favor the people who can afford to hire the lawyers, the accountants, the consultants, the folks who know the system; at each level of complexity it gets a little bit tougher for the average person to be involved for smaller grassroots groups to be involved, for kind of insurgent candidates without a lot of money to run effective campaigns, so it is impacting on free speech and I think it will continue to do so.

Martinez: And in fact, apparently we are heading towards another potential restriction of free speech. Now the FEC, of which you are commissioner, is right now proposing a rule that would regulate Internet blog sites that are dedicated to candidates, that is in the proposal stage right now; they're taking public comment. So where do you see these blog sites fitting on the spectrum of free speech? Are they protected speech or should they be regulated?

Smith: Well, what you've got here is what happens, again, the government is spending a couple trillion bucks a year, so people want to influence who holds office, and this effort keeps growing, we have to close off these avenues for free speech. So you have a legislative effort now in Congress to limit these 527s to limit your ability to give money to a group, whether it's an environmental group, a right to life group, whatever it is, and have them participate in politics.

Another element of that attack is on the Internet. We passed a rule at the election commission exempting most Internet activity from the McCain/Feingold Law; we felt that that was a proper interpretation of the statute. The sponsors of the bill sued us in court, saying that was not a proper interpretation of the statute; they won; there is not a majority of the commissioners on the commission willing to appeal that decision, so we in a sense have been forced under court order to open a rule-making that will lead to at least some regulation of the Internet, including blog sites.

Now, I don't want to say that the commission is not sensitive to the speech

issues involved; I think the commission is — I think that the rule we put out is fairly light-handed, but note the change in the assumption. The assumption was that the Internet would be unregulated; now the assumption is that it will be regulated. If it's not regulated, it's just because we're being nice guys, and it's going to be more regulated than it was in the past.

Martinez: That's a definite change in philosophy mindset.

Smith: That's right. And it could very much hit weblogs; for example, if you run a blog and you incorporate it, and a lot of weblogs are incorporated as what are called sub-S corporations or LLCs, they will be severely restricted in what they can do, any kind of coordination with the candidate's campaign.

And recognize what coordination means; coordination means that if a candidate's campaign sends you an email and you then forward it out to a bunch of friends of yours, that is by definition coordinated activity. Since now it would include the Internet because it's called re-publication of campaign material, now if we're going to include the

Internet, that would in theory get some for that activity.

Martinez: That to me sounds like huge change, I mean, that happens thousands, millions of times, potentially.

Smith: And people say, "How are you going to police that?"

Well, the answer is, let

me tell you, there are all kinds of people out there running around, eager to turn in their neighbors when they don't like their politics. We get those kinds of complaints all the time now.

I mean, we get complaints against people who put up homemade billboards and forget to put up on the bottom whether it was paid for by a political committee or not, and that's a violation of the law, and we're going to see that going to the Internet.

Martinez: How can a North Carolinian make their opinion on this rule? What do they have to do?

Smith: Well, on the Internet rule go to our website, www.fec.gov. There you can navigate around, find the notice of proposed rule-making, and comment on it.

Just a comment that says, "Keep your stinking hands off our Internet!" is not terribly helpful, although it's not the worst thing in the world, but something that is constructive and thoughtful would be very important to us.



FEC Commissioner
Bradley Smith

"It costs money to communicate, whether you're advertising soap or you're telling people about politics."

— Bradley Smith

State School Briefs

Lobbyist cries apartheid

The state's top lobbyist for teachers compared the plight of his members to South African apartheid, arguing school administrators have advantages in promoting their needs that they deny teachers, *The Charlotte Observer* reports.

Eddie Davis, president of the Raleigh-based N.C. Association of Educators, said in an interview that he is trying to point out that people in power don't think about the problems of the less influential.

His example: Taxpayers fund memberships of a professional group — the N.C. Association of School Administrators — that lobbies for them in Raleigh. Teachers pay their lobbyists out of their paychecks.

"Similar to the 'privileged class' arguments during the civil rights movement, our educational colleagues at NCASA put forth the case that their administrative stature makes them deserving of public funding of their private memberships," Davis said in a statement sent to statewide media.

He also said administrators, from principals up to superintendents, have an institutional advantage and have threatened those who question those benefits, similar to tactics used during apartheid.

Reassignment craziness

Kristen Frankena points through the window of her north High Point home. There, just past a clump of pine trees, is Southwest High School, an easy five-minute walk from her house, the *News-Record* of Greensboro reports.

Both her parents went to Southwest, and she grew up going to Cowboys football and basketball games. She always figured that now, as she finishes up eighth grade at Southwest Middle School, she would be headed to the high school down the street.

Instead, Kristen has been assigned to High Point Central High School. She is one of 149 students who won't get to attend Southwest in the controversial High Point high school reassignment plan.

When Guilford County Board of Education members introduced the reassignment plan for Andrews, High Point Central and Southwest high schools, they said the plan would improve diversity and expand academic offerings. *CJ*

Is K-12 Philanthropy a Bucket in an Ocean?

Careful Choices in Spending Determine Effectiveness of Philanthropic Decisions

By DR. KAREN PALASEK
Contributing Editor

RALEIGH

The Manhattan Institute's Jay Greene is usually right on the money with his analysis of education issues, but not always. His latest contribution, "Buckets into the Sea: Why Philanthropy Isn't Changing Schools, and How It Could," was delivered at a 2005 American Enterprise Institute conference on education philanthropy and K-12 reform.



Jay Greene

"Buckets" offers many good insights. Philanthropic giving, Greene said, can either create long-term, fundamental changes in K-12 education, or superficial effects that fade quickly. Knowing which projects have a lasting effect, and sticking to "high-leverage" projects, is key. Greene is on target with his positive review of the New High School project, but off base when he picks National Board Certification for teachers as a high-leverage option.

North Carolina is the recipient of about \$30 million for school reform projects from the Bill and Linda Gates Charitable Foundation. The state is implementing Gates' New High Schools project. Designed to create 40 small high schools, or schools-within-schools, to "provide personal attention and rigorous coursework," in settings that are "better suited to helping all types of students succeed," the initiative will attempt to reverse a trend toward mega-sized high schools. Schools with thousands of students have created a situation in which a student can remain unknown to most other students, and to most teachers, throughout their high school years. In North Carolina, the 400-student high school represents a significant change from the average size of 1,070 students per school.

Leveraging charitable gifts

To qualify as a high-leverage gift, according to Greene, dollars must be used to pursue one of three general strategies: The first strategy is to support policy research and advocacy in education reform. The second is to create new types of public schools or administrative structures to channel future education spending. The third is to develop alternative professional associations that will effect change at the level of personnel. "Buckets Into the Sea" estimates that

only about 20 percent of all education charity goes into these three spending categories; 80 percent has no positive or lasting effect.

The advantage of high-leverage giving is that has the potential to "change the shape of the education ocean." Research institutes, such as Greene's own Manhattan Institute, can inform education policy debates and bring about a desirable change in direction. Greene argues that this is needed, despite the millions that philanthropists like Bill Gates spend, because the \$1.5 billion in charitable gifts to education are dwarfed by vastly larger public expenditures of \$457 billion (2003 data). Since private gifts make up 0.3 percent of total expenditures, they amount to "little more than a couple of buckets in the ocean of K-12 spending." On average, they contribute about \$27 per public education pupil.

Low-leverage uses of money

Low-leverage strategies have limited or short term benefits, or may affect just a few students. Among the ineffective low-leverage uses of philanthropic dollars, Greene lists professional development and training for educators, dollars to support pedagogical or curriculum innovations, and general giving for resources or equipment.

Of these, professional development makes up the largest spending category. But there is no way to determine whether the spending is going "to support less effective methods or fads," or whether some of it has "promoted effective classroom practice." Since the public schools have so many more dollars to spend from public sources, any effect of a few private dollars on a few teachers is probably insignificant. As Greene notes "if schools would not have used their superior resources to

buy this staff training in the absence of foundation money, this means they did not really want it, so donating to them is likely to have little effect."

Similar arguments apply to curriculum spending and general-purpose grants. Schools will adopt needed curriculum changes anyway because they are extremely high-priority items. They will not wait to see if a donor is willing to support an essential revision.

An analysis of student test scores from students of National Board certified teachers, and students whose teachers were not Board certified, indicates that one item identified as high-leverage — the National Board certification — offers only a 2 percent advantage in terms of student test scores. (*Carolina Beat #815*) Students whose raw scores were 13 to 18 points below grade level proficiency, researchers found, would need decades to reach grade level proficiency with a Board certified teacher. The bottom line: Board certification is not truly a high-leverage item, an assessment that Greene fails to catch.

It is clear that K-12 education, as Greene sees it, cannot be influenced by private philanthropy unless gifts are used to try to change education policy, to change the structure of education delivery (small vs. large schools, for example), and to change the way that school personnel compete for jobs, earn wages, and interact with the public and with school administration. He acknowledges that this won't happen without great internal resistance. But given the size of philanthropic spending relative to the public money "ocean," Greene sees little other option for reform.

Dr. Palasek is a Director of Educational and Academic Programs for the John Locke Foundation. *CJ*

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Choice Can Aid Special Needs

Free, open-market choices can prevent what some call 'educational malpractice'

By KAREN WELSH
Contributing Editor

It's official. Over the past several years the fissure in the educational system in North Carolina has widened, leaving special-needs children with the highest potential of falling through the academic cracks.

In 2002, Wake County Superior Court Judge Howard Manning Jr. found public schools in the state were falling short in their efforts to help disadvantaged students.

In 2005 Manning confirmed the same findings. Manning denounced low-scoring high schools around North Carolina for committing "academic genocide" against at-risk students. Although Manning beckoned educators to fix the problem, he did not offer any solid solutions to the problem.

Roger Gerber, president of North Carolina School Choice, said that without a free, open-market competition, including vouchers or other creative choices, public schools will continue to commit this type of "educational malpractice."

"This is a dance with the devil," he said. "I thought the voucher movement was dead, but we have to revive the voucher bill or the tuition tax credit. We need some kind of reform to make public schools stand up and pay attention. We need to empower the parents and create a system where good schools are rewarded for turning out good students. It's worked in everything else, but it's not even been tried in North Carolina."

A revolution in education may be the only hope left for special-needs children. In 2004, the North Carolina Association of School Administrators said it could not meet the needs of special-needs children.

"(No Child Left Behind) expects all students within a school or school system to achieve the same level of proficiency, despite their limitations or special needs, including those who have Individualized Education Plans or who speak English as a second language," they wrote of some of the difficulties in their efforts to implement and comply with the mandates of the law. "This expectation in reality sets difficult, if not impossible, achievement levels for too many special-needs students."

These same educators continue to decry the idea of free choice in education as bias programs allowing only the best or brightest students to attend.

A study conducted by David Salisbury, director of the Center for Educational Freedom at the Cato Institute,

debunks this myth.

The study found that more than 2,500 private schools throughout the United States are serving more than 100,000 special-needs children. Most private schools not only accept children with physical, behavioral, emotional, or learning problems, but they also go the extra mile, by using innovative, scientifically based programs that are more effective at helping children, Salisbury said.

The Cato study also cited testimonials from parents who thought their children had a "positive turnaround" who are receiving individualized attention in their new schools. "In many cases, those children were not receiving the same degree of help in their public schools, even though their educational plans prescribed it," Salisbury's research showed.

North Carolina charter schools have already proven they work for special-needs children, Gerber said. "I know for a fact that charter schools have been popular with special-needs students," he said. "A lot of charter schools have had more success and been able to cater to their needs better."

Currently, however, only 100 charter schools are allowed to operate in the state at one time. The cap on charter schools is maxed out, leaving many counties across North Carolina without any options.

Sen. Eddie Goodall, R-Mecklenburg, is trying to change the constraints. He introduced Senate Bill 213 in Raleigh at the beginning of the year asking government officials to remove the limit on charter schools.

An article in *The Free Lance-Star*, in Fredericksburg, Va., found many countries in Europe have successfully used school choice for years. "Americans should learn from these examples and study evidence before accepting claims that school choice doesn't help poor families, creates segregation, or harms public schools," the article said. "The experiences of other countries show that choice has beneficial effects all around—especially if public schools are given increased autonomy and flexibility."

Manning's report concluded that major reforms are needed to help turn around North Carolina's educational system. To date, however, the judge said there appears to be no tangible plan in place to fix the problems, leaving many at-risk children shortchanged.

Gerber said there is hope, if these same families demand viable alternatives from the government. One option, he said, is "education stamps." They would serve the same purpose as food stamps, allowing parents of students to shop for their school of choice. He said this would provide healthy competition, likely clean up the learning environment, and help the many at-risk students attending the lacking schools. *CJ*

Commentary

More Money Doesn't Mean Better

What is the cost of a "sound and basic education?" For decades, this question has haunted policymakers and legislators alike. Increasingly, however, this issue has fallen to courts to decide, as angry plaintiffs have turned out in droves, filing school finance litigation in 45 states. The current buzzword, headlining cases across the country is educational "adequacy." Many school districts claim they lack sufficient funds to provide students with an "adequate" education.

But just how much is enough? The answer, judging by recent court decisions, is more, more, more. In June 2005, the Kansas Supreme Court ordered 2005-06 school funding increased, from \$142 million (appropriated by the 2005 legislature), to \$285 million above the past school year's funding. In February 2005, the New York Supreme Court added a whopping \$5.6 billion per year to the school system's budget, representing a 43 percent increase. In North Carolina, the school finance case, *Leandro*, has yet to produce court-ordered funding. But the specter of judicial intervention has cast a long shadow, causing legislators to automatically equate the term *Leandro* with spending increases.

The desired outcome of these lawsuits is simple, really: more money, now. During a school adequacy lawsuit in New York City, a group of demonstrators chanted: "What do we want? Money! When do we want it? Now!" But is more money what our schools really need, and does it guarantee a good education? Thirty years of data indicate otherwise: while national spending on public schools has more than doubled during this time, academic performance has not improved measurably.

History, in fact, is our best guide, when it comes to refuting the notion that "more money equals better schools." In 1985, during the Kansas City, Missouri School District (KCMSD) desegregation court case, a federal district judge ordered the state and district to spend nearly \$2 billion on K-12 education. According to the Cato Institute, after 12 years of a virtually unlimited budget, the school system had constructed state-of-the-art facilities, including a zoo, a robotics lab, and an Olympic-sized pool with an underwater viewing room. Meanwhile,

racial segregation had increased, minority achievement was stagnant, and the black-white achievement gap remained unchanged.

Fast-forward several years, and the story sounds awfully familiar: More money still isn't producing better results. In 2003, the District of Columbia spent more than \$13,000 per student, while Utah spent less than \$5,000 — with the rest of the states somewhere in between. Even though D.C.'s per-pupil spending is the highest in the nation, only 13 percent of D.C. fourth-graders scored at or above proficient levels in reading on the 2003 National Assessment of Educational Progress (NAEP). Meanwhile, 39 percent of Utah fourth-graders were proficient or above on NAEP reading tests. Clearly, the case can be made that the demographics in these regions are widely divergent; so, however, is the \$8,000 spending gap per student.

Where do we go from here? Almost every state constitution has language guaranteeing a "sound and basic education," but the price tag for this education is clearly still in play. Many states have conducted education adequacy spending reports — all of them concluding that millions more dollars are needed. Not one evaluates *how* money should be allocated. This, in spite of the fact that countless studies have failed to turn up conclusive evidence for the argument that students learn more when we spend more.

There's no question that our schools are in trouble. But even after unprecedented judicial intervention and billions of taxpayer dollars, many students aren't receiving an "adequate" education. American education needs fundamental, market-based reform, not bloated budgets. Until that time, our schools are unlikely to be any better off than the gilded schools in Kansas City. But the *costs* — to our students and our pocketbooks — will be higher. The old saying, "Every time history repeats itself, the price goes up," provides some cautionary advice to the litigious advocates of unrestrained spending. Let's hope they heed it.

