

**Government goes all out to bolster the biofuels market/2**



# CAROLINA JOURNAL

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

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STATEWIDE EDITION

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## EPA special agents interrogate Asheville man about email

By KAREN McMAHAN  
Contributor

RALEIGH

An Asheville businessman is left with more questions than answers after a May 2 visit to his home by two

armed special agents from the U.S. Environmental Protection Agency, accompanied by an Asheville police officer,

apparently to question him about what the EPA interpreted as a “cryptic and concerning” email.

The incident is under investigation by the office of Sen. Richard Burr, R-N.C.

Larry Keller, who runs a computer consulting business from his Asheville home, sent an email April 27 to the EPA in an attempt to reach Al Armandariz, EPA regional administrator for Region 6. Two days earlier, a video from 2010 was

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## Perdue Team Headed To Court

### Several aides may be called to testify about illegal giving

By DON CARRINGTON  
Executive Editor

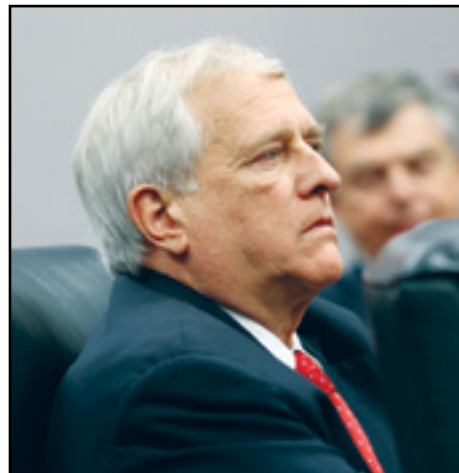
RALEIGH

Even though Gov. Bev Perdue’s 2008 campaign for governor ended nearly four years ago, the upcoming trial of New Bern attorney Trawick “Buzzy” Stubbs should offer further insight into her campaign’s mysterious aircraft provider program.

Wake County District Attorney Colon Willoughby maintains that the 10 flights Stubbs paid for, reported by Perdue’s campaign staff months after the election, amounted to illegal campaign donations.

The trial, scheduled to begin June 11, also may provide insight into Perdue’s decision not to seek a second term as governor.

Perdue never has acknowledged publicly when she learned her campaign did not pay for more than 40 flights she took in privately owned air-



Trawick “Buzzy” Stubbs at a May 11 court appearance. (CJ photo by Don Carrington)

craft to attend political fundraisers.

In addition, Perdue has not explained fully a number of flights that she took as lieutenant governor. A *Carolina Journal* review of 2007-08 expenditures by Perdue’s office reveals that, in addition to not paying for a number of campaign-related flights, she also made no payments to private aircraft owners for travel related to official state business.

Records show flights that combined official business with campaign events. In October 2010, Perdue spokeswoman Chrissy Pearson ac-

knowledged the flights and told *CJ* that travel provided to Perdue when she was conducting official state business was treated by the Office of the Lieutenant Governor as a gift to the state from those providing the flights.

A Wake County grand jury indicted Stubbs Nov. 28. He is accused of funneling more than \$28,000 through his law firm to pay for aircraft to fly Perdue to campaign events during 2007 and 2008. The free flights were not reported on campaign finance reports, a violation of campaign finance laws. The two specific charges are obstruction of justice and causing the Perdue campaign committee to file false reports. If convicted, in addition to fines and possibly prison, Stubbs likely would lose his law license.

Stubbs and his attorneys do not dispute the basic facts surrounding the charges, but they believe Willoughby should have focused on the Perdue campaign organization instead of Stubbs.

“We can’t blame [Stubbs] because the campaign was disorganized and didn’t know what it was doing,” Stubbs’ attorney David Rudolf said at

Continued as “Members,” Page 14

## ‘Sustainability’ Plan Involved Payments to SAS

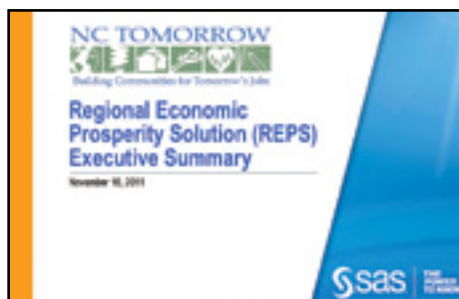
### Commerce’s McKoy brought software firm into scheme

By DON CARRINGTON  
Executive Editor

RALEIGH

Documents obtained by *Carolina Journal* show that a plan recently scrapped by the North Carolina Department of Commerce included a provision to pay Cary-based software developer SAS \$1.5 million in federal funds meant to assist low- and moderate-income families.

Assistant Secretary for Community Development Henry C. McKoy,



Cover of a presentation produced by SAS in November 2011 which identifies Henry McKoy as a new “key stakeholder.” who oversees the annual allocation of approximately \$40 million in federal Community Development Block Grants, created the plan. Each dollar would have traveled through three other entities, including a nonprofit organization McKoy created, before reaching SAS, documents show.

According to the agreement, four counties selected by McKoy — Orange, Yadkin, Buncombe, and Edgecombe — each would have received \$600,000. Each county would keep \$60,000 for participating in the scheme and transfer the remaining \$540,000 to the North Carolina Sustainability Center, a nonprofit that McKoy chaired last year.

Under the plan, the NCSC would retain \$165,000 from each county — \$660,000 overall — and provide some planning services for each county. The NCSC then would transfer the remaining \$375,000 from each county, or a total of \$1.5 million, to the North Carolina Association of Regional Councils of Government, also known as COGs.

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## Government Tries To Bolster Biofuels Market

By DAN E. WAY  
Contributor

RALEIGH

The unprecedented goal of creating a biofuels sector in North Carolina, from the planting to the propelling of vehicles with the renewable fuel, "is astonishing and enormous," Steven Burke admits.

Burke is president and CEO of the North Carolina Biofuels Center in Oxford, created by the General Assembly in 2007 as a tax-fueled catalyst to foster a cellulosic biofuels market from trees, grasses, and nonfood crops.

The legislature allocated \$4.5 million to the center in the current fiscal year, down from \$5 million in previous years, to solve the still prohibitively costly renewable energy riddle.

"North Carolina will use 500,000 acres of its land to produce 7.5 million tons of new [bio]mass that in \$4.3 billion worth of new facilities will make 500 million gallons of fuel" by 2017, Burke said of the legislature's "colossal" policy directive.

Burke acknowledged "the audacity of our goal, which I characterize as not impossible, just very hard."

But critics of this and similar projects argue that there would be no market for biofuels without taxpayer subsidies and government mandates. They see the project as a waste of public funds and an unwarranted diversion of cropland from the production of food to the creation of inefficient fuels.

The Biofuels Center is not a science agency, does not produce anything, and has no research labs of its own. Yet it expects to foster an industry that would provide 10 percent of North Carolina's future transportation fuel needs by 2017 and spin off bioplastics, biomaterials, and biopharmaceutical manufacturing.

The center is working with universities, companies, farmers, growers, counties, and municipalities to create the biofuels sector, Burke said.

The center has awarded nearly \$11 million in research grants, conducted education programs, and opened a research and development incubator on its campus.

The center has spawned 20 research projects statewide and is exploring 17 potential feedstocks — three trees, six energy grasses, four oil-producing crops for diesel, and four starch-producing crops.

Burke believes the first showcase facility is on the horizon in Sampson County. Chemtex, a chemical technology and engineering firm, may be on track to open a \$170 million cellulosic ethanol processing plant in a few years to produce 20 million gallons of fuel annually.

Paolo Carollo, Chemtex international vice president at its U.S. headquarters in Wilmington, said the company hopes to finalize a loan guarantee through the U.S. Department of Agriculture and start construction in six to eight months. The plant could be in operation by the end of 2014 or 2015.

"The interest in the market is not something that worries us at all," Carollo said. "One of the conditions for applying to USDA was to have a good part of the supply chain already in place, with agreements," he said.

"What we are producing here is going to be used by an American fuel marketer that is already committed to us for a multiyear agreement" for fuel to be used in the Southeast, Carollo said.

Not everyone is as enthusiastic about the imminent promise of biofuels. That includes Brandon Scarborough, a

Charlotte native and Appalachian State University graduate now working as a research fellow at the Property and Environment Research Center in Bozeman, Mont.

"There's mandate after mandate" from government for ethanol, Scarborough said. "But people aren't going to buy it when it turns out to be more expensive than thought."

Government sets arbitrary targets "to drum up support for the program, and the chances of meeting those are probably pretty slim," he said. That includes a federal push to require ethanol to be 15 percent of the blend in gasoline to goose the market artificially.

There are mandates for cellulosic ethanol production and the amount that needs to be blended in gasoline. The federal Renewable Fuel Standard Program mandates use of 36 billion gallons of renewable fuel annually by 2022. But producers have been fined for not blending enough of the fuel.

"The reason they weren't blending it was because there wasn't any being made; there isn't a market," Scarborough said. "It just isn't cost-effective without massive subsidies."

Biomass producers will get involved once government energy portfolio standards "create a pseudo market" for their crops by government mandate, not consumer demand, Scarborough said.

"Then energy producers are forced to go out and find that [supply], and they lobby governments to encourage people to produce those resources at cost-effective prices to them," Scarborough said. "It simply cannot survive without some sort of economic incentives, which means taxpayers."

Creating fuels from biomass is "an inefficient process" because the feed crops are not energy-dense. They require large amounts of land and, of concern for drought-prone North Carolina,

lots of water, Scarborough said.

Ethanol delivers "roughly about 30 percent less energy" than gasoline, so even when it's selling for less per gallon, it costs motorists more because they don't get as many miles per gallon, he said.

"It's a politically friendly story," Scarborough said. "You tell people instead of getting oil from evil terrorists you're going to grow it in your backyard" on local farms and keep the money in the state economy.

The problem with that is terrorists generally operate outside of government and are not affected by global energy politics, said Peter Van Doren, senior fellow at the Cato Institute in Washington, D.C.