Lindalyn Kakadelis is Director of the North Carolina Education Alliance.



Lindalyn
Kakadelis

School Reform Notes**'Dishonest' graduation rates**

The *Charlotte Observer* reports that most states, including North Carolina, are reporting lofty high school graduation rates that far exceed reality and mislead the public about how schools are performing, a private analysis found.

The majority of states, 36 of them, say 80 percent to 97 percent of their high school students graduate on time, according to state figures provided to the Education Department.

Those numbers show "rampant dishonesty," said Kati Haycock, director of The Education Trust, an advocacy organization for poor and minority students. The Trust reviewed the 2002-03 graduation rates that states had to provide this year.

A series of independent analyses show the graduation rate across the states is closer to 70 percent, meaning almost one-third of students don't finish on time, or at all. The Education Trust singled out North Carolina for criticism.

North Carolina gets its rate by measuring the percentage of graduates who finish in four years. Under that method, the state reported a 97 percent graduation rate. But because only graduates are reviewed, the state doesn't count a single dropout.

President Bush and Education Secretary Margaret Spellings have said this year that nationwide only 68 of every 100 ninth-graders will graduate on time. Yet only 11 states put their graduation rate in the 60 percent or 70 percent range, the report finds.

Science grants for schools

Eight high schools across North Carolina will share a \$2.3 million grant to launch health and science programs designed to better engage students, *The News & Observer* of Raleigh reports.

The grants are being provided through the state's New Schools Project, an effort funded largely from \$11 million from the Bill & Melinda Gates Foundation. The group hopes to develop smaller high schools that can foster closer ties between teachers and students.

The five-year grants to the eight schools will be used largely to train teachers to adapt to smaller schools and on lessons designed to integrate different subject areas.

Each of the programs will operate essentially as a separate school. *CJ*

Homeschool convention packs them in*Annual Conference and Book Fair dispels notions of families bunkered at home in isolation*

By HAL YOUNG
Contributing Editor

RALEIGH

Triad radio station WSJS-AM had set up a live broadcast from Winston-Salem's Benton Convention Center, and the Friday afternoon program was on a station break. Scanning the crowded aisle ways in the exhibition hall, host Mike Fenley was obviously impressed.

"We do a lot of remotes from this place," he told his guest, "and you have really got the people packed in here."

His observation was on target. According to one source, this was one of the top five convention events in the region — two of which are the massive International Home Furnishings Market. This was not your average trade show, though, and the participants here are an unlikely group.

This was a homeschooling convention, and typically enough, the entire event was planned and run by volunteers.

A social occasion

Although some still hold a stereotype of homeschooling families living in self-imposed isolation, the annual Conference and Book Fair sponsored by North Carolinians for Home Education quickly dispelled the notion. This year's event, the 21st, again topped 8,000 in registration, as it has every year since 2001.

Unlike many conventions, this event is organized almost entirely by volunteers. Nancy St. Marie, NCHE conference vice president, leads a small planning committee and an event crew of more than 200 to select speakers, contract hotels and caterers, and chase down the myriad details of a three-day production. This year was complicated by renovations under way in the two adjoining hotels; construction continued on some floors as the convention kicked off.

Even so, she said, the conference went off smoothly.

"The measure of success for us is: Were people encouraged and uplifted? Did they leave, ready to start the next year of homeschooling? I think the answer to both is yes," she said.

Nancy said the participants' response to the disruption was typically accommodating.

"We hear over and over again that North Carolina's homeschoolers are very friendly, and the vendors love to come here," she said.

The size of North Carolina's conference doesn't hurt. Only Florida, Pennsyl-



Book fair vendors offered everything from textbooks and art supplies to laboratory equipment (Photo: Lorie Codispoti/NCHE)

vania, and California host conventions of similar magnitude, though nearly every state has at least one event.

Statewide, the N.C. Division of Non-Public Education reported 54,501 students being homeschooled in 2004. That number is expected to top 60,000 this year. A large number of them are members of local support groups, some as large as 300 families, which provide peers, encouragement, and activities for both parents and students; local group leaders were honored at a luncheon recently.

A professional recording company was doing land-office business at the far end of the convention center. Nearly every moment of every workshop is available on tape or compact disc, and groups or individuals often purchase entire albums of tapes for sessions they missed.

"We're purchasing several for our lending library," said Ernie Hodges, head of the 250-family Forsyth Home Educators and NCHE administrative vice president. "They're an important resource," he said, though he noted many FHE families were present at the conference.

That educational aspect of the

conference is important, as Nancy St. Marie suggested. Although there is more than an acre of floor space in the book fair downstairs, and a "book fair only" registration is offered, workshops are well-attended. This year there were 134 sessions offering advice on teaching specific subjects, working with learning difficulties, how to choose a college, and strengthening family relationships.

Though the book fair stayed open, keynote audiences numbered more than 2,000, spilling from the main hall to overflow rooms next door.

Growing diversity

The broadening demographics of homeschooling were evident from the platform. Speakers promoted a full range of teaching philosophies, from Pat Ferenga's "unschooling" to Zan Tyler's "Seven Tips for Developing Your Child's Potential." Both Doug Phillips, a constitutional lawyer and founder of Vision Forum, and Derek and Cheryl Carter, black board members of the New York association Loving Education At Home, challenged their audiences to fully engage their responsibilities, and opportunities, as parents and citizens.

The Carters and other black homeschoolers were sought out by a black newspaper, the *Winston-Salem Chronicle*, though their message and

Continued as "Homeschool," Page 11

"The measure for success for us is: Were people encouraged and uplifted?"

— Nancy St. Marie
Conference VP

Homeschool: Numbers Expected to Surpass 60,000 in 2005

Continued From Page 10

concerns were common to all home educators — a quest for a personalized educational experience for their children, and a desire to pass their heritage and values to their children.

NCHE wants to make those dreams more accessible to new North Carolinians, too. NCHE's partnership with the Latin American organization *El Hogar Educador* was announced at the keynote, and new resources in Spanish were displayed at NCHE's information booth in the book fair. Volunteers were being recruited to help reach this growing population.

Families

Randy and Sue Davis of Nashville brought their entire family for the conference. Randy, a pharmaceutical sales representative, was characteristically precise about their goals.

"We came for three reasons," he said, "to re-focus, to buy books, and to prepare for Ryan's start in ninth grade." The Davises have always homeschooled, and son Ryan will be their first high schooler.

Although they missed last year's conference, they were looking forward to the encouragement and information this time. Like most participants, they spent significant time and money in the vendors' booths.

"We spent more than we planned," Sue said, laughing. "I think the only way to stay on budget is to stay out." Randy estimated they bought about a third of their year's curriculum on site, concentrating on books for literature and supplemental reading, and a new science program for their younger children.

Ryan and his sister Caitlin took part in public speaking classes aimed at teenagers. "Ryan was really pumped up," Sue said. A separate Children's Confer-



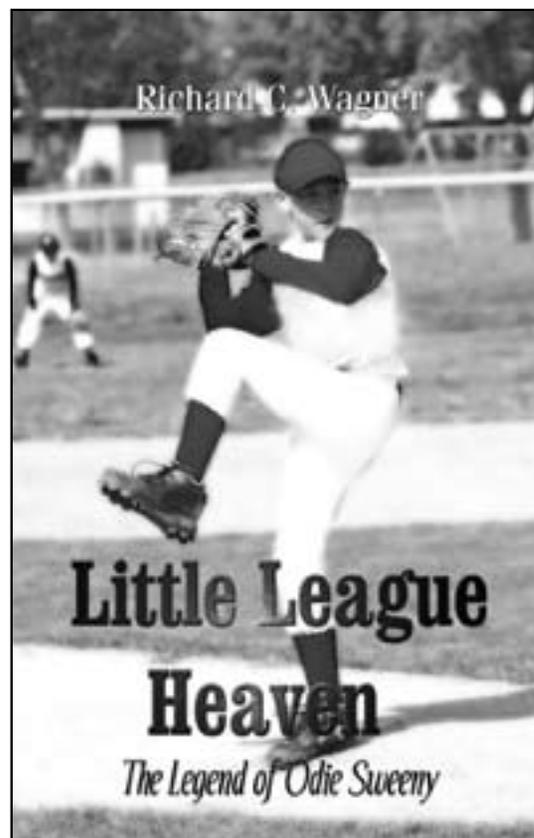
Zan Tyler (right) and NCHE Conference VP Nancy St. Marie prior to Tyler's keynote address (Photo: Lorie Codispoti / NCHE)

ence was available for younger students, and a number of infants and toddlers could be seen watching the crowd from strollers and parents' arms.

Nancy St. Marie summed up the Conference and Book Fair for many participants: "It's a shot in the arm for people, and that's good for the whole year." CJ

Little League Heaven

By Carolina Journal Editor Richard C. Wagner



When Lillie Jo Sweeny threw out the first pitch of the game at Houston's Astrodome in 1989, she joined the Astros and thousands of boys and girls in celebrating the 50th anniversary of Little League baseball. The event also saluted her deceased husband, Odie Sweeny, a Little League legend who managed a never-say-die team for 38 years — a record in Texas and one of the longest streaks in the nation. *Little League Heaven: The Legend of Odie Sweeny*, an inspirational biography, serves a generous slice of Americana and traditional values.

Available at PublishAmerica.com, Amazon.com and at major bookstores.

John Locke
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What we believe

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

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

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

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

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

For more information, contact The John Locke Foundation, 200 West Morgan St., #200, Raleigh, NC 27601, call us at (919) 828-3876, or visit us at www.JohnLocke.org

Course of the Month**"Freak"-ishly easy A's**

Summertime, and the learnin' is easy ... or so one would think if one encountered North Carolina State students discussing their distance-learning "Multi-disciplinary Studies" course in "Environmental Ethics":

MDS 201: ENVIRONMENTAL ETHICS

Interdisciplinary consideration of ways in which field of study coupled with personal/cultural values contribute towards either solving or compounding environmental problems; provides framework for process of making ethical decisions.

Recently, a student turned to her peers on the online "Study Hall" forum of the "Wolf Web" (not affiliated with NCSU) seeking reassurance about the class. Her concern was that "the reading is killer," so she wanted to know if anyone had either taken the course and could offer some advice "or have printed out their quizzes w/ the answers?!!!" (All quotations, sic.)

Reassurance was swift. For example, one respondent stated, "DO NOT DO THE READINGS." He continued: "trust me, i failed EVERY QUIZ during the 10 week class and still got an A+ . If you post 5-6 times a week in the discussions, you will automatically receive an A+, no questions asked. Just pretend to be some environmental freak and post random rants (even if they dont make sense) and respond to other people's questions."

Another student agreed, adding "I never read, and just used Google on all the quizzes to get B-Cs. Discussed like crazy, bam, A+."

Another offered his take on the course message boards: "I feel those message boards are full of bs and people must write just to get the A+ because most of the stuff doesn't make sense and is the same thing over and over again. Geez if you get an A+ for posting, I better start now!"

One student, however, was rather rude. In a profanity laden response, he said it was "A [profanity] MDS CLASS. THE ENTIRE [profanity] THING IS BASED ON PERSONAL OPINION. HOW SIMPLER DO YOU WANT IT TO BE?"

Finally, someone reported that he "used google for finding the answers," "got at least a B on all my quizzes," "gave up on the reading after a few weeks," "did only 2 posts a week (some late too)," and "still got an A- in the class."

Report Proposes Changing UNC Governance*Recommendations include fewer board members, more campus delegation*

By SHANNON BLOSSER

Contributing Writer

CHAPEL HILL

A newly released study commissioned by the John William Pope Center for Higher Education Policy and undertaken by the American Council of Trustees and Alumni recommends several key changes in the way the UNC system is governed. The two foremost recommendations are that the governor should appoint members to the UNC Board of Governors and that the Board should be reduced from 32 members to 15.

The study, entitled "Governance in the Public Interest: A Case Study of the University of North Carolina system" and was researched and written by Phyllis Palmiero, an education consultant who previously served as the executive director of Virginia's higher education system. A copy of the report can be viewed here.

In all, five major recommendations were made in the report. Other recommendations include retaining the Board of Governors to oversee the 16 campus UNC system, delegating more authority to campus boards of trustees, and to make the Board of Governors more proactive.

The most dramatic change would be for the governor to appoint the members of the Board of Governors. Currently, Board of Governors members are selected by the General Assembly. Palmerio contends that the current system does not allow for the governor, whom she considers as the CEO of the state, to set the agenda for higher education.

"Right now, with legislators selecting every member on the UNC Board of Governors, often with more regard to local consideration than statewide needs, there is no comprehensive vision, no statewide leadership, no clear accountability," Palmerio writes in the report. "A revised structure, along these lines, would provide valid checks and balances and ensure a clear and constitutional separation of powers."

The current appointment structure makes it hard for the board to be proactive to statewide higher education needs. Palmerio said when a governor appoints members, they usually serve with a greater focus on the statewide needs for the system rather than individual areas or campuses.

A process in which the governor selects the members to a state's higher education governing board is used in several states, according to ACTA President Anne Neal.

"The power to appoint is the power to lead," Neal said. "If higher education is to have statewide leadership, that can only come from the higher elected

**UNC Governance Report Recommendations****1. Give governor authority to appoint Board of Governors, plus all boards of trustees**

"The governor is elected by all the people of the state and it is his responsibility to put forth a coherent vision of the needs of the state. ... Right now, with legislators selecting all members of the Board of Governors, often with regard more to local factors than statewide needs, there is no statewide vision, no statewide leadership, no clear accountability. ..."

2. Retain consolidated Board of Governors

"[T]he single system-wide governing board provides for stronger accountability and leadership than the major alternative model — a statewide coordinating agency with separate campus-by-campus governing boards. ..."

3. Delegate more authority to individual campus boards of trustees

"Under the current system, the campus boards of trustees have relatively little authority over their institutions and virtually no input into the hiring, firing, and compensation of senior staff. They thus operate as mere rubber stamps, unable to address many of the real issues affecting their institutions. ..."

4. Ensure a more proactive Board of Governors

"Suggested areas for Board focus include: 1) engaging in statewide strategic planning; 2) responding to state needs, not just UNC needs; 3) addressing and responding to market forces; 4) engaging the private sector as a direct partner; 5) assessing student learning at the statewide level; and 6) implementing a tangible system of accountability for both tuition and taxpayer dollars. ..."

5. Reduce membership of Board of Governors from 32 to no more than 15

"An oversized board diffuses responsibility and makes meaningful discussion difficult. Currently, the four committees serve as de facto boards and little work or discussion occurs at the full Board level. ..."

official, the governor."

With regards to reducing the board's size from 32 members to 15, Palmerio said larger boards are typically harder to work with. In the current configuration, most of board's work is done in the committees with board members rubber stamping the decisions during the full board meeting.

Palmerio said that the reduction in the board's membership should be done by eliminating positions when current terms expire.

"An oversized board diffuses responsibility and makes meaningful discussion difficult," Palmerio wrote, later adding, "A smaller board would focus on central issues, allow thorough discussion, and increase each member's accountability."

Palmerio also said the individual boards of trustees have little authority over their campuses, lacking control over the hiring, firing, and compensation of senior staff members, including the chancellor. For that reason, they cannot address the unique needs and problems of their institutions. (The role of boards of trustees has received

attention in the General Assembly this session. A provision in the Senate's state budget would give UNC-Chapel Hill and North Carolina State University authority to set their own tuition rates.)

"Institutional authority should be devolved to the campus-based boards of trustees, with the Board of Governors responsible for general oversight," Palmerio wrote. "This would remove a significant amount of ordinary business off the Board of Governors' agenda, empowering it to spend more time on the systematic, big picture."

While Palmerio suggests changes to the Board of Governors, she does not recommend for the board to be dissolved. She said a statewide governing body is needed to implement statewide higher education policy initiatives.

Palmiero said that, "the single system-wide, governing board provides for a stronger accountability and leadership than the alternative model — a statewide coordinating agency with separate campus-by-campus governing boards." use, such as to implement a statewide measure of educational quality.

\$145,000 annual salary

New Diversity Post at ECU

By BRIAN SOPP
Editorial Intern

RALEIGH

East Carolina University recently announced the hiring of a new administrator. Sallye McKee is ECU's choice to fill the newly created role of Assistant to the Chancellor for Institutional Diversity.

Currently, McKee is the associate vice provost for urban and educational outreach at the University of Minnesota-Twin Cities. Prior to that, McKee was associate provost for multicultural affairs at the University of Denver. Before then she served as vice provost at Bowling Green State University in Ohio. She begins her duties at ECU July 1.

According to ECU, the Assistant to the Chancellor for Institutional Diversity "will play a principal role in crafting and articulating a vision of East Carolina University as a diverse and inclusive institution of higher learning." More specifically, this administrator "will contribute to the institution's diversity efforts through honest, open dialogue and collaborative networking with administrative, faculty, staff and student colleagues in the development and evaluation of campus diversity programs, policies, and practices."

The position pays an annual salary of \$145,000.

"Sallye McKee is an outstanding leader who will help us realize the potential of East Carolina," ECU Chancellor Steve Ballard said. "She will make a difference on our campus, and I am tremendously excited about this appointment."

The appointment of McKee to this new position comes one year after ECU created its new Office of Institutional

The report makes no mention of intellectual diversity or a diversity of ideas.

Diversity. ECU already had in place such diversity offices as its Office of Intercultural Student Affairs, its Office of Institutional Equity, and its Ledonia Wright Cultural Center.

Despite those existing offices, the 2003 ECU Diversity Task Force Report reported its desire to "facilitate the development of a culturally pluralistic curriculum," one of the objectives of the Office of Institutional Diversity. That would include the Ethnic Studies minor, which has been an option for students since 1991. (The program's director, Dr. Gay Wilentz, declined to provide *CAROLINA JOURNAL* any information, even the course names, required for the minor.)

ECU's Diversity Task Force Report defined diversity "in a broad context to include the representation, integration and interaction of different races, ethnicities, cultures, national origins, abilities, religions, orientations, intellectual positions and perspectives." The report makes no mention of intellectual diversity or a diversity of ideas.

In 2003, 60 percent of faculty and staff at ECU and 60 percent of the student body were women. In addition, 21 percent of faculty and staff in 2003 and 22 percent of students in 2004 were ethnic minorities. Only 28 percent of North Carolinians are ethnic minorities. *cj*

Fast Growth at For-Profits

By SHANNON BLOSSER
Contributing Writer

CHAPEL HILL

While traditional institutions were busy creating new administrative and executive positions, for-profit institutions were busy hiring instructors.

That's one finding from a report released recently by the National Center for Education Statistics, which compiles statistics for the U.S. Department of Education.

The report, entitled "Staff in Post-secondary Institutions, Fall 2003, and Salaries of Full-Time Instructional Faculty, 2003-04," examines more than 6,500 institutions in higher education. Institutions surveyed are those which partake in the federal government's student-aid programs, whether or not they award degrees.

From 2001 to 2003, the ranks of

faculty members at degree-granting institutions grew by 5 percent. But the amount of administrators at those institutions during the same time frame jumped by 20 percent.

At for-profit institutions of higher education, however, the number of faculty grew by 44 percent. By way of comparison, that is nearly nine times the rate of growth at traditional institutions in faculty. But it is only two and a half times the rate of growth in administrators.

The report also found that degree-granting institutions hired a disproportionately higher amount of adjunct instructors than full-time faculty. The number of full-time faculty increased by 2 percent, while the number of part-time faculty increased by 10 percent.

Also, the ranks of instruction and research assistants at degree-granting institutions increased by 12 percent from 2001 to 2003. *cj*

Commentary

Don't Question UNC's 'Edwards Center'

All right, you skeptics, just why is it so hard to believe that John Edwards' center at UNC Law isn't really about solving poverty? Why don't you believe all those statements about how Edwards' interest in the center is not political? Why do you continue to think it's simply about giving Carolina publicity and Edwards an issue for 2008?

Is it the timing of the center's creation? Is it because no one'd heard a peep out of Chapel Hill about a poverty center until the Center on Poverty, Work and Opportunity was announced in early February?

Is it that you remember that after Edwards' loss in November, UNC Law School Dean Gene Nichol openly talked about his desire to get Edwards into UNC Law? Is it also that the center's whirlwind creation came without input from lawmakers or the public? That UNC seemed most interested in rescuing a darling politician on the brink of political irrelevancy?

Or is it also because Edwards announced his new directorship not anywhere between Murphy and Manteo, but in New Hampshire, site of the first presidential primary of 2008, at a Democrat fundraiser?

Is it because Edwards keeps talking about governmental "solutions" to the problem? Does it have anything to do with Edwards' recent speech at a Democrat fundraiser in South Florida, where he advocated such ways to fight poverty as raising payroll taxes to support Social Security, raising taxes via "roll[ing] back tax cuts," raising the minimum wage, expanding the earned income tax credit, and "doing something about inner city schools"?

Did rehashing those worn-out socialist notions increase your skepticism about the program's promise of "innovative and creative" solutions to poverty? Do you wonder whether an economics-based approach to alleviating poverty would seek to scale back rather than increase governmental interference with the economy? Do you think a center truly focused on helping the impoverished — and completely independent of Democrat Party politics — would

instead suggest ways to reduce regulation, cut bureaucracy, and otherwise favor a more hands-off approach toward people's incomes and decisions? Is that because you think having government dictate people's financial decisions tends

to increase all kinds of societal costs that disproportionately harm those in poverty? Do you think it makes it harder for people in poverty to find employment, buy affordable goods, and receive charity from concerned individuals?

Is your skepticism also because Edwards and UNC officials appear to use

the terms "poverty" and "poor" interchangeably? Does that concern you because it's not the sort of mistake serious academics make? Is it because you know that "poverty" is privation, the lack of basic necessities, but "poor" is a relative marker that does not necessarily mean living in poverty? Is it also because statistical measures of people in poverty in America generally exclude all current government services (food stamps, housing aid, etc.) they receive? Do you think Edwards' confusion of the terms denotes not scholarship on his part, but demagoguery?

Does Edwards' consistent call for raising the minimum wage make you more doubtful about the seriousness of the center? Is that because you know the minimum wage hurts the poorest the hardest? Do you wonder why the man who was the only choice to lead UNC's poverty center doesn't seem to know the effects of wage floors on the least employable? Are you amazed he would seek to make the poorest people harder to hire — in the name of helping them?

Is that why you think scholarship isn't engaged with the "Edwards center," that it's all about politics? Is that why you find UNC's interactions with the Edwards campaign extraordinarily shameful, like institutional prostitution?

Are those all your reasons, or are there more?

Sanders is a staff writer for the Pope Center for Higher Education Policy. Visit PopeCenter.org for more information about its programs.



Jon Sanders

Bats in the Belfry

Mind-Reading, or How to Object
To a Study Without Reading It

The Pope Center for Higher Education Policy's publication of its report "Governance in the Public Interest: A Case Study of the University of North Carolina System" again brought out the UNC system's most vocal mind-reader. Unfortunately for UNC, but not for comedy, this mind-reader's always on the fritz.

She is Prof. Cat Warren, director of N.C. State's program in women's and gender studies, associate English professor, and member of N.C. State's Faculty Senate. Warren wrote a letter to the editor of *The News & Observer* of Raleigh, published June 13 under the headline "Beware, UNC system," objecting to the report.

The study "seems so fair-minded, even boring," Warren wrote, and "[s]ounds efficient, smart, and democratic." After all, all it does is, "some tweaking to the UNC systems Board of Governors. Downsize the board and have the governor appoint the members so that a statewide vision can prevail."

Frightening stuff indeed.

But thank goodness Warren uses her special powers to demonstrate that all is not how it seems.

"There's nothing independent about this study, misleadingly titled 'Governance in the Public Interest,'" she wrote.

Soon she explained why: "So what does ACTA, based in Washington D.C., and a big fan of big donors calling the shots, want with the North Carolina university system anyway? It wants to undermine a solid and independent system of public education so that the far right can wield its influence more directly. It wants structural change to represent its own interests."

Presumably, the reaction from within the bowels of the ACTA wing for Undermining Solid and Independent Systems of Public Education headquarters was swift outrage. *Curses! Foiled again!*

It's not the first time, how-

ever, that Warren has rushed to denounce apparently fair-minded, efficient, smart, democratic, even boring, ideas. Take, for example, her emergency e-mail dispatch to N.C. State faculty to warn them against a Pope Center conference on campus last year.

The theme of the Pope Center's conference was "Freedom and the American Campus," and one of the panels sought ways to bring greater freedom to academic discourse. One of the many speakers at the conference was David Horowitz, who spoke on the subject of the Academic Bill of Rights.

One can see why Warren would find the conference so threatening — on the surface, it seemed beneficial, even good. Only

a mind-reader could expose what could possibly be wrong with it.

Believe it or not, it turned out that the Pope Center conference for academic freedom was "most critical issue before us" at N.C. State, Warren learned. And Horowitz's Academic Bill of Rights contains "carefully

chosen language" that "does not fully expose the agenda behind it." (Egad! A hidden agenda. Evil...)

Nevertheless, even though this nefarious agenda is nowhere to be found in the text, Warren "discovered" it: "the real agenda-imposing political litmus tests on course content."

Granted, discovering scary, modern-day bugaboos within texts when they are nowhere specified nor even implied in them is not at all unusual to the current way of "teaching" English literature. For example, King Lear molested his daughters ... *before the play began!*

Still, it can be a formidable weapon in political discourse:

What you propose is reasonable, efficient, and smart, but you're a conservative, therefore your proposal is by default evil and destructive. Nothing less could be expected from a university professor and program director. CJ

N.C. House Moves to Repeal
Tuition Waiver for NCSSM Grads

By SHANNON BLOSSER
Contributing Writer

CHAPEL HILL

A provision in the state House's version of the state budget would eliminate the controversial tuition waiver program for graduates at the North Carolina School of Science and Mathematics.

It's one of several differences between the Senate's budget and the proposed House budget that was discussed in a House Appropriations Committee meeting.

The Senate included a provision to continue the tuition waiver in its budget passed in May. The provision, if it is approved by the House, would have to be approved by the Senate when House and Senate leaders meet to discuss differences in the budgets.

The \$17 billion budget that passed the House also differed from the Senate's version by eliminating provisions that would allow the University of North Carolina and N.C. State University to set their own tuition rates and that would charge in-state tuition rates to any student on a scholarship.

Unlike the Senate version, the House budget also proposed a "Coaching and Coaching Assistance Coaching Fund," whose purpose, according to the budget bill, would be "to provide scholarship loans to students who are pursuing college degrees to become public school teachers and coaches."

Students who are awarded a scholarship through the fund would be offered a curriculum on coaching skills, the goal being to motivate students to remain in the coaching profession and provide leadership to their schools. A total of 25 scholarships could be made available each year through the plan.

Created during the 2003 budget negotiations, the NCSSM tuition waiver gives graduates of the school free tuition to attend any UNC school of their choice.

It does not require students to have a certain grade-point average upon graduating from the residential high school located in Durham. The tuition waiver was pushed through the Senate's budget process in 2003 by Sen. Kay Hagan, D-Guilford County, who at the time said the waiver was one of the best aspects to the budget.

The House's move to repeal the tuition waiver comes six months after an *Inquiry* paper published by the John W. Pope Center for Higher Education Policy criticized the program as not providing any economic benefit to the state.

In the *Inquiry*, "Tuition Waivers at the North Carolina School of Science and Math" (No. 21, Jan. 2005) authors Shannon Blosser and George C. Leef showed that the tuition waiver was largely an award for students for something they

would have done without the incentive — attend a UNC system school.

From 1998 to 2003, before the tuition waiver was enacted, the study showed that 663 NCSSM graduates opted to attend a UNC system school. An additional 494 students enrolled in either one of the state's private institutions or an out-of-state institution.

"Students are in effect paid to do what they would have done anyway," the report stated.

Blosser and Leef argued that the tuition waiver serves no economic impact to the state because there is no guarantee that the students would remain in North Carolina upon graduation from college. They argued that because a student graduates from UNC doesn't mean that they would turn down a job offer from an out-of-state firm.

The report also looked at academic irregularities at the school. Even though the school receives high marks for its award-winning students and their high SAT scores, school records suggests evidence of grade inflation, lower SAT scores, and declining graduation requirements have been present during Gerald Boreman's tenure at the school.

In 1999, 43.5 percent of the final grades given at NCSSM were A's, whereas 52.9 percent of their final grades of the Class of 2003 were A's. Faculty members who spoke on the condition of anonymity said that NCSSM administrators have told teachers to raise their grades and that the school wants grades that "colleges can look at."

Average SAT scores have dropped 13 points in a two-year period from 2004 to 2002, the report found. The drop comes as other schools, including Raleigh Charter High, whose students had the state's second-highest average SAT score, have seen an increase in average SAT scores.

The drop in the SAT average, the report states, can be attributed to the school admitting students for reasons other than academics.

Graduation requirements were changed during the implementation of a trimester scheduling system, according to the report. The new system cuts the time that students actually spend in class and a student can skip a semester of math and still graduate.

"By taking away the focus from science and mathematics and lowering the graduation requirements, NCSSM has lowered the academic quality of the school even more," the report stated.

If approved, the House's provision would award the tuition waiver to graduates through the end of the upcoming school year.

Students who have already received a tuition waiver would continue to receive the funding while they are in a UNC school. CJ

New leader should focus on learning

What the University of North Carolina Needs in Its Next President

By **GEORGE C. LEEF**
Associate Editor

RALEIGH

The University of North Carolina system is hunting for a new president. Molly C. Broad, the current president, has announced her resignation and a committee of 13 distinguished individuals has been given the task of selecting her successor.

Perhaps it's just public relations, but the committee has scheduled "town hall" meetings around the state this month to hear from people who have ideas on this matter. I have some definite ideas about the characteristics of the person the search committee should choose.

Academic integrity

First, the individual must have an overriding commitment to academic integrity. Of course, every candidate is going to pay lip service to academics. The tough job will be to get through the rhetorical smoke-screen to find out if it's just talk.

One probing question would be to ask whether the candidate would work to institute a systemwide program to evaluate academic value added. Plenty of students go to college mainly for fun and to get a degree with as little effort as possible. Just because they graduate does not ensure that they have learned anything valuable.

The next UNC president should be someone who will institute a means of assessing educational value

added. In broad outlines, this would entail testing incoming students on their basic academic skills and general knowledge. (By that, I mean subjects such as science and history, not who was most recently fired

on "The Apprentice.") Students would take a comparable exam in their senior year. The results would be compared to give us an idea about the educational progress made by students. We'd have an objective measure of that progress.

To my knowledge, no college or university currently does this. A candidate for UNC president who would pledge to make it a top priority should be put at the top of the list.

Be wary of diversity mania

Second, the next president should be someone who is not in the thrall of the mania for "diversity." The committee might consider asking a forthright question such as "Do you believe that diversity is a virtue?" and then be prepared for a lot of carefully rehearsed verbiage.

Most individuals who have been around higher education will



automatically answer affirmatively, and then go on to explain how diversity makes for a better learning environment, helps to prepare students to live in a very diverse world, is a response

to America's need to achieve social justice, and so forth.

Candidates who give that sort of answer should be dropped. Diversity is no more a virtue than gravity is.

Of course people are different in innumerable ways. That's simply a fact. A university does not make itself any better by fixating on certain aspects of difference (particularly race, gender, sexual orientation) and trying to engineer itself to give a high degree of representation to people from supposedly "under-represented groups."

UNC has been playing this diversity game for years, and it comes with a high price. That price is the loss of focus on excellence. Universities are about the discovery and transmission of knowledge. The race, gender, sexual orientation and so on of the students, faculty and administrators are entirely irrelevant to that.