Research shows every nation's economy is shocked during crude oil market convulsions whether the country is a net importer or exporter of fuel, so more home-grown fuel won't insulate the state economy, he said.

Still, politicians from both parties vote for renewable energy policies because voters favor them, usually without knowledge of drawbacks, such as the high tax-based subsidies and enormous land use.

"The calculations I see is you'd literally have to take all the land in the United States and plant it in grass to substantially reduce" reliance on crude oil-based fuels, Van Doren said.

North Carolina has construction and production tax credits and incentives for biofuels. Federal government assistance includes a tax incentive of up to \$1.01 per gallon for cellulosic biofuel producers.

To help create a market and to get the industry started, "more than incentives" are needed, including mandated commitments for biofuel targets from government, Carollo said. CJ



# Heritage Report Chides N.C. Delegation for Abandoning Free Trade

By SAM A. HIEB  
Contributor

GREENSBORO

A recent Heritage Foundation report says North Carolina's congressional delegation "seems to be rejecting" the state's "long and honorable record of support for open markets," much to the detriment of the many thousands of constituents who owe their jobs to free trade.

The report, *Trade and Prosperity in the 50 States: The Case of North Carolina*, was authored by Bryan Riley, a senior trade policy analyst at the Heritage Foundation's Center for International Trade and Economics.

Riley analyzes votes by North Carolina's delegation on key trade agreements during the past nine years and concludes the delegation "has been relatively hostile to U.S. trade liberalization."

Riley finds the delegation's lukewarm attitude toward trade odd, as he says expanding trade will boost the state's economic vitality. "Yet even as these politicians have been seeking to block markets from competition, some sectors of the state's economy have been thriving in the global marketplace," Riley writes. "Every member of Congress who is facing a vote on trade-related legislation should consider the impact of that legislation on every worker and his family in his state, not just on one sector."

Riley's analysis dates to the vote on the 1993 North American Free Trade Agreement, which many regard as the start of the decline of North Carolina's core manufacturing industries, textiles, and furniture.

The state's House members voted 8-4 in favor, while Republican Sens. Jesse Helms and Lauch Faircloth each

voted "no."

More recently, Riley points to 2011 votes on free trade agreements with Colombia, Panama, and South Korea.

Sens. Kay Hagan, a Democrat, and Richard Burr, a Republican, split on those votes, with Hagan casting a "no" vote.

On the trade agreements with Panama and Colombia, the state's 13 House members were divided, with six members voting for the agreement with Panama and seven members voting for the agreement with Colombia.

The free trade agreement with South Korea was another story, however. While Hagan and Burr again split their votes, only one member of the House — 4th District Rep. David Price — voted in favor.

Of the members voting no on the free trade agreement with South Korea, Riley singled out longtime GOP Rep. Howard Coble, writing that Coble's vote "may seem like the right one for one group of workers," i.e., those employed by the textile and furniture industries, but "many more of his constituents will benefit from the increased opportunities that greater openness to trade and investment will create."

In a statement following the vote, Coble said the Korean trade agreement would be "devastating" to the U.S. textile industry, which at one time was a

"powerhouse" in his 6th Congressional District.

"The agreement with South Korea will provide instant, duty-free access for virtually all textile and apparel products, while giving U.S. producers no time to adjust," Coble said in his statement. "The goals of this Congress should be to prioritize fixing U.S. trade policy, stopping manufacturing job loss, and closing the trade deficit."

However, Coble went on to say that the agreements with Panama and Colombia did not present a similar threat because "trade between these great nations is healthy and balanced."

Hagan's explanation of her vote was less specific.

"Our state has suffered more than most from unfair trading practices for years, and I am tired of shipping good North Carolina jobs — in industries like textiles and furniture — overseas to countries that don't play by the same rules," Hagan said. "It is time we start protecting jobs here at home."

In his report, Riley traces North Carolina lawmakers' support for free trade to the state's agrarian roots, as it relied on foreign markets to sell cotton and tobacco.

Riley also notes that the state benefited from the migration south of New England textile companies following the Civil War. The trend continued in the years following World War

II. Northern textile factories lost nearly 300,000 jobs between 1950 and 1970, while at the same time some 280,000 workers were employed in southern textile mills.

The reason? Lower wages. "But, just as these industries had once moved from New England to the South, where wages were once lower, the state's textile and apparel manufacturers also increasingly moved jobs overseas," Riley writes.

Free trade works both ways, Riley maintains, and as a result, North Carolina's economy has benefited both from foreign investment by companies such as Daimler Trucks and Electrolux and exporting products such as pork. (North Carolina is the second-largest pork-producing state.)

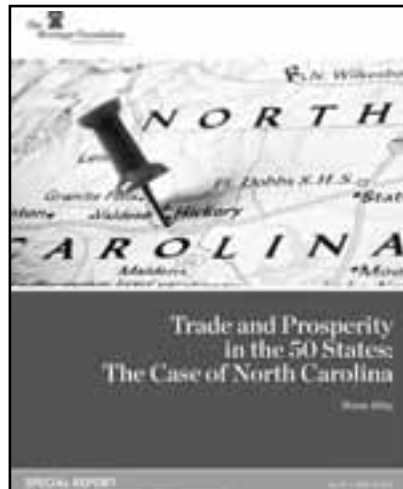
Indeed, Riley notes that North Carolina's agricultural exports increased 79 percent between 2001 and 2010 as worldwide demand not only for pork but poultry and sweet potatoes increased.

On the flip side, restrictive trade policies have an adverse affect on local companies.

Riley notes the adverse effects high tariffs on imported sugar have on local companies, notably doughnut manufacturer Krispy Kreme, which pays 56 cents per pound for sugar while the rest of the world pays 31 cents.

While the price of sugar wasn't cited as a factor in Krispy Kreme's first-quarter revenue decline, it certainly couldn't have helped.

Riley's bottom line is while no one wants to contribute to job losses in this economy, it "would be a mistake for North Carolina's elected officials in Washington, D.C., to focus their policy decisions based solely on the relatively small sectors of textile, apparel, and furniture manufacturing." CJ



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Director of Regulatory Studies Jon Sanders' weekly newsletter, **Rights & Regulation Update**, discusses current issues concerning regulations, rights, and freedom in North Carolina.

## State Briefs

## JLF: Curb high spending

North Carolina state government is spending more money per person this budget year than ever before. A new John Locke Foundation report documents that fact, which gets lost in ongoing debates about state budget "cuts."

"Total state spending per capita is at its highest level ever in the 2012 fiscal year and has more than tripled since 1970," said report author Fergus Hodgson, JLF director of fiscal policy studies. "Adjusting for inflation, state spending has increased in that period from \$1,701 per person to \$5,247."

That spending expansion has far exceeded personal income growth, Hodgson said. "State spending stood at 10.9 percent of personal income in 1970, dipped as low as 9.3 percent in 1984, and never exceeded 12 percent prior to 2008," he said. "Yet for 2012 it is on course to be 14.4 percent of North Carolinians' income."

Hodgson documents state spending facts and explains how those facts are obscured in public debate. He also recommends new constitutional spending limits, an increased focus on state government's true spending and liability numbers, and action on a federal balanced budget amendment.

Spending on all reported state budget categories has more than doubled since the mid-1970s, Hodgson said. "This is true for education, corrections, health and human services, transportation, and debt payments."

## N.C. sour on ObamaCare

A poll conducted by Elon University in late April found that, two years after the passage of the Obama administration's health care law, 46 percent of North Carolinians believe "it was a bad thing for Congress to pass the law," compared to 38 percent who say it was a good thing and 9 percent who aren't sure.

Forty-five percent believe that when all of ObamaCare's provisions go into effect, the law will make the health care situation worse. Thirty-four percent said that it would make the situation better.

"The interesting thing about these results is that North Carolinians are evenly split on whether they think it is the responsibility of the federal government to ensure that everyone has health care coverage," said John Robinson, director of communications for the Elon University Poll. "That suggests that it is the Affordable Care Act itself that many of them object to, not the idea of coverage." CJ

## Study: N.C. Has High Licensing Burdens

By SARA BURROWS  
Associate Editor

RALEIGH

North Carolina ranks 29th of the 50 U.S. states (plus the District of Columbia) when it comes to imposing laws requiring people wishing to perform certain occupations to get a license from the government, according to a new study by the Institute for Justice.

In its report — *License to Work: A National Study of Burdens from Occupational Licensing* — the libertarian public-interest law firm found that North Carolinians need a government-issued license to work dozens of relatively low-tech, low-paying jobs.

From landscape workers to athletic trainers to cosmetologists, the state forces would-be entrepreneurs to spend thousands of dollars and sometimes several years in school to start their careers.

The states at the top of the list impose fewer licensing requirements than those at the bottom.

Licensing laws often serve to protect professions, not consumers, the study found. They tend to keep the poor and those with less formal education out of certain fields of work; a disproportionate share of people seeking work in these occupations are members of racial and ethnic minorities. These policies decrease competition and the availability of services, while increasing consumer prices and unemployment, the report says.

## Barriers to entry

A number of occupations have higher-than-average barriers to entry in North Carolina, the report said. For example:

- North Carolina requires almost two years of education to become a barber, compared with the national average of slightly more than a year.

- It takes three years to become a landscape contractor or a fire/security alarm installer, compared to national averages of one-and-a-half years or less.

- Aspiring pest control applicators must spend two years in an apprenticeship, despite 32 states requiring no experience at all.

Often the education requirements North Carolina and other states impose don't seem consistent with the demands of the job.

While it takes only 39 days of training to earn a license as an emergency medical technician in the state, it takes substantially more to become a licensed manicurist (70 days), massage therapist (117 days), skin care specialist (140 days), cosmetologist (350 days), or barber (722 days).

"Occupations like these, where training required does not line up with public safety concerns, make possible targets for reform, as well as occupations that are more difficult to enter in North Carolina than elsewhere," the report says.

"North Carolina could open more prospects for its low- to moderate-income workers by lowering or eliminating such high and unnecessary barriers to entry in licensed occupations."