Be an innovative thinker

Third, the next president should be someone who can say "no" to spending proposals that are not critical to the educational mission of the university. UNC has experienced a great deal of "mission creep" over the

The new president should revel in innovative thinking, not resist it.

years, as it has undertaken tasks — economic development, for example — that are tangential to its mission.

Institutions that try to be all things to all people usually wind up doing nothing very well. UNC's next president should be someone who understands that.

Think outside the box

Fourth, the committee should look for a candidate who is willing to think outside the box. There are sound, attractive ideas under discussion (or even at the implementation stage) in other states that the system ought to consider, such as alternatives to tenure, voucherizing much or all of the support for higher education (that is, fund students rather than institutions), and turning to the free market for ancillary services like housing.

To date, the UNC system has been resistant to innovative thinking. The new president should revel in it, not resist it.

Whether anyone with those characteristics would seek the UNC job is questionable. Whether the search committee would seriously consider such an individual is even more questionable. Perhaps we'll end up with a politically correct and politically connected president, but we can hope for better. *CJ*



Molly C. Broad
UNC System President



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Town and Country

Town seeks grant for center

Orange County commissioners voted unanimously recently to buy the Triangle Sportsplex for about \$5.6 million — a move that's sure to please senior citizens and those who enjoy swimming and hockey, *The News & Observer* of Raleigh reports.

The Sportsplex, located in the Meadowlands Business Park on Business U.S. 70 in Hillsborough, is an 82,000-square-foot facility with a regulation ice rink, indoor swimming pool, and fitness center.

Commissioners intend for the building to provide a larger space in which to offer programs for senior citizens in central Orange and to continue to provide a public swimming pool.

The commissioners have been interested in purchasing the facility to maintain a public pool in the central part of the county, and to attach a senior center to the building.

Pinehurst eyes annexation

Pinehurst is studying the possibility of annexing Jackson Hamlet, one of three poor, black communities in Moore County that has asked for municipal services, the *Fayetteville Observer* reports.

Andy Wilkison, Pinehurst village manager, said he has hired a planning firm to find out whether Jackson Hamlet meets the requirements for annexation. The community of about 300 people shares most of its boundary with Pinehurst. But the village cannot start the annexation process unless 60 percent of the land parcels in Jackson Hamlet are developed, Wilkison said. Jackson Hamlet is the largest of three unincorporated Moore County communities that, in the past year, have asked local governments for sewer service, better police protection, and trash pickup. The historically black neighborhood was once home to the people who built and worked at the Pinehurst golf resort, but it did not become part of the village when it incorporated in 1980.

The two other communities seeking services are Midway, which is surrounded by Aberdeen, and Waynor Road, which abuts part of Southern Pines. County officials have said that providing sewer lines to Jackson Hamlet would be too expensive without a federal grant. CJ

BRAC Choices Mixed Bag for North Carolina

Pentagon's decision is a net loss for state of 422 jobs, but some localities will gain positions

By Michael Lowrey
Associate Editor

RALEIGH

In May, years of waiting came to an end for military communities across the country when the Pentagon released its Base Closure and Realignment list. Thirty-three major bases are to be closed and 29 are to be realigned. The Pentagon projects that the closings and realignments will save nearly \$49 billion over 20 years while producing a military that is more capable and efficient.

For North Carolina, the Pentagon's list brought a mixed bag. The Pentagon estimates the comings and closing would net out to a loss of 422 jobs, though some communities would gain.

Likely the most surprising changes — and certainly the most significant — would come in Fayetteville. Pope Air Force Base would lose most of its flying operations and become essentially an extension of neighboring Ft. Bragg. The move would come despite the Air Force's own calculations that Pope is among the best bases, if not the best base, in the country for the aircraft based there.

Thousands of troops coming back from Europe would be added to the 82nd Airborne Division at Ft. Bragg, more than making up for a smaller Special Forces unit's transfer to Florida. The headquarters of U.S. Army Forces Command and U.S. Army Reserve Command would also move to Fayetteville from Atlanta. On net, Fayetteville would come out ahead about 180 jobs.

The Air Force currently bases two active-duty squadrons each of C-130E transport planes and A-10 ground-attack aircraft at Pope. Under the proposal, a single Air Force Reserve C-130 squadron would be based there.

At the core of the BRAC process is "military value," how useful a base is. The Pentagon calculates military value using objective measures. The Air Force rated and ranked 154 domestic installations separately on their ability to support different mission types such as fighter, tanker, airlift (transport planes), and special operations-combat search and rescue (including A-10).

The ratings considered numerous factors that captured a facility's ability to handle current and future missions, condition of infrastructure, capacity to support contingency, mobilization and future forces, and cost of operations and manpower. Several different factors were considered in each subcategory.

Pope Air Force Base is highly ranked. For special operations-combat search and rescue, Pope is tops of all 154 Air Force installations in the country. In the airlift mission, Pope ranks sixth, and rates ahead of the two other active-duty C-130 airlift bases and all Air National Guard and Air Force Reserve C-130 stations.

Under the proposal, all active-duty

C-130s would be based in Little Rock, Ark. Little Rock Air Force Base ranked 17th for airlift. Pope's A-10s would move to Moody Air Force Base in Georgia. Moody was ranked 11th in special operations-combat search and rescue.

The BRAC proposal would dramatically increase the size of two reserve-component aviation units. Both the N.C. Air National Guard at Charlotte/Douglas International Airport and an Air Force Reserve unit at Seymour Johnson Air Force Base in Goldsboro stand to gain planes and personnel if the recommendations are approved.

Air Force Reserve and Air National Guard units usually have eight tanker or transport aircraft or 15 fighter jets. The Air Force has determined that these small units are suboptimal and that large units would be more effective. As a result, it wants to increase the size of its Reserve and National Guard units to at least 12 tankers or transports or 18 or more fighters. When combined with the planned retirement of older model aircraft, about 40 percent of current ANG and AFR units would no longer be flying airplanes. To get to the larger unit sizes, aircraft would be consolidated at fewer sites.

The decision as to where to eliminate or add flying is largely based upon the Air Force's military value calculations. Both Charlotte/Douglas and Seymour Johnson ranked favorably compared to other AFR and ANG bases. Charlotte/Douglas ranked 33rd in the airlift category, ahead of 22 of the 23 ANG C-130 bases. Seymour Johnson was rated 21st in tankers, ahead of numerous other ANG and AFR bases.

A major focus of this BRAC round is implementing changes in how the

Pentagon does business. Secretary of Defense Donald Rumsfeld has set out to "transform" the military; a key is having the different branches of the armed forces seek common solutions to problems and do things together when practical. Even when interservicing is not directly applicable, the military is using the base-closing process to streamline its support functions.

Several North Carolina facilities are affected by the move toward "jointness."

Currently, the program managers that oversee the military's external research programs are at seven locations. The base-closing recommendation would consolidate them all at one site in Bethesda, Md. A total of 122 jobs would leave the state with the closing of the Army Research Office in Durham.

The military also wants to build new regional interservice military prisons. The facility for the mid-Atlantic region would be in Norfolk. Camp LeJeune would lose more than 200 jobs when its prison closes.

The Navy, meanwhile, is restructuring where and how it overhauls its planes. As a result of the changes plus fewer planes to work on, the Cherry Point's aviation depot will lose more than 600 jobs.

The military is also making dramatic changes to its medical system. The report notes that military doctors at smaller bases can't keep their skills sharp because they don't see a wide enough variety of cases. To address this, the Pentagon recommends that some smaller military hospitals be downgraded to clinics. Cherry Point is among the bases that would be affected. CJ

THE CENTER FOR LOCAL INNOVATION

Attention City & County Officials
And others with an interest in local government issues

Here are some handy ways to track the latest news and research on local issues. Updated daily, www.LocalInnovation.org. from the Center for Local Innovation covers such subjects as local taxes and budgets, land-use regulation, privatization, transportation, and annexation. Also, the John Locke Foundation is creating regional pages within www.JohnLocke.org. The first one, "JLF-Charlotte," is regularly updated with original articles and links. Other pages about the Triangle, the Triad, and other parts of North Carolina are coming soon — so stay tuned!

John LOCKE FOUNDATION CHARLOTTE

Tax Refunds Targeted for Debt

By DONNA MARTINEZ
Associate Editor

RALEIGH

Local budgets around the state are nearly \$7.9 million fatter this year than anticipated, thanks to a state program that deducts from state tax refunds the past-due bills owed by residents to cities and counties. Nearly 46,000 people have been forced to pay off 55,882 debts over the last six months when the Department of Revenue matched their Social Security numbers to bills owed to nearly 200 local governments.

Since the North Carolina Local Government Debt Setoff Clearinghouse was created in 2002, just over \$15 million, representing 100,890 delinquent tabs, has been returned to local entities that supplied services but didn't get paid. Administrators say the bills -- some dating back 10 years -- are left behind when people move and forget to pay final bills owed at their old address. Sometimes, they say, citizens simply ignore repeated written requests for payment. The outstanding balances typically are parking fees, sewer and water service, property and vehicle taxes, and paramedic visits.

Local officials say they're attracted to the clearinghouse because it's more cost efficient than the traditional method of mailing notices to customers. "In many instances, you can spend more than you can get back" using old-style paper and phone follow-up, said Rebecca Troutman of the North Carolina Association of County Commissioners (NCACC), which administers the program with the North Carolina League of Municipalities (NCLM).

"It's a wonderful, wonderful tool," said Judy Bingham, director of Tax Collections for Gaston County, which had recouped \$981,000 by mid-June, the highest collection rate of any participating county. The funds represented back taxes and other services. "We have an IT person constantly updating our files," she said of the steady flow of dollars back to the county.

By using the state's electronic approach, some local resources can be diverted to non-collection tasks. That opportunity, along with the fact that the program is free, has spurred phenomenal growth in participation. In July 2003, 54 cities and towns and 41 counties were enrolled and providing data to support a match to a state tax return. Two years later, the number of cities and towns involved has nearly tripled to 156; the number of counties has nearly doubled to 76. That jump has translated into more and more money being returned each year.

In 2002, just over \$234,000 was transferred back to cities and towns. In 2003, the amount jumped to \$1,062,875. Last year, \$5.8 million rolled in, and with six months remaining for collection this year, the amount recouped has already

COLLECTION LEADERS

Top 10 Collecting Counties

Gaston, \$981,462
Wake, \$515,220
Cleveland, \$473,779
Rowan, \$413,321
Vance, \$279,487
Rockingham, \$254,995
Wayne, \$254,930
Durham, \$221,777
Hertford, \$165,887
Lincoln, \$158,155

Top 10 Collecting Cities

Durham, \$151,110
Winston-Salem, \$137,720
Lexington, \$123,297
New Bern, \$120,224
Asheville, \$119,903
High Point, \$118,979
Rocky Mount, \$72,067
Greensboro, \$72,053
Albemarle, \$68,442
Elizabeth City, \$48,971

Source: www.ncsetoff.org

set a record.

The rules of the clearinghouse are straightforward. Governments can submit any debt that's more than 60 days old and valued at \$50 or more. If an outstanding bill is less than \$50 but a resident owes more than one, multiple bills can be combined to meet the \$50 threshold.

When a match is made to a tax refund scheduled for payment by the state, the debt is subtracted from the refund and transferred to the city or county. The taxpayer is charged a \$15 fee and issued a check for the remaining balance of the refund. The \$15 fee is split between the company hired to process program data -- Five Star Computing of Columbia, S.C. -- and NCACC if the debt was owed to a county, or NCLM if it involved a municipality. The fee split compensates for administrative costs.

The state of North Carolina also uses the system to close out its delinquent accounts. Sometimes, bills are overdue to both a local government and the state. In those cases, the state pulls rank and retrieves its cash first. NCLM's Chief Financial Officer Tom Medlin characterized the program as an outstanding deal for local budgets, and an issue of fairness for taxpayers who pay on time. "Our cities and counties are able to collect 100 percent of what they're owed," he said, noting that some of the debt would have been written off.

Residents can appeal the clearinghouse's action if they believe the past-due bill is a mistake. Bingham said Gaston County hasn't received any formal appeals, but sometimes hears from residents. "When they call us, we explain it -- why they need to pay it -- and they seem to understand," she said. *CJ*

Commentary

The Time for TABOR is Now

In September of 2002, the John Locke Foundation released a budget analysis on the heels of the 2002-2003 budget cycle. The interesting point was the final line of the first paragraph that said, "Taxpayers are the big losers -- entering the second of what promises to be three straight years of huge tax increases."

This is pertinent; we rarely look back to see how easily the legislative process is to predict without substantive changes to the way things should be done. The time has long passed when North Carolina should have an open debate on a Taxpayer Bill of Rights (TABOR).

Contextually, we can almost look back with glee at the \$13 billion '03 budget as we now face a \$17 billion '06. That means that the budget has grown by a bit over 30 percent in three years. At the same time, inflation and population combined have only grown at about half of that. And that's the reality of what a Taxpayer Bill of Rights corrects, out of control spending by a legislature that casts aside concerns for who pays the bills.

The General Assembly has a bill in each house (S274 and HB424) that would have at least started North Carolina down the path to taxpayer accountability. In short, TABOR allows government spending to grow using the previous year's inflation plus population growth. Any spending beyond that would require a three-fifths super majority of both houses. In other states such as Colorado, additional spending requires a vote of the people in the form of a referendum. Also bear in mind that TABOR-like proposals have been introduced every year since 1994 and have generally been dismissed by the leadership.

Dr. Barry Poulson of the University of Colorado has done numerous studies on the effects of TABOR legislation on actual state budgets. What he said about North Carolina is amazing: "Had North Carolina implemented a Taxpayer's Bill of Rights in 1995, the state would have amassed a \$1.9 billion rainy day fund that would have offset the budget shortfall that occurred during the recent economic downturn. Moreover, taxpayers would have received \$1.4 billion in tax rebates and reductions over the

past nine years."

Lest you think that is speculative, Colorado has returned more than \$3.2 billion in refunds to the citizens of that state over the past 13 years. Establishing a baseline for spending based on population and inflation ensures that legislatures don't get out ahead of the population's ability to pay. Without it, you have year-over-year budget deficits and tax hikes that leave people like Rep. Paul Luebke to hallucinate about the state having a "revenue problem" when in actuality they simply don't have a cap on their spending habits.

With TABOR, the citizens actually understand the limitations of spending. It doesn't force cuts on any programs, but it does require that the elected leadership prioritize spending and demand accountability. Simply put, if someone wants more money for a new program or to expand spending significantly, they have to find the money from another program or get a super majority to approve new spending. And this is the way state government SHOULD run.

It has become far too easy to pass along tax increases, make temporary taxes permanent, or leave an 80-year-old tax system in place without significant changes. This state has watched as states around us have become far more favorable to do business in due to their better and cheaper tax system. We've become so ashamed of our tax structure that we have to offer Dell \$243 million just to consider working with us. And as of July 1 we're now the only state that forces local property taxes to pay for Medicaid.

The time has come for the lumbering leadership to wake up or be replaced. A Taxpayer Bill of Rights is a healthy start. Even South Carolina's governor has introduced one.

If we want to return North Carolina to national prominence in roads, schools and tax structure, we need to have the wherewithal to address TABOR as a worthy debate. Otherwise, we'll simply be looking at a \$22 billion budget by 2009.

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



Chad Adams

Local Innovation Bulletin Board

HOV becoming HOT

Many states are converting their high-occupancy vehicle lanes to high-occupancy toll lanes in order to ease congestion.

HOV lanes are designed to encourage car-pooling by allowing only vehicles with more than one occupant to use them. However, in many areas where most people drive alone, HOV lanes are underused. As a result, the lanes are being converted into HOT lanes for drivers who are willing to pay.

HOT lanes provide revenues for states and convenience for drivers. Increased fuel-efficiency of cars has flattened federal gas-tax revenues. The tax, which has been 18.4 cents per gallon since 1993, is not tied to inflation, leaving states short of highway funds.