## Protectionism

"More than 200 years ago, Adam Smith observed that

trades conspire to reduce the availability of skilled craftsmen in order to raise wages ... little has changed since that time," the report says.

"Occupational practitioners, often through professional associations, use the power of concentrated interests to lobby state legislators for protection from competition through licensing laws," it continues.

It says trade groups sometimes mask their anti-competitive motives with "absurd" appeals for protecting public health and safety.

For example, the report notes the 2011 legislative session in North Carolina saw efforts to license music therapists as a means of "safeguard[ing] the public health, safety, and welfare. ..."

"It is possible to use music harmfully," a music therapy professor told a group of state lawmakers last June. "You can use music that's the wrong tempo or ... that does not have the right musical qualities, and it can affect someone physiologically in a way that it can be damaging."

Other occupations requiring a license to practice in North Carolina are auctioneer, sign language interpreter, makeup artist, locksmith, and painter.

## Alternatives, recommendations

Rather than force every practitioner of an occupation to spend the time and money to qualify for a license, the report urges states to allow a voluntary certification process through a professional association. That way leaves professionals free to distinguish themselves from their peers, letting consumers choose among all providers and decide for themselves how much value to place on such credentials.

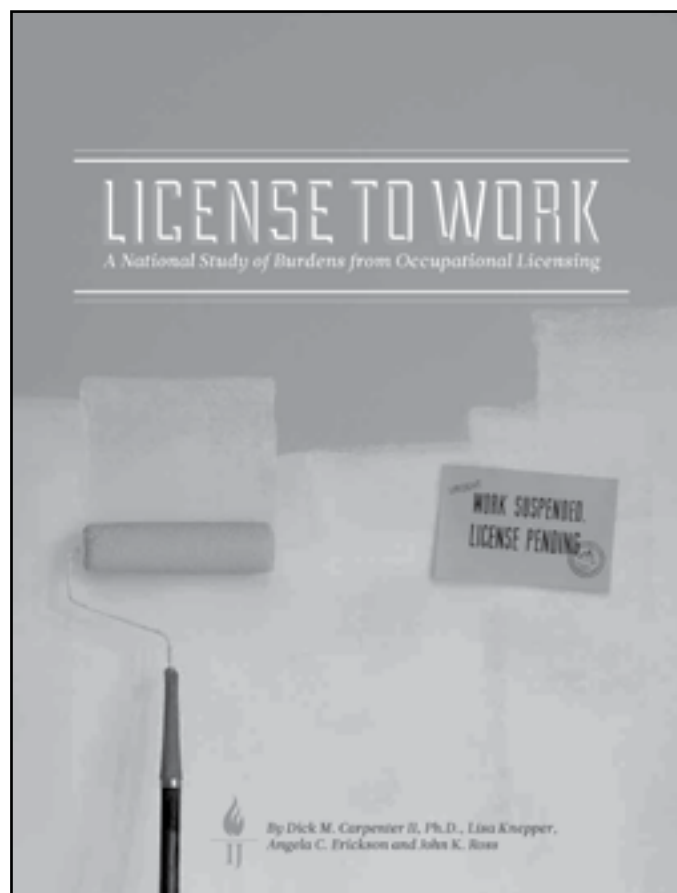
The report also noted third-party consumer organizations, like AngiesList.com, enable consumers to hold occupational practitioners accountable for the quality of their goods and services.

The authors of the report recommended that lawmakers "demand proof that there is a clear, likely and well-established danger to the public from unlicensed practice" of an occupation when considering whether to adopt or repeal a licensure law. When they do find licensure necessary, lawmakers should determine carefully how much of the burden placed on applicants is neces-

sary to ensure public safety.

"Forcing would-be workers to take unnecessary classes, engage in lengthy apprenticeships, pass irrelevant exams, or clear other needless hurdles does nothing to ensure the public's safety," the report says. "It simply protects those already in the field from competition by keeping out newcomers."

"Finding a job or creating new jobs should not require a permission slip from the government," the authors conclude. "As millions of Americans struggle to find productive work, one of the quickest ways legislators can help is to simply get out of the way: Reduce or remove burdensome regulations that force job-seekers and would-be entrepreneurs to spend precious time and money earning a license instead of working." CJ



# In New Book, JLF's Hood Urges State Put 'Best Foot Forward'

By CJ STAFF

Treat North Carolina as if it were a separate country, and its economy would be one of the weakest in the developed world based on average employment rates, while its tax climate for economic growth would be nothing short of "horrendous."

John Locke Foundation President John Hood reaches those conclusions in his new

book, *Our Best Foot Forward*. Hood officially will unveil his book during a noon speech Monday, June 11, at the JLF office in Raleigh.

"In a 21st-century economy based on worldwide markets, North Carolina isn't just competing with other states," Hood said. "We are competing with other nations. Our political leaders have long recognized this fact. They have talked about making North Carolina a hot spot for investors, executives, and entrepreneurs from other lands. Our current economy falls short of that mark."

Over the course of nearly 200 pages, Hood documents North Carolina's current economic woes, then spells out an investment plan to help the state change course. That plan features a 10-point "Carolina Manifesto for Growth."

"In this book, you will not read a thoroughgoing indictment of all government," Hood explains. "Government performs indispensable tasks that make economic success possible. But many govern-

ment programs don't function as intended. *Our Best Foot Forward* presents a plan for promoting effective investment in the state's economy and thus making the state more competitive."

Hood's Carolina Manifesto draws its name from the 75-year-old Conservative Manifesto. Democratic U.S. Sen. Josiah Bailey of North Carolina played a key role in drafting that document to fight federal government overreach during the New Deal era. Like Bailey and his conservative colleagues, Hood spells out his manifesto in 10 points.

"First, rewrite North Carolina's tax code to make it simpler, fairer, and more efficient, while reducing the bias against savings and investment," Hood said. "Second, enact a Taxpayer Bill of Rights at both the state and local levels of government to cap annual spending growth. Require supermajority votes or public referenda to increase tax rates. Set aside larger rainy-day reserves."

Hood also addresses key drivers of government spending increases, including growing debt and rising Medicaid bills. "We need to repair North Carolina's public balance sheet by speeding up the payment of existing debt and building assets

to cover future liabilities," he said. "Reform Medicaid and other public-assistance programs to free up resources for both private and public investment in North Carolina."

North Carolina needs a reduced regulatory burden, Hood said. "Cut red tape for small businesses, repeal all rules that fail to meet a cost-benefit test, and rewrite state laws that impose costly regulations on entrepreneurs."

State leaders should change course on their energy policy, Hood added. "Improve the state's business climate by abolishing all mandates to purchase high-cost energy and allowing offshore and onshore development of North Carolina's energy reserves."

Two planks of Hood's Carolina Manifesto focus on infrastructure. "Increase effective investment in North Carolina highways to relieve congestion, reduce cost, and increase the productivity of the state's economy," he said. "Encourage private investment in North Carolina infrastructure through competitive contracting, asset sales, and public-private partnerships."

North Carolina deserves more bang for the buck from public education, Hood said.

"Increase return on investment in North Carolina public schools, colleges, and universities by hiring and paying teachers on the basis of performance, setting higher academic standards, and expanding options for distance learning and career education," he said. "Encourage competition, innovation, and private investment in human capital by offering education tax relief and scholarships so North Carolina families and workers can obtain the education and training services of their choice."

Hood backs up the Carolina Manifesto's 10 planks with pages of data, history, research, and analysis. "This book offers ideas that will make North Carolina a better place to live, work, invest, and create jobs," he said. "Most of these ideas already have proven themselves successful in other states or nations. They may sound good, and reflect the principles of free enterprise and constitutional government, but that's not why I'm recommending them. These ideas work."

"They will strengthen our economic foundations and encourage invention, innovation, and profitable investment," Hood added. "This is not a hope. It is a prediction, based on hard evidence from other economies and from North Carolina's own past."

Copies of *Our Best Foot Forward: An Investment Plan for North Carolina's Economic Recovery* are available at the John Locke Foundation's website, [www.JohnLocke.org](http://www.JohnLocke.org). CJ



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By Roy Cordato  
Vice President for Research  
John Locke Foundation

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

Israel Kirzner  
Cato Journal

[www.mises.org](http://www.mises.org)



# Committee Proposes Means to Increase Government Efficiency

By MITCH KOKAI  
Associate Editor

RALEIGH

State lawmakers could take some steps this year toward zero-based budgeting, increased accountability for taxpayer investment, and greater use of something called “data analytics.” The General Assembly’s Legislative Research Commission voted without debate May 16 to forward proposals on each topic to the full General Assembly.

Each bill sprang from the debates of the LRC’s Committee on Efficiencies in State Government, which met four times after the regular 2011 legislative session.

One proposal emerging from that committee work calls on lawmakers to create an Efficiency and Cost-Savings Commission, a 10-member group “for the purpose of identifying an agency or agencies to undergo zero-based budgeting review.”

“The committee looked extensively at beginning a process of zero-based budgeting across all areas of state government,” said committee co-chairman Sen. Ralph Hise, R-Mitchell, during a three-minute presentation to the full LRC. “The committee expressed a lot of concerns with the ability of staff and time to be able to do that and came back with a recommendation that mirrors what is House Bill 627.”

“It does not implement zero-based budgeting across state government immediately,” Hise explained, but it would start the process by identifying the agencies that could undergo an “experimental” zero-based budgeting review. The legislation also would “begin to look at things such as what would be the expected legislative and staff times to implement this for various programs, as well as across all of state government.”

Hise also discussed a second



The General Assembly’s Legislative Research Commission has voted to move forward on efficiency proposals. (CJ file photo)

proposal, dubbed the Smarter Government/Business Intelligence Initiative. It would “establish the Government Business Intelligence Competency Center,” under direction of the state controller. The initiative also would “provide for a phased approach towards expanding the State’s business intelligence capabilities,” according to the committee’s report.

“Business intelligence” is another name for “data analytics,” which Hise detailed for his colleagues. “Data analytics is a process that can exist within any data set in which you establish correlations between various data and others,” he said. “It is the strong belief of the committee that, as we move forward with efficiencies in state government, data analytics will be a huge part of that movement.”