Converting HOV lanes to HOT lanes raises additional revenue and is a cheaper way to ease traffic congestion than building new lanes.

Advances in technology make toll collection easier and more expedient for drivers as well; electronic toll tags allow drivers to pass through booths without stopping.

In San Diego, HOT lanes have been in use since 1998. Drivers are charged varying fees at different times of day depending on the amount of traffic congestion. San Diego County's Interstate 15 HOT lanes cost from 50 cents to \$4.

Minnesota's HOV lanes along I-394 will become HOT lanes. HOT lanes are also being considered along several roads in Baltimore, Orlando, Denver, Salt Lake City, and San Francisco. In April, officials in Virginia announced plans for private contractors to build two HOT lanes in each direction along I-495, which connects the suburbs around Washington, D.C.

Reported in *USA Today*.

Community development

Community development banks have a poor record of helping the poor, urban communities they are purportedly designed to help, economists Robert Krol and Shirley Svorny of California State University say in an article in *Regulation*.

One example is the Los Angeles Community Development Bank, which shut down in March 2004 because of excessively poor management of risk. The bank's charge-off rate, the portion of loans that the bank writes off as irrecoverable, was 40 percent; the current charge-off rate of private commercial banks is less than 1 percent and has never risen

to more than 2 percent over the last 20 years.

Over the seven years it operated, the LACDB committed \$35 million to businesses in needy urban centers; of that, \$26.6 million of that was actually invested, which as of October 2003 carried a fair-market value of \$7.6 million.

Funds tended to go the politically well-connected, such as city council members directing funds to their own districts, instead of those with good business prospects. Unlike private banks, which invest their own resources and specialize in finding economic projects to fund, community development banks lack the profit-motive.

Community development banks are created on the assumption that sometimes market forces don't react to the needs of communities, and that when that occurs it is appropriate for governments to step in and offer financial services. After start-up the banks are expected to be profitable.

Childless cities

Vibrant cities such as San Francisco, Seattle, and Portland are becoming childless because high housing prices are keeping young families from moving in, *New York Times* reports.

Central cities are revitalizing through the construction of new high-density homes, fashionable restaurant and shops, and businesses that reflect the tastes of the locals. However, the atmosphere is not attracting families who want affordable housing and more space for children.

From 1990 to 2003, Portland, Ore. grew by 90,000 people, but it is now educating fewer students than in the previous 80 years; as a result, the city will close several schools over the next decade.

San Francisco, where children under age 18 comprise only 14.5 percent of the inhabitants, has the lowest percentage of children in any major city—no surprise, considering the median housing price is \$700,000.

In Seattle, which ranks second among large cities with the lowest percentage of children, dogs actually outnumber children.

The falling birthrate nationwide has contributed to the problem as well. Indeed, North Dakota is losing more children than any other state. However, mayors are worried that the decline in children will diminish the overall quality and diversity of their cities and reduce the human capital needed to support an aging population. CJ

From Cherokee to Currituck

Union County considering moratorium on subdivisions

Fast-growing Union County is considering adopting a yearlong moratorium on new subdivisions in unincorporated areas. The move would be designed to give the county "a breather," to reduce the immediate need for additional schools while the county studies an adequate facilities ordinance.

In a vote June 6, a majority of the five-member Union County Commission voted to move toward adopting the temporary ban within 60 days. As a first step, the commission voted to immediately stop approving new water and sewer connections.

Developers and property-rights advocates opposed the action.

Union County was the second-fastest growing county in the state between 2000 and 2004. The county's July 2004 population was estimated at nearly 152,000, up 28,000 since the 2000 census. By 2030, Union County's population is expected to top 300,000, double what it is today.

"It's a combination of a great place to live, good schools, and ... I don't know if you need any more than that," Assistant County Manager Joe Lesch said to *The Charlotte Observer*.

To keep up with the rapid growth, county school system officials say the county needs to build 16 new schools at a cost of \$521 million over the next five years.

The Union County towns of Stallings, Mineral Springs, and Indian Trail have moratoriums in place on new subdivisions. A similar temporary ban in neighboring Cabarrus County expired in June.

No money for Wal-Mart

A developer has dropped a request that Greensboro provide \$300,000 in incentives to help build a Wal-Mart store. The proposed aid would have been the first time the city used money to help attract a retailer.

Last year, developer Don Linder announced plans to redevelop the abandoned Carolina Circle mall. The complex would include a Wal-Mart store, a home-improvement center, and smaller stores. In order to have enough space for both large retailers, Linder's plan called for the closing of Ring Road.

The development soon came upon an unexpected problem. Nearby busi-

nesses had acquired the right to use the street in the 1970s, something that Linder had not considered in putting the proposal together.

The owner of an adjacent building demanded compensation for the road closing, claiming that it would reduce the value of the property. Linder in turn suggested that the city provide \$300,000 to resolve the dispute.

Though several members of city council strongly supported giving incentives, Linder withdrew his request in the face of uncertain prospects before council as a whole.

"I thought this was something that we didn't need to divide the community,"

Greensboro Mayor Keith Holliday said to the *News & Record* of Greensboro in response to Linder withdrawing his request.

City loan for interstate?

The city of Charlotte is examining the possibility of lending money to the state to speed work on Interstate 485, the 69-mile-long outer belt around the city.

While most of I-485 is complete or under construction, the N.C. Department of Transportation's new seven-year road plan would delay work on two critical I-485 projects until 2012: widening a congested portion of the road in south Charlotte and completing the last section of the interstate in north Charlotte.

If Charlotte were to provide a loan, work could start as early as next year or 2007 on the \$38 million south Charlotte widening project. Construction of the \$134.5 million north Charlotte segment could be moved up to as early as 2009, when design work is complete. The city would be paid back with interest starting in 2012, when the roadwork would have otherwise begun.

"I certainly think it is a viable option, but we have \$15 million debt capacity this year and that doesn't go very far," Charlotte City Council member Pat Mumford said to *The Charlotte Observer*. Mumford chairs the council's transportation committee.

Charlotte transportation officials note that any loan to the state would likely mean that some city road projects would be delayed. Cary and Greensboro both have previously lent money to the NCDOT to speed up highway construction. CJ

Union County was the second-fastest growing county in the state between 2000 and 2004, with a population of 152,000.

From the Liberty Library

• Christopher Hitchens offers a new interpretation of our Founding Father in *Thomas Jefferson: Author of America*. Situating Jefferson within the context of America's evolution and tracing his legacy over the past 200 years, Hitchens brings the character of Jefferson to life as a man of his time and also as a symbolic figure beyond it. Conflicted by power, Jefferson wrote the Declaration of Independence and acted as minister to France yet yearned for a quieter career in the Virginia legislature. Hitchens also analyzes Jefferson's handling of the Barbary War, a lesser-known chapter of his political career, when his attempt to end the kidnapping and bribery of Americans by the Barbary states, and the subsequent war with Tripoli, led to the building of the U.S. navy and the fortification of America's reputation regarding national defense. Learn more at www.harpercollins.com.

• *A Patriot's History of the United States: From Columbus's Great Discovery to the War on Terror*, is called "an antidote to the biased approach to our history" promoted in public schools today. Larry Schweikart and Michael Patrick Allen have written a sweeping book that puts the spotlight back on America's role as a beacon of liberty to the rest of the world. They tell their story straight, from Columbus's voyage to the capture of Saddam Hussein. They do not ignore America's mistakes through the years, but put them back in their proper perspective. And they conclude that America's place as a world leader derived largely from the virtues of our own leaders — the men and women who cleared the wilderness, abolished slavery, and rid the world of fascism and communism. Details at www.penguinputnam.com.

• Intellectual historian Neil Baldwin has written extensively about the great thinkers and innovators who have shaped America's identity. In *The American Revelation: Ten Ideals That Shaped Our Country from the Puritans to the Cold War*, he turns his energies to the unfolding story of how the American spirit developed over 400 years. He examines the ideals that have grown to inform our national identity and of the figures who set the course for America's evolving self-image. His perspective shows that Americans should be proud of their country's intellectual heritage and high-minded values and should reassert those ideals to the rest of the world. More at www.holtzbrinckpublishers.com.
cj

Book Review

Levin's *Men in Black* Exposes Court's 'Grotesque Perversion' of Constitution

* Mark R. Levin, *Men in Black*; Regnery Publishing, Inc.; 2005; \$27.95; 288pp.

By MELISSA D. MITCHELL
Contributing Editor

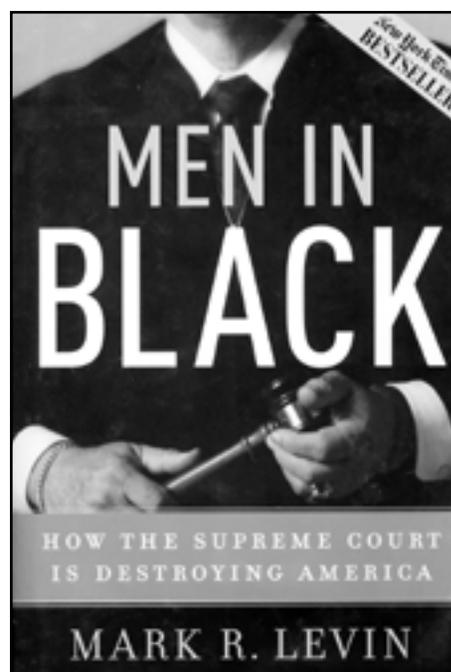
RALEIGH

For months, the news accounts have been overflowing with the U.S. Senate fight over judicial nominations. Mark Levin's book goes to the very heart of the fight and what it means to the average American citizen. Because this book is written by a conservative and has a foreword by Rush Limbaugh, some might assume that *Men in Black* is written for conservatives, but nothing could be further from the truth. Levin's book addresses how an overreaching and power-hungry judiciary is diminishing the rights of every American.

Levin is a noted constitutional lawyer and historian. His love for U.S. history and the Constitution became ingrained early in life. Growing up in Philadelphia, he often visited the historic sites where our country was born and spent hours listening to the guides tell about the constitutional debates. Levin's parents were history buffs and frequently discussed American history, instilling in him a lifelong love of history. His knowledge of constitutional law and history allows him to write a book that walks the reader through an issue-by-issue summary of how the courts are overstepping the boundaries laid out within the Constitution.

"Were our forefathers to view the American federal government of the twenty-first century, I believe they would be appalled," Levin said, noting that activist judges have entered every area of our lives from the workplace to the bedroom.

One of the first things Levin addresses in his book is the myth that judges have greater insight, wisdom, and vision than the rest of us. Levin points out that there have been "little more than one hundred justices" that have served on the Supreme Court. Appointed for life, a practice Levin thinks needs to be changed, many justices turned out to be unsuitable for the position or served beyond their ability to make rational decisions. From the time of George Washington and up until the present day, presidents have made unfortunate choices and Levin lists 15 justices who illustrate that point. Many of these men had mental problems or suffered strokes, which left them physically and mentally incapacitated. Hugo Black had been a member of the Ku Klux Klan. Appointed in 1914 by President Woodrow Wilson, James McReynolds



was a notorious anti-Semite. Allegedly, Thurgood Marshall became indifferent to his judicial duties and while his clerks wrote most of his opinions, he watched soap operas in his chambers. Several of the 15 had questionable financial and business dealings. One justice killed a man in a duel.

Next, Levin lays out the original intent that the Framers had for the judiciary and separates judges into two categories, originalists and activists. Levin says that the Framers "wanted a court system free from the political pressures of the legislative and executive branches of government with a narrow role and limited authority—a judiciary that respected, applied the rule of law and the principles of popular sovereignty enshrined in the Constitution." Levin points out that "originalists follow this mandate; they interpret the law." However, a judicial activist, rather than interpreting the law, legislates from the bench.

Levin uses numerous landmark cases to illustrate how opinions by activist justices can affect a nation for years. For example, in *Plessy v. Ferguson*, an activist Supreme Court upheld the opinion that to separate individuals by race was constitutional. Levin points out that the opinions of activist justices often have far-reaching effects and "terrible consequences." Levin says, in *Plessy*, an activist court ignored the 14th Amendment and inserted its own segregationist version of what was just." He further notes that for 58 years, until *Brown v. Board of Education* in 1954, "separate but equal" was the law of the land.

The Founding Fathers wanted a judiciary that would not be influenced by any entity, including special-interest

groups, but as we have seen in the last several weeks, many senators and special-interest groups are seeking to stack the bench with activist judges, rather than originalists. Levin devotes an entire chapter to memos that were largely ignored by the news media, which show how a group of Democratic senators met with special-interest groups and plotted to keep President Bush's "originalist" nominees from becoming judges. According to Levin, judges who legislate from the bench actually usurp and diminish the power of Congress; ironically, if these senators succeed, they may find themselves reduced to little or no power. As Levin points out, many judges deemed to be activists or originalists, do not vote in a prescribed manner.

In each chapter, Levin covers decisions that affect every U.S. citizen. Many citizens fret over *Roe v. Wade*, while ignoring other court decisions that affect their personal lives and erode their freedom. Sometimes the hypocrisy of these decisions is incredible.

For example, the Supreme Court upheld the McCain-Feingold Act, which places severe limits on political speech, but the court protected virtual child pornography. Levin details how the court, in addressing discrimination, has created an atmosphere of reverse racism that hurts both blacks and whites. From illegal immigration to a presidential election, Levin presents the facts that show how the Supreme Court is legislating from the bench.

According to Levin, the most recent "grotesque perversion of the Constitution" concerns Sept. 11. For the first time in history, rulings by the Supreme Court allow captured enemy combatants access to our courts and the ability to challenge their detention. Ironically, during World War II, the Supreme Court upheld President Franklin D. Roosevelt's order to intern innocent Japanese-Americans.

In the final chapter, Levin states, "The framers worried that a president might amass too much authority." Today, he says, "The problem is an oligarchical Court, not a presidential monarchy" and offers these suggestions to limit the judicial system's power grab. First, he suggests that nominations to lifetime appointments be ended. Sitting judges could be renominated and subject to a new conformation process. This way, outstanding jurists would remain on the bench. Second, clearly defined terms of office would also limit the influence of any single Congress. Finally, Levin would like Congress to enact a constitutional amendment establishing a veto over the Supreme Court's decisions. cj

Global warming theory skeptic nevertheless believes earth is warming

Meltdown: Dissecting Myths of Global Warming

* Patrick J. Michaels: *Meltdown: The Predictable Distortion of Global Warming by Scientists, Politicians, and the Media*; Cato Institute; 2004; 271 pages; \$24.95

By **ROY CORDATO**
Contributing Editor

RALEIGH
Climatologist Patrick Michaels gives us a nontechnical and readable expose' of the "myths and facts" surrounding global warming. For skeptics of the mainstream global warming hypothesis, i.e., dramatic, human-induced warming is occurring and will have cataclysmic effects if not checked by lifestyle-altering public policies, this book is a great read and an indispensable reference.

In chapter after chapter Michaels dissects the myths surrounding this hypothesis. He examines the alarmist claims regarding melting icecaps, extreme weather, species extinction, etc., that are familiar to anyone who reads newspapers or watches CNN. This is done after an opening chapter that makes intelligible to the lay reader the basic science behind climate change.

What might surprise some is that Michaels accepts both the seemingly undeniable fact that the earth is warming and the proposition that it is in part due to human use of fossil fuels. As Michaels states, "global warming is real, and human beings have something to do with it" (p. 9). What separates him from the alarmists is his caveat; "we don't have everything to do with it; but we can't stop it, and we couldn't even slow it down enough to measure our efforts if we tried." So while Michaels is probably the best-known global warming skeptic, he does not deny its existence or an anthropomorphic explanation for at least part of the warming. He does reject the idea that the warming will be either dramatic or will have catastrophic consequences. Michaels' position is more nuanced than his detractors are willing to acknowledge or many of his supporters realize.