“When we looked at some concerns we had kind of across state government with detecting fraud, waste, and abuse, one of the biggest problems we have with data in state government is that it exists in silos across state agencies that cannot communicate

with each other,” Hise added. “These recommendations in the legislation address that all agencies will report to a business intelligence unit under the office of [state] controller.”

“We will move forward with making all of state agency data available and accessible,” he said. “This allows us to utilize that information without necessarily having to go in and replace all the individual silos. [We] would instead be able to communicate with them.”

The third piece of legislation tied to the committee’s work is the Accountability for Taxpayer Investment Act, which would require state agencies “to develop, implement, and maintain information systems that provide uniform, program-level accountability information regarding the programs operated by those agencies.”

This idea evolved from Senate Bill 463, introduced by Sen. Eric Mansfield, D-Cumberland, and co-sponsored by Hise and others in 2011. Mansfield, a freshman legislator who recently lost his party’s primary elec-

tion for lieutenant governor, “was surprised to learn that State agency websites do not provide clear definitions of services provided, outcomes achieved, and costs associated with their various programs,” according to the committee’s report. “Generally speaking, there appears to be little information available to indicate performance levels.”

Mansfield’s original proposal “envisions the development of a system similar to the federal Governmental Accounting Standards Board, which sets accounting standards for all units of government in the United States and allows for comparison of data between units,” according to the report.

The unanimous LRC vote did not represent an endorsement of any of the three proposals. Instead the commission’s vote allowed each bill to move forward during the 2012 legislative session, which faces limits on the types of legislation lawmakers can consider.

Each proposal would need support from the full House and Senate before it could become law. CJ

## Public Ignoring Methods That Allow Voluntary Giving to Government

By DONNA MARTINEZ  
Contributor

RALEIGH

Federal data show that interest in donating money to the federal government has declined dramatically this fiscal year, despite claims by progressive advocates that Americans are willing to pay more to fund government activities.

Voluntary contributions made during the first seven months of fiscal year 2012 to the federal account titled “Gifts to the United States” totaled a paltry \$250,028.44, according to Tom Longnecker of the U.S. Treasury Department, which oversees the account. That’s an average of just \$35,718.35 per month between October 2011 and April 2012.

The federal government has accepted gifts since 1843 to allow for “individuals wishing to express their patriotism to the United States,” according to the Treasury Department’s website.

During the 2011 fiscal year (November 2010 –

October 2011), Americans voluntarily turned over \$1,124,936.80, averaging \$93,744.73 per month. That represents more than two-and-a-half times the 2012 monthly average to date. If 2012’s anemic gift pace continues, this fiscal year’s take will fall below the 2009 and 2010 grand totals as well, when donations stood at \$698,708.40 (FY 2010) and \$1,827,286.61 (FY 2009).

Fiscal year 2008 was a banner year for voluntary giving to the government, when deposits to the federal account flirted with the \$4 million mark — \$3,735,934.74.

Total contributions between November 2005 and April 2012 sit at \$10,405,498.95.

Here in North Carolina, a bill that would set up a similar gift account for state government has been filed, but House Bill 877 did not meet requirements to be heard during the legislative session now underway.

Titled “Check Off Donation: Government Fund-

ing,” the legislation would allow citizens to donate all or part of their state tax refunds to specific state agencies. Options would include Cultural Resources, Health and Human Services, Public Instruction, Public Safety, the General Fund, and The University of North Carolina.

Earlier this year, Rep. George Cleveland, R-Onslow, one of H.B. 877’s primary sponsors, spoke with *Carolina Journal* about the bill. “If you like big government and you’re comfortable giving the government your money to spend it the way they want instead of you spending it, we have an avenue here for you to do it,” Cleveland said.

Those wishing to send a donation to the federal government can mail it to: Gifts to the United States, U.S. Department of the Treasury, Credit Accounting Branch, 3700 East-West Highway, Room 622D, Hyattsville, MD 20782. Checks, money orders, and bequests are accepted.

Visit [www.fms.treas.gov](http://www.fms.treas.gov) for more information. CJ

# 'Opportunity Scholarships' Seen As Civil Rights and Choice Issue

BY SARA BURROWS  
Associate Editor

RALEIGH

After last year's legislative session lifted the cap on public charter schools and created tax credits allowing children with disabilities to attend private school, Republican lawmakers now are proposing tax credits allowing low-income children to attend private schools.

More than 1,200 parents and children — many of them black — rallied and marched outside the General Assembly Tuesday to support the legislation. Darrell Allison, president of North Carolina Parents for Educational Freedom, spoke at the rally, calling school choice one of the biggest civil rights issues of the 21st century.

House Majority Leader Paul "Skip" Stam, R-Wake, told the crowd gathered in Children's Garden, across from the legislature, that he and other state lawmakers backed a bill that would provide opportunities for poor children to receive scholarships, up to \$4,000, to be used for private education.

Corporations would make contributions to nonprofit organizations, which would administer the scholarships to children from lower-income families. The corporations funding the nonprofit scholarship organizations would receive tax credits for their contributions.

"It will not cost the state money," Stam said. "It saves the taxpayers money, while at the same time providing tens of thousands of scholarships for children whose families earn up to about \$50,000 for a family of four."

The scholarships could be used for private school or home school. Eight states have similar programs in place.

Stam warned that because of the recession, scholarships wouldn't be available to all eligible families at first, "but it's a start."

But the proposal faces stiff resistance from the state's education establishment. "I believe that is not in the best interest of public education, and more importantly, I don't think that's in the best interest of the students of our state," said state superintendent June Atkinson.

"We are in a very difficult time in our state when it comes to funding public education adequately," Atkinson said. "When you continue starving

the system, then you create a downward spiral."

She said public schools are "an investment in our future, and by taking away from our public schools it's a way of making and rendering them more ineffective rather than making them more effective."

"We would be absolutely opposed to [the scholarship plan]," said Leanne Winner, director of governmental relations for the North Carolina School Boards Association.

"We've had a longstanding position against any voucher [or] tuition tax credit," Winner said. "If there's going to be public dollars invested, it needs to go to public entities so that taxpayers can see what's going on" with their money.

Allison said only half of the poor children in the state pass end-of-grade tests, compared to 80 percent of children who are not poor.

"We have more than 336,000 low-income students that failed end-of-grade tests last year, according to the Department of Public Instruction," he said.

"That's 336,000 children that look like these that are being failed each year," he added, pointing to a group of black students.

A private school administrator from Asheville spoke, adding that the dropout rate for black males in her city is between 60 and 70 percent.

Allison called it an "academic genocide." He said while he thinks public charter schools can help address the problem, there are only 100 currently in the state. There are more than 700 nonpublic schools in the state, he said, and they have the capacity and the ability to help low-income children.

"Parental school choice is one of the main civil rights issues that we have to address in the 21st century," Allison said.

"If you're wealthy in North Carolina, you have every educational option to make sure your child succeeds," he said. "You're probably zoned to a school that works for your child or, if not, you're able to cut a \$10,000 or \$15,000 check to send them to a private school.

"Or you have a two-parent home, where you don't need two salaries, and one parent can homeschool." CJ

Contributor Dan E. Way provided additional reporting for this story.



COMMENTARY

## The Return Of Forced Busing?

In a recent *New York Times* op-ed, University of California at Berkeley professor and former Obama adviser David Kirp proclaims that forced busing "made all the difference in the lives of black children — and in the lives of their children as well." If integration worked, he asks, why have Americans rejected it?

Kirp is one among a growing number of left-wing academics who have begun to call for a revival of student assignment policies that create racially heterogeneous public schools by forcibly busing schoolchildren. While much of the talk about race-based busing has come from intellectuals on the Left, a small but growing segment of the general public has warmed to the idea.

Like many Americans, Kirp and his allies are frustrated by the sizable achievement gap between white and black public schoolchildren — and justifiably so. The achievement gap in states like North Carolina is startling, albeit typical. Less than half of North Carolina's black students in grades three through eight are proficient in reading and math. Proficiency rates for their white counterparts are approaching 80 percent. The achievement gap between black and white male students is even larger.

Kirp does not believe that simply mixing black and white students together brought about improvement in the lives of black children (and their children). He acknowledges that there was no "white magic," as Abigail Thernstrom once called it, that passes academic achievement from white students to their black counterparts.

Rather, he suggests that race-based busing forced schools to spend more on the education of blacks. This additional spending lowered class sizes, improved school facilities, and upgraded educational materials and equipment. He also speculates that busing encouraged teachers and parents, particularly the affluent ones, to maintain high expectations for all children. If Kirp is correct, one wonders why busing is necessary at all. Presumably, school districts could

simply allocate additional resources to predominantly black schools and hold those schools to high expectations.

Despite his enthusiasm for the idea, Kirp is not optimistic about the immediate resurrection of race-based busing. He identifies two significant barriers. First, what he calls a "hostile majority on the Supreme Court" ruled that public school districts no longer could use race as a factor in student assignment decisions. For decades, the courts debated the legality of race-

based busing, but the issue finally was put to rest by the U.S. Supreme Court in 2007. In *Parents Involved in Community Schools v. Seattle School District No. 1*, a 5-4 majority ruled that using race as a factor in student assignment was unconstitutional.

Second, he finds that no "vocal pro-integration constituency" exists to defend forced busing

based on race. Kirp's dilemma is that the "vocal pro-integration constituency" has adopted a new strategy: income-based busing. The *Parents Involved* ruling did not disqualify the practice of using the percentage of students receiving federal free and reduced-price lunch, a commonly used proxy for family income, to assign students to schools. Century Foundation fellow Richard Kahlenberg, a leading advocate of busing, pointed out that income-based student assignment policies would "indirectly promote racial integration in a manner that is legally bulletproof." Kirp believes that income-based assignment policies are useful, but he is among those who strongly prefer a return to forced busing based on race.

For proponents of race-based busing, overturning *Parents Involved* is a long-term goal. For now, they will continue their efforts to cultivate a "vocal pro-integration constituency" through universities, advocacy groups, and the media. As a result, North Carolinians will hear a lot more about forced busing in coming months. CJ

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



TERRY STOOPS

# GOP's Phil Berger Launches Ambitious Education Reform Plan

By DAN E. WAY  
Contributor

RALEIGH

While Republican Senate leader Phil Berger introduced a comprehensive education reform package at the opening of this year's short legislative session, his GOP House colleagues are offering more limited, targeted changes in school policy.

At press time, it's unclear what, if anything, could survive a vote in both houses and a possible veto by Gov. Bev Perdue. And under pressure from state education officials, Berger's initial proposal was evolving at press time.

Berger, from Rockingham County, rolled out his Excellent Public Schools Act in late April. It includes prickly issues such as eliminating all teacher tenure, establishing a teacher bonus and merit pay system, and issuing an A-F report card to schools.

## Programs included

Enhancing literacy, extending and funding the school year by five days, creating a Teacher Corps Program modeled on Teach for America, curtailing social promotions, and allowing state employees to volunteer five hours monthly in public school literacy programs are included.

"In order to fix our state's broken education system, we must stop constantly reaching for our checkbook and focus on reforming our playbook," Berger said on the Senate Republican Caucus website. "If bigger budgets could buy positive results, then North Carolina's achievement scores and graduation rates would have improved years ago."

North Carolina's graduation rates are at an all-time high at 78 per-

cent, and the dropout rate has declined four consecutive years, Superintendent of Public Instruction June Atkinson said.

"We are in the middle of remodeling public education, and I think that some of the work we are doing with Race to the Top will really be a game changer when it comes to public education outcomes," Atkinson said of the federal initiative to spark innovation and reform in K-12 education.

"This is going to be an interesting session" for education policy, in part because temporary federal edu-jobs money is ending, said Terry Stoops, director of education studies at the John Locke Foundation.

Some 5,400 teachers were paid with that money. Berger's bill does not fund the shortfall. Perdue's budget would impose a three-quarter-cent sales tax to make up that gap and cover separate discretionary education cuts of \$74 million, which are in addition to a \$429 million reduction this year.

The House budget that was under consideration at press time eliminated funding the additional five days. In addition, House Majority Leader Paul "Skip" Stam, R-Wake, launched a proposal allowing a tax credit for corporations that funded scholarships for students who wanted to move from public schools to private or home schools. (See companion story on page 7.)

Aside from those provisions, "the House doesn't have much of a plan for public schools," Stoops said.

"It suggests that the House is waiting for 2013 to unveil some large-scale education reform effort ... with the hope that there will be a Gov. [Pat] McCrory in the governor's mansion," he said.

"You don't have to have bills in both houses to move things," Stam said. "If [Berger] passes his, we've got all of that ... to consider."

"My guess," Stoops said, "is the bill that was filed by the Senate probably won't get passed in the short session" for lack of time to go through the committee process.

"I think their merit pay plan is a good one because right now there is no one merit pay system that has been proven to be wildly successful," Stoops said. It makes sense to allow individual school districts to set it up.

Ending tenure "makes it easier for school systems to remove poorly performing teachers from the classroom," Stoops said. Performance pay allows schools to reward high-performing teachers, who don't need tenure. Poor teachers are protected by tenure, Stoops said.

## 'Staunch resistance'

"There's going to be staunch resistance to this from the North Carolina Association of Educators and other groups," he said.

That pressure may have led to some changes May 29, when the bill went to the Senate Education Committee. The big one: Berger modified the tenure provision, allowing school sys-

tems to give teachers with at least three years' experience renewable contracts of up to four years. At press time, it was unclear what other changes might be made.

Altering the tenure provision is more in line with concerns Atkinson expressed to *Carolina Journal* when Berger introduced the proposal. If the intent of the legislation is to get rid of underperforming teachers, she said, lawmakers should streamline existing policy while preserving due process. Extending contracts to four or five years "would certainly be something to consider."

The North Carolina School Board Association's Leanne Winner says the association supports ending tenure for future teachers, but retaining tenure for those who have attained it or are on track to obtain it. It advocates longer contracts to avoid costs and the work load of one-year contracts.

Atkinson is skeptical of the merit pay component. "I have yet to see a merit pay system in the United States work," she said. "Now, my mind is open to our being able to reward teachers who are doing a better job and award schools doing a better job."

But not all teachers have end-of-grade tests. Some teach in more difficult subject areas. Some co-instruct across curriculums for special projects or tackle additional duties such as mentoring younger colleagues, and others teach in troubled schools. Atkinson questioned how such divergent circumstances could be considered fairly in a merit-pay setting.

NCSBA supports performance pay but believes it would be best left to individual school boards' discretion and to phase it in with pilot projects rather than launch it in all 115 school districts. *CJ*



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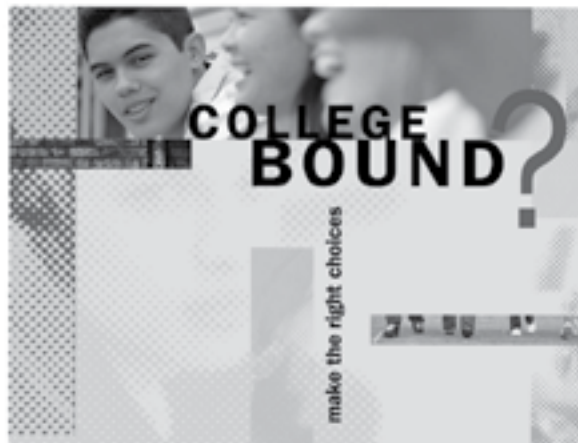
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# Perdue Lame-Duck Budget Focuses on Taxes, Education

By DAN E. WAY  
Contributor

RALEIGH

The three-quarter-cent sales tax centerpiece of Gov. Bev Perdue's \$20.9 billion budget proposal would be used to hire more teachers and launch jobs programs, but is a "nonstarter" for Republican leaders.

Meanwhile, political observers say Perdue's lame-duck status looms large against her spending wishes and could have implications for this year's state elections.

Perdue's 2012-13 budget is 6.2 percent higher than the current General Fund budget. At a May 10 press conference, she said its three pillars — education, jobs, and military programs — are essential to move North Carolina forward.

The sales tax hike, which would become effective July 1, would generate \$760 million. It would be used, in part, to add or save 11,000 teacher, teacher assistant, and other education positions. It would lower class sizes in grades K-3, and, for the first time in four years, include a 1.8 percent salary increase for teachers and 1.5 percent for administrators.

The budget would restore more than \$250 million in expiring federal stimulus spending that was used to compensate public school teachers.

The budget would allocate an additional \$58 million to community colleges and \$145 million to public universities. "That specifically includes \$35 million to keep tuition affordable for North Carolina students," Perdue said.

Perdue proposes a variety of small business tax credits, including \$5,000 for each post-9/11 veteran and unemployed state resident hired. She wants to fund work force training ini-



Gov. Perdue's 2012-13 budget stresses education, jobs, military programs.

tiatives for the film and television industry and increase support for "the clusters around biotech, energy, and green jobs."

"The budget that was passed by last year's General Assembly was shortsighted," Perdue said.

Despite the governor's insistence that the GOP's budget is to blame for "lost" jobs in public education, employment in PreK-12 public schools peaked in April 2009, near the end of Gov. Mike Easley's final budget cycle.

The federal Bureau of Labor Statistics reports that the not seasonally adjusted level of employment in local government educational services reached 240,100 in April 2009. It has dropped by more than 4,000 every subsequent April, to a preliminary count of 226,900 this year.

Perdue and Democrats controlled the General Assembly the first three of those years.

Senate President Pro Tem Phil Berger, R-Rockingham, noted that Perdue gave lawmakers less than a week to review the budget before the short session opened. Historically, gover-

nors have submitted budgets several weeks in advance.

"Governor Perdue's budget would force North Carolina families and businesses to pay nearly \$1 billion in new job-killing taxes," Berger's statement said.

"This could shatter our fragile economic recovery. We must break state government's habit of throwing money at problems and adopt innovative solutions and meaningful reforms," Berger's statement said. "The cycle of irresponsible taxing, borrowing, and spending must stop."

Berger press secretary Brandon Greife said Berger would not call the governor's budget dead on arrival. But the three-quarter-cent sales tax is a sticking point.

"I guess it would be right to characterize it as a nonstarter," Greife said. Berger's position is that "raising taxes on the private sector, on businesses and struggling North Carolinians, is not the way to go about our priorities."

"Governor Perdue's budget is an example of why our state government is broken," said Ricky Diaz, press secretary for Republican gubernatorial nominee Pat McCrory. "The governor introduced the budget in a vacuum, and, instead of working together with others in the legislature, she is more interested in picking political fights. Pat believes that the people of North Carolina are tired of the political bickering and want leadership that will turn North Carolina around."

Fergus Hodgson, director of fiscal policy studies at the John Locke Foundation, said it is "particularly concerning because the governor is touting this as a jobs plan" when it's really a wealth redistribution scheme to move money and jobs from the private to the public sector.

"Creating a stable and secure environment for investment and a lower tax environment, that's what really is going to create jobs," Hodgson said. The nonprofit Tax Foundation now ranks North Carolina 44th in the nation for state tax burden, and Perdue's tax hike proposals would only make that worse, he said.

"The key point is that it is adding to a tax burden that already places us

in a less competitive position than other states, than other nations," Hodgson said.

And, he noted, the \$20.9 billion General Fund budget is only a portion of what the state actually spends.

"This year's total state spending will be \$51.5 billion, and that is a record," Hodgson said. "The state's budget this year is at a record high per capita, and any talk about it being underfunded relative to past years is misleading at best."

Per capita spending has jumped from \$1,701 to \$5,247 per person from 1970 to 2012, he said. State spending was equivalent to 10.9 percent of personal income in 1970, compared to 14.4 percent this year.

Perdue's budget plan will assume new dynamics this year due to the governor's race and legislative elections.