Unfortunately, the most important chapter in the book is at the end. After dispelling all the myths about rising sea levels, melting icecaps, and the possible loss of penguins and butterflies, Michaels gets to the organizing theme

of the book — namely, how government funding combined with the university tenure process leads to the distortion of science and bad public policy. Had this story been told at the beginning, the hyperbolizing of scientific claims, exposed throughout the book, would make more sense. Chapter 11 provides the lens through which the earlier chapters should be read. I suggest that readers start with this chapter and then go to the beginning.

By combining public choice theory with the ideas of Thomas Kuhn regarding how paradigms take hold in scientific research, Michaels explains why distortions in climate research should have been expected. (Note the subtitle of the book.) The dominant paradigm in the science of climate change includes the idea that "the major cause of recent climate change is the emissions of carbon dioxide from the combustion of fossil fuel."

Furthermore, scientists and statisticians through "improved quantification...will give policy makers...guidance on what might be required to slow, stop, or reverse those changes" (p. 222). Over time a paradigm can be overthrown, but it must be widely recognized as failing and there needs to be a coherent replacement available.

Michaels states the alternative paradigm as follows: "We know, to a very small range of error, the amount of future climate change for the foreseeable future, and it is a modest value to which humans have adapted and will continue to adapt. There is no known, feasible policy that can stop or even slow these changes in a fashion that could be scientifically measured." Unfortunately it is not until this point on Page 222 that the reader is informed that "this book is about the resistance to this new paradigm."

Michaels explains how established paradigms, which are rarely challenged by the bulk of a profession, have "lives of their own." For most academic scientists, receiving tenure requires publishing in accepted peer-reviewed journals. These journals have editors and referees that are steeped in the dominant paradigm. Therefore publishable research must ask only those questions that are generally accepted within this paradigm. Hence,



the paradigm is perpetuated.

Layered on top of this is the "federalization of science;" in this case the federal funding of climate change research. This is where public choice theory enters. It is not in the interest

of NASA, DOE, the EPA, etc., to fund climate change research that does not accept the dominant paradigm, which, by definition, will perpetuate a need for additional appropriations from Congress. This process stifles both research into and public awareness of the alternative paradigm. Government funding reduces the probability that the dominant paradigm, no matter how inconsistent with real world data, will be overthrown.

Clearly, Michaels's book is a must read for anyone interested in getting the straight facts about global warming. But this book is just as important for those who want to better understand the relationship between scientific research and government funding that lies behind it. Professor Michaels makes it clear that government funding of science can be dangerous to both our liberty and to the advancement of science itself.

Roy Cordato is vice president for research at the John Locke Foundation and visiting economics faculty at North Carolina State University. His email address is rcordato@johnlocke.org. CJ

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Short Takes on Culture

'Schultze': German to Cajun

• "Schultze Gets the Blues"
Paramount Home Video (Aug. 30)
Directed by Michael Schorr

The protagonist of this German-made-movie-with-subtitles is a fat, retired miner who plays polkas on his accordian. Bored with life and even his music, he twists his radio dial and happens on Cajun zydeco, falls in love with the tunes and their rhythms and learns to play them.

He is selected to play polkas at a music festival in New Braunfels, Texas, his town's sister city. When he gets there he decides to skip the festival, rents an old boat and embarks on a voyage into the swamps where the Cajuns live.

Watching Schultze set off into the bayous to follow his dream, where he is happy but far from home, is fascinating. The movie is slow, but enjoyable and I still see the scenes floating by in memory. But if you want action, it's not Schultze's style.

— GEORGE STEPHENS

Meaty 'Legal Affairs'

• *Legal Affairs* magazine
Edited by Lincoln Kaplan

If you're intrigued by the impact of laws on everyday life, but don't have the legal knowledge to wade through a law journal, check out *Legal Affairs* magazine. It's written in a refreshingly easy-to-read style that avoids legalese. Even better is the meaty and wide-ranging content that illustrates the enormous power of laws and regulations, the service and disservice to individuals that flows from them, and the unintended consequences that inevitably occur.

Legal Affairs was originally associated with Yale Law School but is now independent. Some articles reflect a liberal perspective. Still, the magazine's thought-provoking nature and the knowledge gained by reading it outweigh the "nanny-state" moments conservatives will experience. When I first picked up this magazine, it fell open to a laugh-out-loud funny account from a writer who had tried to comply with a Louisiana law that forces wanna-be florists to pass a ridiculous licensing test to legally sell and arrange flowers for a living.

It was hilarious, and I was hooked. Each succeeding issue has lived up to the first. The January/February edition featured a smorgasbord of compelling topics: identity theft targeted at NFL players; a tiny Ohio town that turned a

two-tenths of a mile strip of road into a speeding-ticket jackpot; the problem of false identifications by eyewitnesses to crime; and an outstanding piece by University of Chicago Professor Richard Epstein on the flawed economics touted by two authors who want to intervene in the free market to counteract what they view as greedy drug companies. Check it out at www.legalaffairs.org.

— DONNA MARTINEZ

'Case' for Bush, Blair

• *The Case for Democracy*
By Natan Sharansky
Public Affairs Books

That George W. Bush actually read this book has been used as both a compliment and an insult to its author and the president. Regardless of the implications of its readership, *The Case for Democracy* is clearly in tune with the president's worldview.

Besides castigating the old realist/idealist split in foreign policy, both of which saw democracy and human rights as separate from national security concerns, Sharansky provides some clues into the psyche of those who live in what he calls a "fear society."

To the outsider, these societies are split between dissidents and true believers, but Sharansky acknowledges a third group: "double-thinkers" who are too afraid not to comply. This group includes many of the people who told the press how much they loved Saddam or the Taliban, until it was clearly safe to express these opinions.

Sharansky's focus is on the Middle East and the former Soviet Union, with only passing references to the strongest cases for democracy as a foreign policy goal — North Korea and China.

North Korea's "stunted generation" and its nuclear blackmail of northeast Asia attest to the human and security costs of despotism, while more parallels exist between China's belligerent rise and Russia's in the 1960s than to Japan's and Germany's post-war miracles.

The foreign policy establishment's complaints on the U.S. approach to China and North Korea ring as hollow as those on its approach to Iraq and Israel. *The Case for Democracy* affirms that George W. Bush and Tony Blair will join the Anglo-American pantheon with Roosevelt, Churchill, Reagan, and Thatcher.

— JOE COLETTI

Triumph of Liberty a Triumph

Volume brings alive numerous people who fought for freedom

By R. E. SMITH, JR.
Contributing Editor

WILMINGTON

Nearly every Monday evening, a small group of Libertarian Party supporters in New Hanover County meets at a local restaurant in Wilmington. Business, current events, and debate about political issues occupy their time. But study from an important book also gets serious attention. Party leader John Evans assigns a chapter to read, and it is discussed the following week.

Clutching my copy of a big, blue-covered *The Triumph of Liberty* by Jim Powell (purchased in nearly new condition on Amazon.com for \$6.30 plus \$3.49 shipping), I feel strangely subversive as a receptionist escorts me to a small meeting room upstairs. Sounds and smells from diners, a noise from the bar crowd, and cigarette smoke come from below, while we intently read aloud every word about "the lives of freedom's greatest champions."

John Stossel of ABC News calls Powell's book "A terrific read about fascinating people and their ideas . . ." Economist Walter E. Williams says it's "vital to the teaching and understanding of American history and fundamental to our nation's values and origins." A Boston University professor writes that the book is "a wonderful reference for a lover of liberty." It's all that and more.

Author Paul Johnson gives credit in a short foreword. He believes that "abstract ideas are best promoted by the study of the lives of those who embodied them." And Powell offers just that in detailed and intimate biographical glimpses into the lives of dozens of "remarkable individuals," based on biographies, letters, diaries, and speeches. Powell even tracked down unpublished material from international sources for contextual reference. His selected bibliography exceeds 20 pages.

Powell, a senior fellow at the Cato Institute, organized 10 topics into themed sections: Natural Rights, Toleration, Peace, Self-Help, Individualism, Economic Liberty, The Spirit of Liberty, Dangers to Liberty, Protecting Liberty and Courage for Liberty.

Within each section, chapters on the lives of five to nine people, mostly "commoners," but some "aristocrats," were selected chronologically to represent the chosen theme. For example, Section 1, Natural Rights, starts with a chapter titled "A Higher Law," about that eloquent promoter of natural law, Marcus Tullius Cicero, assassinated 43 years before Christ was born, and ends with "Creators and Producers" about the life of anticollectivist Ayn Rand, who died of heart failure in 1982.

Powell reveals interesting connections between his champions. In the Higher Law chapter he writes, "Philoso-

pher John Locke recommended Cicero's works." Cicero influenced natural-law thinkers such as Locke and others. In fact, Locke is the subject of the third chapter, "Life, Liberty, and Property." Sounds familiar.

Interesting anecdotes scattered throughout the book give little-known, and sometimes exciting, personal information about the characters.

For example, in the summer of 1666, John Locke was studying medicine at Oxford when Anthony Ashley Cooper, the earl of Shaftesbury, visited. They met, and Cooper, who suffered from a cyst on his liver, asked Locke to move to his Exeter House mansion and be his physician. Locke successfully treated Cooper and that led to a close relationship between the men and some harrowing political experiences. Defending freedom and revolution, they were a threat to King Charles II.

Powell writes, "Locke might well have seen Oxford University burn books considered dangerous . . ." Locke escaped from England to Holland, where he worked on "his philosophical masterpiece, *An Essay Concerning Human Understanding*."

Locke's philosophy strongly influenced many in Europe and our own founders. His belief in natural, or God-given, rights to life, liberty, and property inspired words written into our Declaration of Independence and other of our historical documents.

Thomas Jefferson thought highly of Locke's thinking on liberty. In Europe, Locke and William Penn helped each other out of political scrapes in those troubled times. Locke even kept company with physicist and mathematician Isaac Newton.

Powell gives a physical profile of each person in his book. Locke, for instance, was described by a biographer as, what I imagined to be, the look of Ichabod Crane: "tall and thin," with a "long face, large nose, full lips and soft, melancholy eyes."

The Triumph of Liberty is a marvelous reference for libertarians and history buffs. Many names of people whose biographies appear will be familiar; some are obviously associated with political liberty, and some, surprisingly, not usually associated in that context:

Samuel Adams, Ludwig van Beethoven, Frederick Douglas, Benjamin Franklin, Milton Friedman, William S. Gilbert (Gilbert & Sullivan), Francisco Goya, F. A. Hayek, Victor Hugo, Louis L. Amour, Rose Wilder Lane, James Madison, John Stuart Mill, Maria Montessori, William Penn, Ronald Reagan, Adam Smith, Margaret Thatcher, Mark Twain, Booker T. Washington, and others come alive in Jim Powell's stories. They're about mostly ordinary people with extraordinary drive to pursue ideas critical to our freedoms. CJ

The Mind and The Market: One-Stop Shopping on Capitalism

• Jerry Z. Muller, *The Mind and the Market: Capitalism in Western Thought*, New York: Anchor Books, 2002, 487 pages.

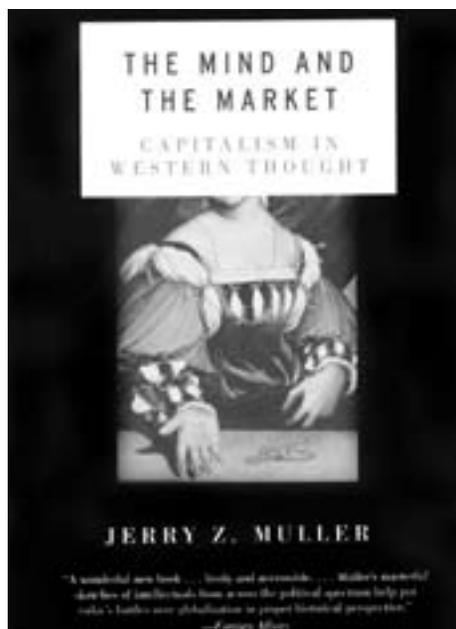
By JOHN HOOD

RALEIGH

Use it or lose it. That's the prevalent rule of thumb in life, unfortunately, more so than the old adage about never forgetting how to ride a bicycle. Yes, you can peddle if you haven't been on a bike since banana seats and baseball cards in the spokes. But you'll be lucky to make it through the neighborhood unless you've kept in shape. We don't ride bikes to demonstrate our ability to balance ourselves on two wheels, an ability that may well survive a lengthy period of disuse. We ride bikes to get places or enjoy ourselves, and there's no question that these abilities grow with practice.

There's a similar dynamic at work when it comes to stretching our intellectual muscles. For all the talk about the importance of reading Great Books, experiencing great art, and thinking great thoughts when we are young, it is an inescapable fact that much of the knowledge we gain in high school or college dissipates unless we have occasion to use it.

Sorry to be such a downer — I actually have good news on this front. If you ever feel the need for a refresher course on some of the great philosophers and economists of the past two centuries, Jerry Muller's interesting *The Mind and the Market: Capitalism in Western Thought* might be just the intellectual bike ride for you. Muller's goal is rather different, and also realized, at least partially. He wants the reader to appreciate the varying takes on free-market capitalism among the major philosophical schools and thinkers within European culture.



Muller sets the stage with a brief but satisfying excursion into ancient and medieval thought. Two critiques of proto-capitalism emerged during the period: a religious skepticism about profit and markets, much of it based on misreadings and mistranslations of scripture (that's my point, not Muller's); and a tradition of "civic republicanism," encompassing ancient philosophers and medieval propagandists, who viewed economic matters as necessarily subservient to political and cultural imperatives.

The book then embarks on a series of discussions of the personal biographies and writings of a dazzling array of thinkers. Some are famous among laymen — Voltaire, Smith, Burke, Hegel, Marx, Keynes, Marcuse, and Hayek — and some are lesser-known but historically significant, such as Justus Moser, Verner Sombart, and Georg Lukacs. If *The Mind and the Market* offered nothing else than a short course on each of these gentlemen and their contributions, it

would be well worth a read.

Happily, there is more. Muller's discussion of Adam Smith is welcome because it includes not just *The Wealth of Nations* but also his *Theory of Moral Sentiments*. Given that Smith was a moral philosopher, not really an "economist" in the modern sense of the term, I think his insights are far richer when read in this context. Muller also explores Smith's views about the proper scope of government in a more serious way than many modern-day conservatives and libertarians do (it's fine to disagree with Smith, of course, but at least get his views right, first).

Joseph Schumpeter and Friedrich Hayek, of the Austrian school of economics, get their due in *The Mind and the Market*, which is about time. Karl Marx gets fair and respectful treatment, which still leads inevitably to giggles by the end of the chapter (Marx was a talented, brilliant nincompoop, you see, even if read fairly). I particularly enjoyed Muller's account of how writer Matthew Arnold attempted to square the reality of a market-induced economic boom in 19th-century England with Arnold's concern about preserving social and aesthetic standards of excellence against what he perceived to be populist philis-

tinism. As they became more influential in English society, Arnold "feared that the commercial middle classes would 'deteriorate' the country by 'their low ideals and want of culture,'" Muller writes. Arnold was fond of quoting Aristotle's observation that "the difficulty of democracy is how to find and keep high ideals."

Amain theme running throughout the book is that, whatever their differences in outlook or philosophical principles, competent critics of capitalism from both the Left and the Right granted that it was the most productive economic system in history. Unfortunately, during the 20th century writers such as John Maynard Keynes convinced generations of politicians that they could actually make their countries more prosperous by regulating markets and taxing productive people more. The results were economically disastrous. It would have been far better for all of us if European and American malcontents had limited themselves, as Arnold did, to fretting about whether mass markets can produce high-quality novels.

The answer is yes, by the way.

Hood is president of the John Locke Foundation.



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Newport/New Bern	WTKF	FM 107.3	Sundays 7pm
Salisbury	WSTP	AM 1490	Saturdays 11am
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Commentary

Media No Longer Gatekeepers

What was it that made Illinois Democratic Senator Dick Durbin go to the well of the U.S. Senate one recent evening and beg for forgiveness? Fear was in his eyes along with tears as he professed to love and cherish the very American servicemen that he slandered on June 14 at that very same podium.

It certainly wasn't because most of the Republican leadership had demanded he apologize for likening the American servicemen and women at Guantanamo Bay to guards in Hitler's death camps, Stalin's gulags and Pol Pot's killing fields. Durbin and the rest of the Senate Democratic leadership simply scoffed at the GOP concerns.

It wasn't because his fellow Democratic senators urged him to do a mea culpa. They were shamefully silent on the issue. And it wasn't, as some commentators are saying, because Chicago Mayor Richard M. Daley criticized him on Tuesday, becoming the first Democrat to do so.

And it most certainly wasn't because the American mainstream media held his feet to the fire, because they did nothing. The same can't be said of the Arabic cable network Al Jazeera. Its airwaves and website featured Durbin's comments prominently, giving real meaning to the words "aid and comfort."

No major television network news show reported his initial remarks. No national newspaper saw them as newsworthy. So, where did this outrage come from, given that the media ignored his remarks? How did millions of Americans come to know Durbin as "Turban Durbin" if the mainstream media looked the other way? The answer is in simple: the Internet.

Durbin was quaking and begging in the Senate on June 21 because of the tsunami of outrage from everyday people. Many of those, presumably, were his constituents. No senator does what he did without great pressure. He must have seen his political career teetering on the abyss. He was in danger of being remembered as the Democrat who thought American servicemen and women were monsters equal to Hitler's SS or Stalin's

NKVD. He may still be so remembered, for even with the tears and the choking sobs he never actually took back what he said.

The Durbin affair is yet another example of how the times they are a-changin' for the mainstream media. The MSM are no longer gatekeepers or agenda setters. Their attempts to blackout a story that doesn't fit their template or rise to their level of interest no longer work. Increasingly, the American public is learning that it can go around the ossified hulk of the MSM to get to lively, often better informed, news and commentary.



Jon Ham

While the mainstream media saw nothing of note in Durbin's remarks, "normal" people were appalled at what he said, understanding that he had undercut the war effort, hurt morale in the military and given the enemy propaganda fodder.

As it became evident that Durbin's comments were percolating wildly in the hinterlands despite the media blackout, the media employed the same tactic it used with the Swift vets. They ignored the story until they could run stories defending Durbin and attacking his critics, including quotes, of course, from those blaming the vast right-wing conspiracy for the flap.

The arrogant brush-off Durbin's Senate staffers were giving callers that week (my wife was one of them, so I know how abominably many callers were treated) was the initial response. But as the calls multiplied, as they must have done to make Durbin shake and beg on the floor on Tuesday, June 21, it finally dawned on Durbin that he'd stepped in it for real.

Small "d" democrats should be happy with this outcome. An arrogant senator, who had every expectation that his allies in the media could protect him from his own words, heard the genuine voice of the people via blogs, internet news sites and Fox News Channel. The mainstream media are fast becoming a vestigial organ of the body politic.

Jon Ham is vice president of the John Locke Foundation and publisher of Carolina Journal.

**Editorials****'Incentives' Are Simply Bribes**

Developments in judicial arena suggest remedy may come soon

Instead of encouraging "economic development," recent deals in North Carolina reveal how the culture of corporate entitlement could foster corruption in North Carolina, published reports by Carolina Journal show.

A notoriously opportunistic organization (euphemistically speaking), the Northeast Partnership, is busy spinning deals with taxpayer money and avoiding public scrutiny. Heads-up investigative work by Carolina Journal's Paul Chesser uncovered the Northeast Partnership's latest trick: vacuuming a \$307,575 state grant for fingerprint-security company Privaris, Inc.

The Tobacco Trust Fund Commission funneled the money to Privaris through the Martin County Economic Development Corporation. The grant ostensibly was meant to stoke economic development in which Privaris would start a business in Williamston and employ 10 to 15 people.

Trouble is, the company never hired more than three employees for the project. Should any conditions of the deal be breached, the county's development corporation was supposed to repay to the tobacco commission "the full amount of sums awarded" and any interest accrued on the money. Like the new jobs, that never happened, either.

Another stipulation attached to the grant required the development corporation to monitor Privaris's operations and provide a detailed report on whether the company fulfilled its part of the agreement. Guess what? That never happened, either. Here's another kicker to the Privaris predicament: It just so happens that the Northeast Partnership's executive director, Rick Watson, is an investor of the company,

according to three informed sources. But neither Watson nor his lawyer sees anything wrong with that.

State government's eagerness to throw away revenue has instilled a widespread belief among corporations that they deserve taxpayer money. They demand the revenue before they say where they will relocate, and play one state off on another. The culture of entitlement and back-door dealing, common sense should tell anyone, breeds corruption.

Enter the Northeast Partnership and similar operations that thrive in darkness. North Carolina can expect an epidemic of similar shenanigans unless the courts step in to discourage corporate bribery. The legislative and executive branches of government so far have proven powerless to do so. Worse, they are eager participants in the problem.

Two developments in the judicial and legislative arenas, though, appear to hold some hope of arresting the onslaught of economic scams. One is a lawsuit filed in Wake County Superior Court by Carolina Journal and the North Carolina Press Association that is designed to force the Commerce Department to comply with current open-government law to divulge details of deals as soon as they are concluded.

Another is a pending lawsuit by the N.C. Institute for Constitutional Law that would challenge the basic legality of economic incentives. The basic health of North Carolina's political system depends upon the outcome of these two challenges. There are also prospects for improving transparency of the process through legislation, Senate Bill 393, which is currently before the House Commerce Committee. CJ

Kelo Decision a Disaster

By its standards, it's hard to imagine any taking being unlawful

On the same day that the North Carolina Institute for Constitutional Law filed its long-awaited lawsuit challenging the constitutionality of the state and local incentives given to Dell Computers last year, a U.S. Supreme Court ruling in a related case demonstrated the limits — and risks — of promoting economic freedom through legal action.

In a 5-4 decision, the court ruled that governments can use eminent domain — the power to take private property, albeit with compensation, even if the owner doesn't want to sell it — to assemble parcels for economic development. The case, *Kelo vs. City of New London*, was widely expected by property-rights activists to establish firmly the distinction between a public use of land, such as the construction of a highway, and a private use such as a new plant or shopping center.

The expectation was wrong, terribly wrong. All four of the court's "liberals" — and this is a prime case where the term hardly seems appropriate — agreed with the city of New London that it had the power to deprive people of their property and convey it to a business as long as the city expected to create jobs in the deal. Job creation is a public use, you see. Anthony Kennedy, pretending to champion federalism, signed onto this nonsense, apparently buying the argument that the federal judiciary has no jurisdiction to question whether the

definition of "public use" adopted by lower levels of government is meaningful and reasonable.

Of course it does. The 14th Amendment prohibits states from depriving their citizens of their rights. With property takings, there is actually a provision of the federal constitution — the 5th Amendment — involved. By New London's standard, it is hard to imagine any seizure of private land that could ever be challenged as violating the federal constitution.

The Kelo decision is, in short, a disaster. The juxtaposition is interesting, too, because here in North Carolina we had something similar happen on the issue of economic incentives. Back in the mid-1990s, Bill Maready filed a lawsuit arguing in part that economic incentives violated the state constitution's "public purpose" provision, which requires that the taxing power of government be used only for a public purpose. The NC Supreme Court eventually ruled that, once again, all a government need show is that it expects to create jobs in order to establish a public purpose.

Bob Orr wrote the dissent in Maready. Now, as head of the Institute for Constitutional Law, he is challenging the Dell incentives. His arguments are different, but the underlying issue is similar: is it constitutional to use government power to confer what is obviously a financial gain on a private party at the expense of others? *CJ*

Charlotte Going Against Grain

Trend these days is for less tax funding in stadium construction

Charlotte has (in)famously begun work on a brand-new arena for its Bobcats NBA franchise, even though voters said "no" to the idea in a previous referendum. The reasoning behind the Charlotte arena sounds a lot like that offered by sports boosters in many other cities where new football, basketball, or baseball facilities are going up.

So does that mean North Carolina's largest municipality has, in fact, achieved that fabled dream of being a "world-class city"?

Nope. There appears to be a difference between what the Queen City did and how many of the other arena deals are coming together. The trend is for the teams themselves to shoulder more of the cost of the new facilities, rather than foisting it on the taxpayers of the local community or state. The New York Yankees, for example, first sought to have a new ballpark paid for entirely by the taxpayers — and then Mayor Rudy Giuliani offered to do just that back in 1996, only to face significant opposition

to the idea. A subsequent 50-50 arrangement also fell through. Now, George Steinbrenner has announced plans for the team to finance a new \$800 million park, with the government role limited to infrastructure, parking, and adjacent facilities (still too much at \$220 million, but still a small fraction of the original price tag).

In a sense, Charlotte can be seen as a leader here. Way back in the late 1980s, the community built the stadium for the Carolina Panthers with mostly private dollars in an arrangement resembling what the Yankees are about to do in New York. Unfortunately, since then fiscal discipline has deteriorated in Charlotte, even as it has apparently been making a partial comeback in other places around the country.

The new Bobcats arena in uptown Charlotte will reportedly cost \$265 million. Taxpayers are slated to cover \$170 million of that, while Bobcats owner Robert Johnson will chip in just \$23 million. The team is supposed to absorb any cost overruns. Sure it will. *CJ*

Commentary

Another Privatization Idea

Let's sell Charlotte Douglas, Piedmont Triad, and Raleigh-Durham International airports to private enterprise. Local governments would receive a huge cash windfall, which they can use for high-priority construction projects such as schools or roads, while passengers would receive better, cheaper service.

Sound radical enough for you? It isn't really. We are just lagging behind (as usual) when it comes to adopting innovative ideas in governance. In Japan, the prime minister has just announced plans to sell Tokyo's international airport and use the proceeds to reduce the government's debt load. In Belgium, the government last year accepted a \$955 million bid for a 70 percent ownership

stake in Brussels International Airport from Macquarie Airports, a company that already owns or partially owns airports in Rome, Birmingham, Bristol, and Sydney.

Other countries that are getting into the act of selling all or part ownership of government-owned airports include Greece, France, the Netherlands, India, the Czech Republic, Russia, and Ireland. Anyone who has flown into London's Gatwick Airport can attest to the fact that private airports are well-run, secure institutions that often have better services, facilities, and retail offerings.

Robert Poole, a transportation analyst at the Reason Foundation, explains that airport privatization — be in the form of outright sale, long-term lease, or management contract — is popular around the world not because of its ideological implications but because it brings practical benefits. They include better capital investment, cost savings through more efficient operations, sale or lease revenue to local governments, and a more passenger-friendly approach to service. In short, he says, a "commercialized approach" to new and existing airports is "well on the way to becoming the new paradigm."

Even Jesse Jackson seems to agree. That's Rep. Jackson Jr., who represents a congressional district in Illinois. He's on board with a proposal, endorsed by Democratic Gov. Rod Blagojevich, to involve the private sector to build and operate a third airport for the Chicago area. The proposed Abraham Lincoln National Airport will, Jackson said recently, "combine the best of both worlds — private investment and ingenuity with public oversight and governance."

So to return to North Carolina for a moment, why not offer ownership stakes in Douglas, PTI, and RDU to private companies? I'm not against considering the idea for smaller airports, as well, such as the installations serving Asheville, Fayetteville, and Wilmington, but we might as well start with the airports most likely to attract national and international bidders. One possible argument against privatization is that private firms would attempt to reap profits by jacking up fees and charges on unsuspecting passengers. The good news is that we already have years of experience with airport privatizations in other places, and they do not appear to result in higher prices — indeed, they often end up lower prices, improve service, or both.

Another potential criticism would be that private ownership might reduce the ability of local governments to engage in regional transportation planning. I'm tempted to say "good," but perhaps a more constructive response would be to point out that a sale or lease contract can be structured in ways that retain some planning role or oversight by governments, as other jurisdictions have already demonstrated.

Let's sell the airports and build schools with the proceeds. Do it for the children.

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Hood is president of the John Locke Foundation.



John Hood

Why not offer ownership stakes in Douglas, PTI, and RDU to private companies?

Editorial Briefs

Health Savings Accounts

A year ago, health savings account owners were about as common as sasquatch sightings. Today, thanks to federal legislation signed in late 2003, the accounts are gaining popularity as a sensible option, says *Investor's Business Daily*.

America's Health Insurance Plans, an association of companies that provide health insurance, has found that, as of March 2005, 1.03 million Americans were covered by HSAs. Of course, this represents less than 1 percent of those covered by private health insurance; but moving up from nothing to more than 1 million in a year—or from 438,000 in September to more than 1 million in six months—is a remarkable rise.

HSAs are making their biggest gains in the individual market, where there are 556,000 HSA owners; that's about 5 percent of that market, and growing fast. There is also something special about HSAs: 37 percent of the new individual HSA owners were previously uninsured.

HSAs won't solve the problem of the uninsured. But it's impossible to think of any other public policy that could move so many out of the ranks of the uninsured so fast without adding substantially to government spending.

As more Americans opt for HSAs, the accounts' ability to keep costs down will become more apparent. Because each HSA—\$2,250 for an individual, \$4,500 for a family—includes a catastrophic insurance plan, companies will pay out less in premiums, says *IBD*.

Suicide bombings

The presumed connection between suicide terrorism and Islamic fundamentalism is misleading, University of Chicago professor Robert A. Pape wrote in the *New York Times*.

Over the past two years, Pape compiled a database of every suicide bombing and attack around the globe from 1980 through 2003. A total of 315 episodes occurred, excluding attacks authorized by a national government. The lead instigator of suicide attacks, committing 76 of the 315 incidents, was not an Islamic group, but rather the Tamil Tigers in Sri Lanka, a Marxist-Leninist group.

Pape explains that what nearly all suicide terrorist attacks actually have in common is a specific secular and strategic goal: to compel modern democracies to withdraw military forces from territory the terrorists consider their homeland. Religion, often used as a tool by terrorist organizations, aids in recruiting and in seeking aid from abroad, but is rarely the root cause.

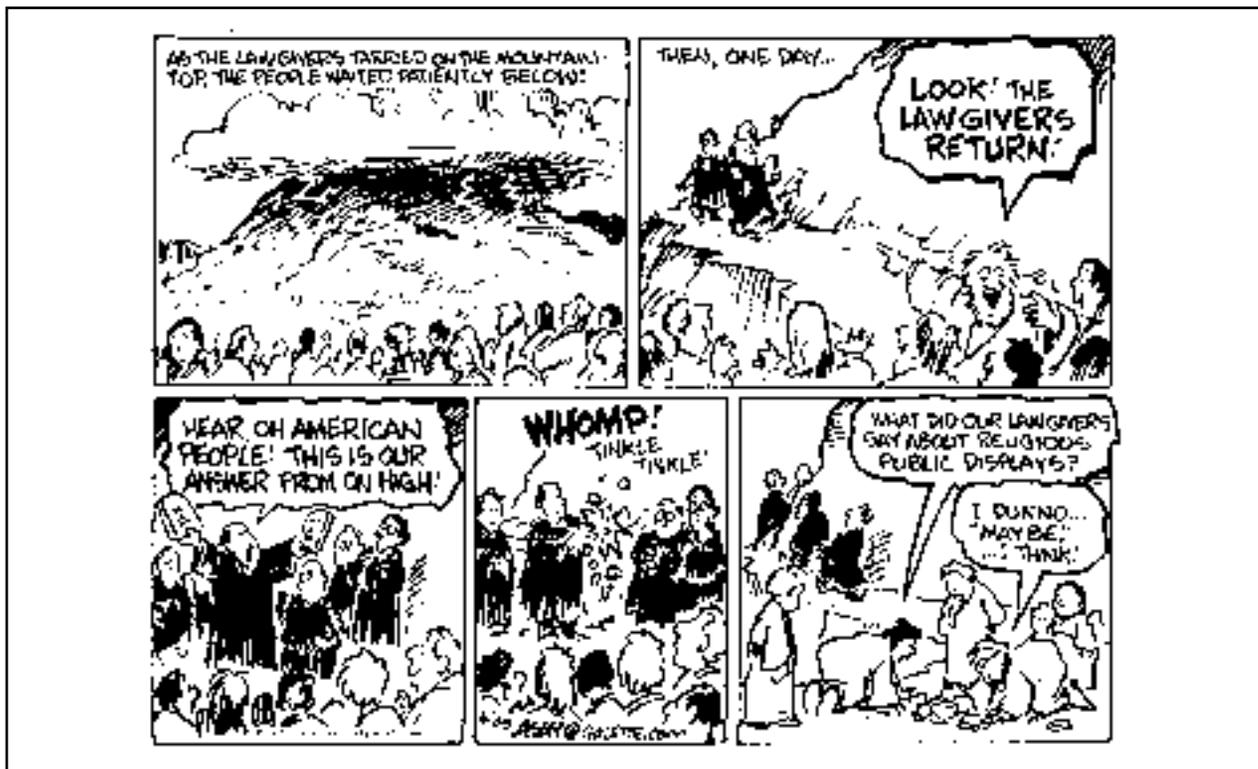
Pape's analysis shows that:

- Nearly all suicide terrorist attacks—310 of the 315—took place as part of organized political or military campaigns.