"Obviously she's not going to be on the ballot, and what that will mean is that Republicans will be very critical of the budget and attempt to tie it to the lieutenant governor," said Andy Taylor, political science professor at N.C. State University.

Lt. Gov. Walter Dalton, the Democratic gubernatorial nominee, will face McCrory in the Nov. 6 general election.

"The lieutenant governor will embrace the things he thinks are politically useful and distance himself from those he doesn't," Taylor said. Perdue is "a lame duck in every sense of the word. That's not going to provide much leverage in a Republican legislature" opposed to tax hikes.

"It's an election year, and they're at loggerheads on their prescription for the way to go, so I do expect there to be fighting" among lawmakers, as well as between the General Assembly's Republican leaders and Perdue, said Earl Sheridan, chairman and professor of the Department of Public and International Affairs at UNC-Wilmington.

Sheridan said it remains to be seen whether Democrats may get greater voter support for pushing education and jobs themes, or whether Republicans will benefit from a hold-the-line approach to any new taxes amid a sour economy and high state unemployment.

But he doesn't envision voter turnout being dampened even if North Carolina experiences another protracted, clenched-fist budget battle.

"A lot of voter turnout will be driven by the national election," Sheridan said. "[President] Obama will probably be here, and [Gov. Mitt] Romney will probably be here, and there will be a lot of attention given to North Carolina, and I think it will probably heighten voter turnout."

Taylor agrees.

The budget process "is the tail," Taylor said. "The dog is the presidential race, so that's going to be driving turnout much more so than the lame-duck governor's budget." CJ

## Locke, Jefferson and the Justices:

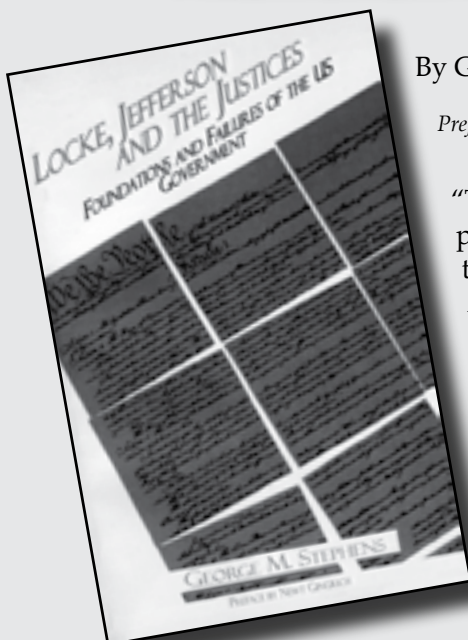
Foundations and Failures of the U.S. Government

By George M. Stephens

Preface by Newt Gingrich

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## Town and County

## Harnett landfill fund

Harnett County commissioners recently learned that an account to pay for the eventual closing of the Dunn-Erwin Landfill never has been funded. Now the county is facing an estimated \$3.6 million in costs when it is closed without a reserve fund, reports the *Fayetteville Observer*.

Federal regulations cover the closing process for landfills and require that the site continue to be monitored after closure. Private landfill owners are required to post a bond to cover these costs. Government-owned landfills generally don't need to post a bond but must be able to pay for closing the site.

The Dunn-Erwin Landfill opened in the mid-1990s, and the commission passed a resolution in April 1994 establishing a fund to pay for its eventual closure. The county was supposed to set aside \$237,000 a year until the fund reached \$1.49 million.

"The fund was created, but money was never allocated," said county financial officer Sylvia Blinson. "And as with everything, the costs have gone up in time."

The county is looking at funding the closure with higher tipping fees or bonds.

## Transit vote uncertain

Wake County may not let voters decide whether to increase the sales tax to expand transit. This comes after a new poll cast doubt on whether the tax increase would pass, reports the *Raleigh News & Observer*.

A May poll by the Regional Transportation Alliance, a Triangle business advocacy group, found support for the proposed transit tax at 50.2 percent of voters. That's consistent with polls since 2009 that have found support at between 50 and 55 percent.

"Given the level of support and likely active opposition, at this point it's hard to imagine a scenario where it would wind up on the November ballot," said Harvey Schmitt, president and CEO of the Greater Raleigh Chamber of Commerce.

Commissioner Joe Bryan, a potential swing vote, agrees that it isn't the proper time to put the issue before voters.

"You don't move forward on a major issue like transit that could set our county back six or seven years if it's not successful, when you're going in with a 50 percent plurality," Bryan said. CJ

## Orange Board Supportive of Transit Tax Vote

By DAN E. WAY  
Contributor

HILLSBOROUGH

The Orange County Board of Commissioners narrowly approved a \$1.4 billion light-rail project for Durham and Orange counties and is expected to vote June 5 on a half-cent sales tax to fund the controversial transit plan.

"I think we have a majority of the board" that favors putting the issue before voters on a Nov. 8 ballot referendum, Chairwoman Bernadette Pelissier said while the cost-sharing agreement with Durham County and Triangle Transit Authority was being hammered out.

"We vote on the transit plan, and then it's up to the public to tell us whether or not they want to do this," Pelissier said, acknowledging there will be differences of opinion among voters. The commissioners split 4-3 in approving the transit plan on May 15.

But what Pelissier called a historic "tension between urban and rural Orange County" guarantees the public vote will be contentious.

"I do not believe we have the population density, nor do I believe we have the tax base to support [light rail]," Commissioner Earl McKee said. "I don't think that it is the best plan for the current conditions. I think we need to look at expanding bus systems."

"This plan focuses the great majority of the funds to a light-rail system that will serve a very small percentage of residents of Orange County and an equally small percentage of the geography of Orange County," McKee said.

He wasn't swayed by a public opinion survey released in mid-May by the Regional Transportation Alliance business leadership group that shows majority support for the sales tax.

"Nearly 60 percent of voters (59.6 percent) in Orange County would be willing to support a half-cent sales tax to improve transit offerings," Paul Fallon of Fallon Research and Communications Inc. said in a written release from RTA.

"This is the third year in a row with support between 59 percent and 61 percent, and this year the number of respondents opposing the measure fell to its lowest level ever" at 32.5 percent, Fallon said. "In addition, almost 50 percent of Orange County voters report using transit at least occasionally."

McKee didn't challenge the findings, but questioned whether the survey was taken proportionately across the county and pointed out that response to another of the survey questions about light rail showed "very few people would actually access it themselves."

The survey showed only 7.7 percent of respondents use public transportation very frequently, and just 9.7 percent "somewhat." Those who don't use public transportation at all totaled 52.2 percent, and 11.4 percent said "not very" often. Another 18.3 percent use it only for special occasions.

"So there seems to be a disconnect in the number of people who would support light rail on a philosophical basis and the number of people who would actually use it," McKee said.

He also noted that expanding public transportation was a distant fourth on respondents' list of top priorities. In order, the top priorities identified by the survey were: improving the quality of public education, 46.5 percent; attracting more businesses and jobs to the area, 25.8 percent;

lowering taxes, 13 percent; and expanding public transportation, 4.5 percent.

Durham County approved a half-cent sales tax in 2011 but has delayed collecting it until voters in either Orange or Wake counties, or both, also vote to tax themselves for the expanded transit services. Wake County is part of the regional rail concept but has not decided whether to put the matter up for a referendum.

The proposed 17.3-mile light-rail passenger service would run from the University of North Carolina campus in Chapel Hill to East Durham along N.C. Highway 54. It would be managed, built, and operated by TTA. There would be 17 rail stations, four in Orange County.

Other key components of the plan are expanding bus service in the county (notably in undeveloped portions) and to Durham, Raleigh, and elsewhere; construction of an intercity rail station in Hillsborough to accommodate Amtrak service; and building a dedicated bus lane on Martin Luther King Boulevard in Chapel Hill.

According to the cost-share agreement, Durham would be responsible for nearly \$1.1 billion and Orange for \$316.2 million. Those amounts include federal matches of 50 percent and state allocations of 25 percent. Durham would pay the higher amount of the roughly 77-23 percent funding split. Maintenance costs would be split at the same percentage.

Food, medical supplies, gas, and utilities would be exempt from the sales tax. Rental car taxes and a \$10 annual vehicle registration fee would help pay for the project.

Should those revenues be insufficient to pay the capital costs, Orange is not obligated to pay more. The agreement calls for a meeting to address any shortfall, with potential solutions

being a schedule delay, a scaled-down light-rail project, a combination of the two, or discontinuing the light-rail project.

In a Q&A attachment to the agreement posted on Orange County's website, the county says the transit plan is needed to accommodate anticipated growth. The state demographer predicts up to 1 million new residents will live in the Triangle by 2030, 40,000 of them in Orange County.

Light rail and bus service will be needed to manage growth better, increase economic development, preserve the natural environment, reduce stress and wear on roads, and enhance the quality of life as population booms and 29,000 new jobs are created in the county, 97 percent of which will be in Hillsborough, Chapel Hill, and Carrboro, the document states.

The light-rail transit has a \$1.378 billion capital costs price tag through 2035, with "more accurate capital costs" to come as the project progresses in future years, according to the agreement.

McKee said constituents in northern Orange County are telling him they will not support a referendum, and that will drive his vote on whether to put the measure on the Nov. 8 ballot.

"I'm going to vote no. I have voted no on this plan for the past two months due to the fact I am adamantly opposed to this light-rail project," McKee said.

Pelissier said it is important to put the matter before voters.

"Even if you're not in favor of it as a commissioner — and I am in favor of it — it's not our vote," Pelissier said. "We owe it to the voters to tell us whether or not they approve." CJ



Supporters and opponents disagree over whether the Triangle can support, of if it even needs, a light rail system such as the one above in Portland, Ore. (Photo courtesy of ProTransit.com)

# Citing DOT's Lack of Disclosure, Court Blocks Monroe Connector

By MICHAEL LOWREY  
Associate Editor

A federal appeals court has rejected the state's plan to build a 20-mile, tolled bypass around Monroe. In its decision, the three-judge panel of the 4th U.S. Circuit Court of Appeals found that the N.C. Department of Transportation and the Federal Highway Administration had failed to disclose critical information to the public as required by law.