- Democracies are uniquely vulnerable to suicide terrorists; America, France, India, Israel, Russia, Sri Lanka and Turkey have been the targets of almost every suicide attack of the past two decades.

- Suicide terrorist campaigns are directed toward a strategic objective; the sponsors of every campaign—18 organizations—in all seek to establish or maintain political self-determination.

True to form, Pape said, there had never been a documented suicide attack in Iraq until after the American invasion in 2003. CJ



What Gets Inflation Started? Money!

Headlines have announced inflation is back, and this certainly appears to be accurate. In 2004, retail prices rose 3.3 percent, up from 2.3 percent in 2003 and only 1.6 percent in 2002. In the first three months of 2005, the retail inflation rate is running at an annual rate of 4.3 percent.

The jump in inflation is not caused by rising oil and gas prices alone. Taking out food and energy prices, retail inflation still climbed during the past two years.

Of course, any business person or store manager will point to the source of inflation—rising costs of doing business. The restaurant owner will cite higher costs for food, labor, and electricity. The builder will argue he has to pay more for lumber, nails, and drywall. And the painter will say increased costs for paint, brushes, and white shirts force her to charge more for painting services.

These experiences make it seem as if there are multiple causes of inflation, and from the point of view of individual companies, there are. But this still leaves a larger question unanswered—what gets the whole process started?

Economists have a simple answer—money! The economic workings of higher inflation really can't get started without being prompted by too much money being available for people to spend.

Here's what I mean. Say the total quantity of everything we buy—cars, gas, dental services, clothes, etc.—is increasing by 5 percent each year. Now say the money we have available to purchase these things is also increasing by 5 percent each year. In this case, there is a balance between the increase in production and the increase in spending, and as a result, prices don't change, which is the same as saying there is no inflation.

But now what if the available amount of money is increasing by 8 percent each year? This means people are trying to increase their purchases of products and services by 8 percent, but the production of these products and services is rising by only 5 percent. So people are trying to buy more than is available (economists say demand is increasing faster than supply), and so something has to give. What gives is prices. Rather than remaining

stable, prices will rise by the difference between spending growth (8 percent) and production growth (5 percent), which is 3 percent. So in our example, the inflation rate rises from 0 percent to 3 percent.

A long time ago, an economist summarized it this way: Inflation results from "too much money chasing too few goods." Sustained higher inflation rates can't be maintained unless they are supported by excessive money growth.

Where does this faster money growth come from? It comes from the country's super-bank, the Federal Reserve. The Federal Reserve effectively controls how many dollars are printed and released into the economy.

So why are we having higher inflation now? It's actually part of a pattern. Three and four years ago the economy was wobbly with a recession and very slow job growth.

A standard tool the Federal Reserve uses to perk up the economy is to put more money into consumers' hands. In fact, during much of 2001 and 2002, the Fed increased the supply of money by a rapid 10 percent rate.

Some say the Fed's tactic worked because the economy is doing much better now. But on the downside, the Fed's actions have meant a lot of dollars are chasing after a smaller amount of products and services, and so, bingo, we have higher inflation. (Also, as an aside, the Fed's policies have contributed to the decline in the value of the dollar against foreign currencies.)

Fortunately, the Fed is now off its money binge, with the money supply now rising at about 5 percent a year. This means we'll probably see the inflation rate moderate in a year or too.

But in the meantime, we're paying for the monetary boost of a few years ago with higher prices today. This has led some economists to wonder whether the Fed ought to be replaced by a computer designed to feed the economy a steady supply of new money!

Michael L. Walden is a William Neal Reynolds distinguished professor and extension economist at North Carolina State University and an adjunct scholar with the John Locke Foundation.



Michael Walden

'Goodwill Lobbying' Loophole Can Harm N.C.'s Reputation

By JIM HOLSHOUSER
& BILL FRIDAY

RALEIGH

For generations, North Carolina has had a reputation for clean government. While there have been some notable and well-publicized exceptions, our reputation remains high.

Times have changed, however, and the governmental process has gotten much more complex. There are now many more lobbyists involved with the legislative and the executive branches of our government, and our laws spelling out the lobbying rules have not kept up with the changing times. South Carolina, Georgia, Tennessee, and Virginia (all of our next-door neighbors) and even most of the states that join them now have more up-to-date laws which cover lobbying activities than we do.

While the great majority of lobbyists follow the rules, our present law has some loopholes which most of us would say need to be closed.

One loophole involves what is called "goodwill lobbying." This involves situations in which legislators or others in government are taken to dinner, a basketball game, a golf tournament, or

By having these "goodwill" expenses reported and made public, we can take another step toward open government.

vacation trip by a lobbyist.

This naturally builds goodwill between those who are spending the money and those who are the recipients – hence the term "goodwill." As long as no legislation is discussed during the trip or event, this is a current exception to the rules. It could allow legislators or others in government to receive a trip to the Masters Golf Tournament, the NCAA finals, a bowl game, etc. without any public accounting.

In the final analysis, of course, the ultimate result depends on the integrity of individuals, and scoundrels will never be completely deterred by rules and regulations. At the same time, we want to do as much as we can to ensure that people have confidence in their government. If we know what is

happening, we can judge for ourselves whether our officials are doing a good job of representing us.

Lobbying rules must necessarily be written in a way that doesn't cross the line and infringe on the freedom of speech guaranteed by the constitution. A reporting requirement for goodwill-lobbying expenditures would stay far away from that line.

A proposal currently before the General Assembly will remove the goodwill exception to our lobbying laws. By having these "goodwill" expenses reported and made public, we can take another step toward open government. As is often the case, the bill's passage may well depend on whether our legislators hear from their folks back home that we think it is a good idea.

There is an old saying that goes something like this: "All that is necessary for evil to triumph is for good people to sit around and do nothing." Thank you for contacting your representatives or senators in support of this proposal.

Holshouser is a former governor of North Carolina. Friday is president emeritus of the University of North Carolina system.

Courts Have Taken a Step Backwards in Property Rights Case

Kelo v. New London, a recently decided U.S. Supreme Court case, affirmed that the seizure of private property by the government in the name of economic development is consistent with the "Public Use Clause" of the Fifth Amendment.

The "Public Use Clause" states that "No person shall . . . be deprived of life, liberty, or property without due process, of law; nor shall private property be taken for public use, without just compensation." By acting under this Court-sanctioned justification, we are destroying the foundation, not only on which the Constitution was founded, but on which our success as a nation is built.

It was the opinion of the Court that the city of New London, Conn., had the right to take, with just compensation, the property of local homeowners who refused to give up their land to an economic development plan outlined by a private development corporation commissioned by the city. The opinion of the Court, written by Justice Stevens, mistakenly confuses the term "public use" with the broader term, "public purpose." This, in effect, changes the scope and meaning of the "Public Use Clause."

Justice Thomas, in a dissenting opinion, clarified how the Court had shifted the meaning of "public use" to "public purpose", and stressed the move's effect on the nation. According to Thomas, the context in which "public use" appears in the Constitution

suggests that a portion of the "Public Use Clause," "authorizes the taking of property only if the public has a right to employ it, not if the public realizes any conceivable benefit from the taking."

The distinction that Thomas

draws is a crucial one. "Using" land implies that one employs the land directly. "Public purpose" carries a broader meaning, unintended by the Constitution. "Purpose" means to employ towards an end, regardless of whether you are directly utilizing the land.

By adopting the broader definition of the "Public Use Clause," which substitutes "public purpose" for "public use",

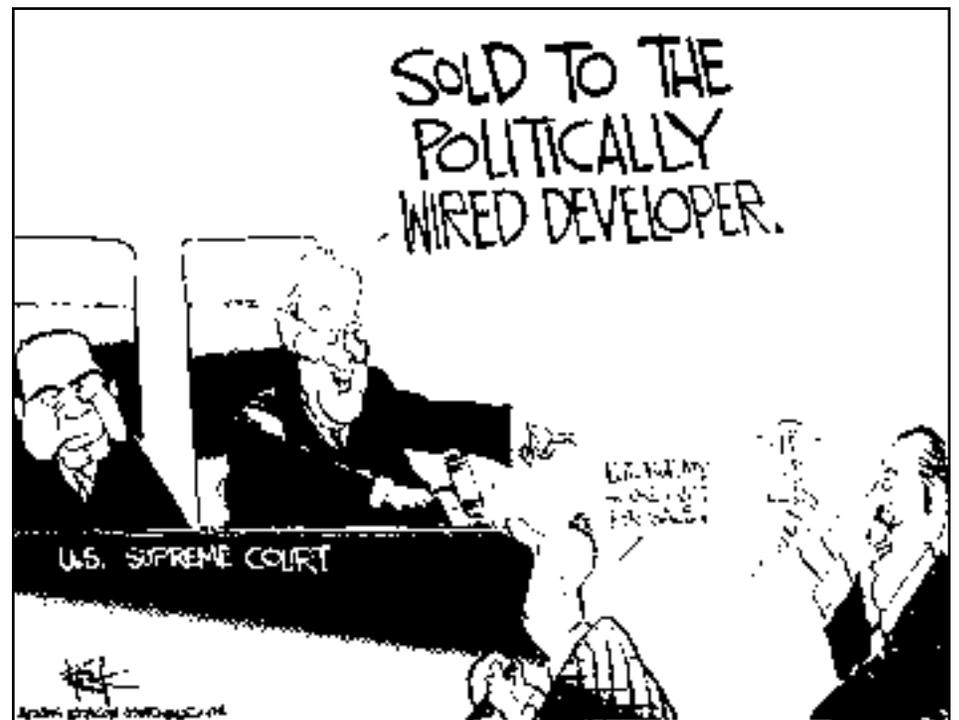
all private property can legitimately be seized for the welfare and benefit of society, as long as there is a potential for public benefit (i.e., it fulfills a conceivable public purpose).

Without the guarantee of the law that private property will remain in the hands of the owner, the Constitution and our nation is bankrupt. To see why, we can look to the thoughts of the political philosopher John Locke. Locke, whose ideas influenced the creation of the Constitution, stated that the chief purpose of a government was to preserve property. By consenting to the rule of law, property owners vowed to protect each other from the vicissitudes of the world.

In England, the notion of property rights, stressed by Locke in the 17th century, were legitimized centuries earlier in the Magna Carta. The



Paul Messino



Magna Carta, like the Constitution, guaranteed the protection of private property from arbitrary seizure, something that had been common practice throughout feudal England. With the guarantee of the protection of private property, property owners were free to invest in their land and, more importantly, begin to accrue capital. Capital is accumulated wealth that is used to create more wealth.

A 2002 finalist for the Nobel Prize and a leading thinker in the anti-poverty movement, Hernando De Soto, linked a legitimate and secure system of private property with the creation of capital. If private property is not secured — that is if people do not feel that they are guaranteed rightful ownership of their land — the

growth of capital will not proceed, and wealth will not accrue.

Thanks to the Kelo decision, private property will not be secured. The government, with almost carte blanche control over the future of private property, now has the power to destroy the very economic engine that brought us success in the world.

With many of the world's developing nations finally realizing the importance of property rights, America has taken a step backwards. Private property rights, now a pawn to the revived specter of socialism, may soon disappear, taking with them all the successes that democracy has won.

Paul Messino is a contributing editor of Carolina Journal.

Future Citizens Find Memos From the 'Phantom of the Capitol'

(A parody of Andrew Lloyd Webber's Musical "The Phantom of the Opera")

By KAREN WELSH
Contributing editor

Raleigh 2050 A.D.

Auctioneer: Welcome to the once grand rotunda of the now defunct state Capitol in North Carolina. Some of you may recall the strange affair concerning the Phantom of the Capitol. A mystery never fully explained until now. A box found in the rubble of the late Gov. Michael Easley's office was recently uncovered. It contains a few inner-government memos and a multitude of spending bills that were pending at the time this once-illustrious state went bankrupt. Perhaps by looking in the box we can frighten away the ghosts of the past with a little illumination.

Item No. 1: Memo to all Senators and Legislators.

From: Gov. Mike Easley.

"Welcome to my haunts. I bid you spend once again with me, add-

ing to this state's overwhelming debt. My power over you grows stronger yet. And though you may turn away from me and lag behind, the Phantom of the Capitol is here, inside your mind. Those who have seen my true face, draw back in fear. Don't worry, I am only the mask you wear, it's really me they hear. Spend my angels, spend for me."

Item No. 2: Memo to the Phantom Governor.

From: The Conservatives.

"Masquerade! Take your fill, let the spectacle astound you! Masquerade! You think you can outspend any friend who ever knew you! Masquerade! Leering satyrs, peering eyes.

Masquerade! Run and hide—but the debt will still pursue you!"

Item No. 3: Memo to all those who defy me.

From: The desk of Government Ghost.

"Ladies and Gentlemen, I have now sent you several notes of the most amiable nature, detailing how my government is to be run. You have

not followed my instructions. I shall give you one last chance. The Senate and House bills have been returned to you, and I am anxious to see these spending bills progress."

Item No. 4: Memo to all conservatives.

From: All the scared-silly liberals.

"Like yellow parchment is his skin, a great black hole served as the nose that never grew. You must be always on your guard, or he will catch you with his magical political lasso!

"Those who speak of what they know, find too late, that prudent silence is wise. Conservatives hold your tongue, because he will burn you with the heat of his eyes."

Item No. 5: Memo to all those who frustrate me!

From: The one who hides out in the open.

"Confound you! You little prying Pandoras! You little demons, is this what you wanted to see? Curse you! You little lying Delilahs! You little vipers, now you cannot ever be free! Stranger than you dreamt it, can you even dare to look or bear to think of me: this loathsome gargoyle, who burns in political hell, but secretly yearns for spending heaven, secretly,

or not so secretly."

Item No. 6: Memo to our loathsome leader.

From: The mind of one who's turned.

"I have come here, hardly knowing the reason why. In my mind, I've already imagined our spending habits joining, entwining, and now I am here with you: no second thoughts. I've decided, decided."

Auctioneer: Sadly, this lack of backbone led to the demise of this great institution. There is one final letter of the Phantom of the Capitol. It is rumored he is still standing somewhere in the shadows, lurking around in the underbelly of this once great institution.

Item No. 7: Memo to all those who survived the political fallout.

From: A ghost of a man.

"We never said our spending habits were evergreen, or as unchanging as the sea — but if you can still remember the debt, stop and think of me. Think of me, think of me waking, silent and resigned. Imagine me, trying hard to put our fiscal failures from my mind. Recall those days, think of the things we'll never do—for there will never be a day, when I won't think of all I spent with you." *cj*



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