For years, N.C. DOT has wanted to build a bypass around Monroe. Funding problems and environmental concerns had proven difficult to overcome. In 2007, the state thought it could pay for the bypass by making it a toll road. Working with the FHA, the state began preparing an environmental impact statement to obtain the necessary regulatory approvals needed to build the Monroe Connector Bypass, as the road would be known.

A key aim of the environmental impact statement was to determine how things would change if the bypass were built. This would involve comparing a "build" option to a "no build" baseline.

The state got much of its data for these calculations from the Mecklenburg-Union Metropolitan Planning Organization, which had developed a travel demand model for the region. This took projected population and employment changes for the area and allocated them into specific "traffic analysis zones" based on eight factors: developable and redevelopable residential land; population change; water availability; sewer availability; predicted growth; municipal growth policy; and travel time to employment. The factors were not weighted equally, as travel time to employment was given a 20 percent weight.

In determining the "no build" baseline, MUMPO assumed that all authorized future road projects would be built. The Monroe Connector Bypass was an authorized future road project, so MUMPO's model incorporated into the "no build" baseline the impact of the bypass on commuting time.

A sign that something might be amiss in the modeling process came when traffic projections showed that there would be more traffic under the "no build" baseline than with construction of the bypass. A number of conser-

vation groups and the U.S. Fish and Wildlife Service found that difficult to believe and asked repeatedly whether the "no build" baseline might have assumed the bypass had been built. N.C. DOT assured the groups the baseline made no such assumption.

After the state issued its record of decision in 2010 supporting the bypass, several environmental groups sued in federal court to prevent construction, arguing that the state and FHA had violated the National Environmental Protection Act by conducting a flawed impact assessment and presenting false and misleading information to other federal and agencies and the public.

At a hearing before Chief District Court Judge James Dever, N.C. DOT and FHA officials admitted that the "no build" option did assume construction of the bypass and that they had known this for some time. Even so, Dever ruled for the transportation agencies. The environmental groups appealed.

The 4th Circuit took a much dimmer view of the transportation agencies' actions. It noted that NEPA was a process regulation, designed to force agencies to take a hard look at the environmental consequences of major projects. The law also was intended to ensure public involvement in the process.

The appeals court rejected the agencies' stance that since they had conducted a "thorough analysis of the environmental impacts" and accepted comments from the public, construction should proceed.

"What the agencies would have us ignore is that NEPA procedures emphasize clarity and transparency of process over particular substantive outcomes," wrote Judge Diana Gribbon Motz for the court. "Accordingly, agencies violate NEPA when they fail to disclose that their analysis contains incomplete information."

She noted that this error was in a critical portion of the environmental impact statement and that the agencies had misled the public by not admitting the data problem. The admissions before the district court did not cure the failure to disclose. The appeals court remanded the case to district court so that "the agencies and the public can fully (and publicly) evaluate the 'no build' data."

The case is *North Carolina Wildlife Federation v. North Carolina Department of Transportation* (11-2210). CJ



COMMENTARY

## Charlotte's Collectivist Class

Over the past decade, the concept pitched by urban studies guru Richard Florida of the "creative class" has driven a lot of economic development decisions by cities across the country and around the world. Charlotte has bought into the theory in a big way.

In fact, Charlotte is now doubling down on Florida's theory — which says a region's economic growth depends on its ability to convince artists, intellectuals, and various other bohemian types to live there. Recently, Charlotte has spent hundreds of millions of dollars on a light rail line and hundreds of millions more on arts buildings to attract the "creative class." That hasn't worked out so well to date as Mecklenburg County's unemployment rate is well above the national average. Even so, past failures haven't stopped the Queen City from considering more new projects to attract the cool crowd.

Charlotte City Manager Curt Walton is proposing that Charlotte spend \$926 million through 2020 on capital projects. Walton has described the need for the projects he's identified in nothing less than apocalyptic terms.

In Walton's view, North Carolina's largest city is on the cusp of becoming like all those old Rust Belt cities, with a very small affluent area paying most of the property taxes while vast portions of the city house uninteresting, noncreative people of modest incomes and abilities — and low property values.

"If we don't invest now, will we see a markedly declining Charlotte in five years? In my opinion, probably not," *The Charlotte Observer* quoted Walton as saying. "However, if we don't invest soon, and in innovative ways, will we see decline in 10 years? Again, in my opinion, yes."

Walton's proposal is hardly surprising. Charlotte is running out of room to increase its tax base through annexation; getting more tax revenue depends upon having existing property become more valuable. And that would be a

challenge in any case as much of the city's housing stock is obsolescent — older, relatively small, and often lacking the amenities like open floor plans that today's homebuyers value.

Still, Walton's proposal is far from the answer. Evidence supporting Florida's notion that attracting the creative class is critical to achieving high growth rates is scant. Indeed, the cities that Florida identifies as the most creative aren't necessarily the cities with the highest rates of entrepreneurship and business formation.

Even if it were, it's unclear why building additional light rail and street car lines — transit spending accounts for a third of Walton's plan — would be the solution. The city's existing light rail line was built along South Boulevard in large part as a redevelopment scheme. Then-Charlotte Mayor Pat McCrory famously called the street a "corridor of crap." Light rail hasn't improved things much to date, and private developers remain uninterested in building a signature development at the Scaleybank Road station despite large city subsidies.

And it's not as if Charlotte and Mecklenburg County don't provide a lot of amenities already. Charlotte's per capita local government tax and fee collections of \$2,290 are the highest of any city in the state with a population of 25,000 or more. Walton's proposal would increase property taxes in Charlotte by another 8.2 percent.

Perhaps Charlotte's problem is the opposite of what Walton imagines it to be — people and businesses are finding the cost of living or starting a business in Charlotte is too steep already. Adding to those costs won't make it more attractive.

If, as the saying goes, the definition of insanity is doing the same thing over and over again and expecting different results, then Charlotte's existing creative-class-based policies certainly qualify as insane, given the lack of success they have brought to date. CJ

Michael Lowrey is an associate editor of Carolina Journal.



MICHAEL LOWREY

Spending millions to attract the cool crowd to Charlotte just not working

# Emerald Isle Takings Case Could Have National Implications

BY DAN E. WAY  
Contributor

RALEIGH

Four property owners suing the Town of Emerald Isle alleging an unlawful taking of their beachfront lots would strike a blow nationally for property rights protections if they win, their lawyers say.

But Emerald Isle's lawyers contend a property owners' victory would impair government maintenance of and public access to the beaches that support the tourism livelihood of oceanfront economies.

"I would think any beach town would have an interest in how this plays out," said Brian Edes, an attorney with the Wilmington law firm of Crossley, McIntosh, Collier, Hanley, & Edes that is defending the town.

Jeanette Doran, executive director and general counsel of the Raleigh-based North Carolina Institute for Constitutional Law, filed a friend-of-the-court brief jointly with the Pacific Legal Foundation in support of the plaintiffs and for payment of their costs and attorneys' fees.

Doran said Emerald Isle's use of government power to crush property rights has implications beyond North Carolina's beach towns.

"It could come up as if your property were taken for a road, or a school, or a fire station," Doran said. "Business properties can be taken. Homes can be taken. A portion of someone's property can be taken. Farms can be taken."

The case is in its infancy. The merits won't be argued until a somewhat unusual decision is made in a pitched legal fight over whether the case belongs in U.S. District Court's Eastern District or state court.

Gregory and Diane Nies, George and Maria Tederick, John and Barbara Foster, and Gregory and Judy Watts claim ordinances and actions of the town government on the 12-mile island located in Carteret County's Bogue Banks have created untenable nuisances interfering with their use of their land.

Those include "people driving across their property, running over their furniture, scaring people off the beach, including on their own property," said Robert Hornik of the Brough Law Firm in Chapel Hill, who is representing the property owners.

"My clients have asked, directed, people to get off their property and have been faced with uncooperative responses," Hornik said. The property owners have been subjected to threats and intimidation, "fortunately, not all that frequently."

The plaintiffs contend one town law "authorizes people who get permits from the town to drive essentially on parts of our clients' property without our clients' permission," Hornik



Gregory and Judy Watts, owners of the property shown above, are among a group of property owners claiming the town government of Emerald Isle has created nuisances and has interfered with the use of their land. (Google Earth photo)

said.

The portion of the property most affected is the dry sand area on the oceanward side of the "toe of the dune," which is the first dune one would encounter if walking inland from the water.

Beach nourishment projects also play a role. Beach nourishment is the process of replenishing sand that erodes or drifts away. Easements were obtained to allow for the projects in 2005.

Emerald Isle officials "never sought or obtained permission from anybody as far as I know to preserve that" easement access right, Hornik said.

Another ordinance prohibits placement of beach equipment in a 20-foot area running along the toe of the dune, Hornik said. That encroaches on his clients' private property.

"The U.S. Supreme Court has recognized that perhaps one of the most important rights a property owner has is the right to exclude others from their own property," Hornik said.

"These ordinances diminish their property value. They want to be compensated for the loss of value due to the town's actions," Hornik said.

"They're asking for just compensation" under the North Carolina and U.S. constitutions totaling "hundreds of thousands of dollars each.

That amount will be better determined when we have appraisals" and loss estimates, he said. The land value of the properties is \$1 million each, he said.

Edes finds the plaintiffs' challenge puzzling. "Our position on that is there's a North Carolina general statute that specifically authorizes beach

towns to regulate vehicle traffic on the beach," Edes said.

"It's my understanding that they have been regulating vehicle traffic on Emerald Isle as far back as the early '80s," Edes said. "They're certainly acting within the

police power to promote the safety and welfare of the citizens."

As for the property owners' other claim, he said, "I think clearly they gave easements to perform the beach nourishments."

Edes said he has no knowledge that anyone ever has asserted these issues against the town of 3,700 people before.

"I would say it's a unique case" because "most beachfront property owners want to have a safe and orderly beach. Most beachfront property owners appreciate beach nourishment," Edes said.

"I just don't see how these people are harmed" by ordinances that promote the health and safety of citizens, Edes said.

"These folks still have access, still have beachfront properties," he said. "And the town of Emerald Isle has absolutely no incentive or desire to decrease anyone's property value."

But Doran insists the town is being "callous, sneaky" in removing the case to federal court.

Decades of U.S. Supreme Court precedent say such takings cases first must be heard in state court, even if they pose federal issues. Until all state proceedings and remedies are exhausted, the case is not considered ripe for federal litigation.

Once a case is removed from state court to federal court, federal court may either remand the case to the state court to exhaust all state-level options, or dismiss it for lack of jurisdiction.

Doran worries that outright dismissal by the federal court would, at worst, prevent the property owners from ever being heard in a court setting. At a minimum, dismissal could run up attorneys' fees in an attempt to discourage the property owners from pursuing the matter.

"I really have some concerns that, if we don't stop Emerald Isle from doing this, we do open the door for governments across the state to use these kinds of tactics to avoid paying people whose property has been taken," Doran said.

"You can't have it both ways. You can't file federal claims and then say, 'Wait a minute, we have to exhaust all of our state remedies first,'" Edes said.

"If they weren't ripe they shouldn't have filed a federal court case in the first place" claiming federal statute infractions and violations of the Fifth Amendment's due process and property takings guarantees, Edes said.

"There's nothing sneaky about it," Edes said. He said he told the plaintiffs' lawyer of his intention to send the matter to federal court in their very first discussion.

"If every time somebody who has their property taken files in state court, then the government turns around and removes it to federal court ... we end up in this procedural merry-go-round and it ultimately will end up with the government taking their property and never getting paid for their property," Doran said.

"It's been done in other places across the country. It does not yet seem to be an epidemic, but certainly if Emerald Isle were to succeed in keeping the case in federal court ... that will encourage governments all across the state to pursue the same kind of shenanigans," she said.

"If they can do it to property owners in Emerald Isle," she warned, "they can do it to property owners in the Piedmont." CJ

**Town officials  
say they are  
just trying to  
preserve public  
beach access**

# Agents Interrogate Asheville Man About Email Sent to EPA Official

Continued from Page 1

posted on YouTube in which Armendariz said his enforcement philosophy was to “crucify” officials from big oil and gas companies.

The video became a sensation on blogs, Twitter, and many conservative news websites. After seeing it, Keller told *Carolina Journal*, he was troubled by the comments and just wanted to express his concerns to Armendariz, a public official whose salary is paid by taxpayers. “I wanted to know why someone in his position would say what he did. I wanted to question his reasoning and principles. It’s all about freedom of speech,” Keller said.

An Internet search for Armendariz’s contact information directed him to email David Gray, director of external affairs for EPA Region 6. Keller sent the following email: “Hello Mr. Gray-Do you have Mr. Armendariz’s contact information so we can say hello? -Regards-Larry Keller.”

Armendariz resigned April 30, after the ensuing national uproar over his comments. The EPA agents arrived at Keller’s home May 2.

Keller told *CJ* that special agent Michael Woods asked if he had sent an email to an EPA employee. At first, Keller said no, but then remembered the email to Gray. At that point, Woods produced a copy of the email and asked if it was the email he sent.

The second agent said Keller’s choice of words could be interpreted in many different ways and asked if Keller thought the content was suspicious in any way. Keller said he didn’t have anything to hide, and the email postscript had his company logo and website address.

The discourse quickly became adversarial, Keller said. When Keller



The YouTube video that cost EPA official AI Armendariz his job can be seen at <http://bit.ly/JfbbJ3>.

asked for a copy of the email, Woods said it was impossible because the investigation was not yet concluded.

At that point, Keller heard his wife arriving home and asked the agents to stay so his wife could meet them and “see what all the fuss was about.” Woods said they had to get going, and the trio started toward the back staircase, Keller said.

Keller had asked for the agents’ business cards, but after initially saying they had them, they later told Keller they were “out of cards.” He insisted they give him the name of their supervisor, and Woods wrote the name and number on a piece of paper, Keller said.

Keller said he followed them outside and noticed a police cruiser parked in the neighbor’s driveway. The agents left without acknowledging

his wife, Keller said. He also learned after contacting the Asheville Police Department that another officer had remained in the cruiser throughout the interview.

This incident has been a life-changing experience, Keller said, as he’d never felt he had any reason to fear his government.

The agents did not provide a reason for their visit when they appeared on his doorstep. They simply asked if Keller could sit and chat with them, so Keller invited them into his home and to the back porch.

Agents began by asking about his consulting business and seemed very interested in the nature of his business — data visualization and analysis.

After the meeting with the agents, Keller made several attempts to reach Michael Hill, the agents’ supervisor in Atlanta. Eventually, Hill returned Keller’s phone call and said that orders had come down from Washington to check out every communication with Armendariz, as there had been so many. Hill gave the impression that everyone who had tried to reach Armendariz had received a visit from special agents.

Later, Keller got an email from Hill, in which he apologized, saying, “I understand that you were inconvenienced when you consented to be interviewed by our agents.”

Hill’s email stated the EPA could not provide specific details other than it had wanted to know Keller’s intentions, given the timing of the email and in light of the “many threats against Dr. Armendariz” received at the same time Keller’s email was sent.

The only recourse Hill provided for Keller to learn more about the incident was to submit a request under the Freedom of Information Act.

Keller told *CJ* he’s determined to get a full explanation of why he was targeted in the first place and whether the investigation has concluded. He’s

asking for a thorough review of EPA protocol and has emailed EPA Administrator Lisa Jackson almost daily since the incident, but has yet to receive a response from her.

It appears that Keller’s emails to Jackson and to Michael Daggett, the assistant deputy inspector general for the EPA, were forwarded to Patrick Sullivan, assistant inspector general, office of investigations organization.

In his emailed response, Sullivan defended the EPA’s actions, saying a thorough review of the facts failed to find “any unprofessional behavior by EPA OIG personnel” and that the agents had acted in accordance with “established Federal law enforcement policies and procedures.”

Even though Sullivan’s message says Keller “answered the questions and the suspicious nature of the email was resolved,” he is not convinced the investigation is over, since the agents stated the case was still open as they left his home. Also, the absence of any official written report to that effect from either the Asheville Police Department or the EPA worries him.

The email also said Keller should contact Craig Ulmer, who supervises field operations for the office of investigations, if Keller feels his concerns have not been addressed properly, and said he could speak by phone with Ulmer, or, if necessary, arrange a personal meeting.

After contacting Burr, Democratic U.S. Sen. Kay Hagan, and U.S. Rep. Heath Shuler, D-11th District, Keller said only Burr’s office has responded. Burr’s legislative assistant, Matthew Dockham, told Keller by phone that “he should take this to the nth degree at the EPA.”

In an email to *CJ*, Burr press secretary David Ward confirmed that Burr’s staff has been in touch with Keller. Ward also said the senator’s office has initiated an inquiry with EPA and “Senator Burr intends to pursue this matter vigorously.”

*CJ*’s phone calls to the Asheville Police Department and EPA’s Sullivan have not been returned. *CJ* has received a copy of the call for service from the police department, but it provides no incident ID, only the date and time the EPA requested assistance and Keller’s home address.

On May 29, *CJ* called the Asheville Police Department again to see if the officer’s report had been filed. Nearly a month after the incident, there is still no case number or report.

During a May 11 interview with Pete Kaliner on WWNC-AM 570, Keller said he believed the EPA may have thought he was gathering data for the Republican Party, since his company deals with data visualization and analysis and he’s been active in GOP politics for some time.

Keller has prepared a written response to Sullivan and plans to request a face-to-face meeting with EPA officials.

*CJ*

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# Members of Perdue Campaign Team Head to Court

Continued from Page 1

a recent court hearing in which Stubbs sought to have the charges dismissed. "Mr. Stubbs is sitting here as a scapegoat for what the campaign didn't do right," Rudolf said.

News stories often refer to Stubbs, a Republican, as a close friend of Democrat Perdue. He was the law partner of Perdue's late former husband, and his eight-member law firm continues to bear the name Stubbs & Perdue. He is a seasoned political donor who has made more than 250 campaign contributions to state or local candidates or committees over the past two decades. He also served as treasurer for George Wainwright's successful campaign for the North Carolina Supreme Court in 1998.

In 2010, Willoughby asked the State Bureau of Investigation to look into issues that came up during a State Board of Elections investigation of Perdue's campaign organization. The elections board documented the unreported flights and fined the Perdue committee \$30,000.

Stubbs' defense team has indicated that it will subpoena former staffers who worked for Perdue at the lieutenant governor's office, as well as members of her campaign staff. "We are evaluating everyone interviewed by the SBI during this investigation as a potential witness," David Long, another Stubbs attorney, told *CJ*.

Superior Court Judge Abe Jones denied motions by Stubbs to have his case dismissed or moved to Craven County, where Stubbs lives. Stubbs has filed a notice that he is appealing Jones' decisions to the North Carolina Court of Appeals. He also filed a motion asking that the case be put on hold pending his appeal.

In January, Perdue made the surprise announcement that she wouldn't seek a second term in 2012, but she has never said that the Stubbs situation or the broader investigation of her campaign played a role in her decision not to run.

## Stubbs' defense

In March, Stubbs' attorney filed a lengthy motion to dismiss his indictment "for failure to state crime and for violation of due process." Jones ruled the motion was "without merit and therefore denied."

But the motion gives considerable insight into Stubbs' likely defense strategy. Stubbs claims that campaign finance director Peter Reichard, along with other campaign workers or employees of Lt. Gov. Perdue's office, solicited his assistance in arranging air travel during 2007 and 2008.

Stubbs admits he arranged and paid for 10 flights through his law office, but contends that he furnished enough information for the campaign to report them. He maintains that he



In addition to Stubbs, also indicted are former Perdue campaign aides Peter Reichard (left) and Julia Leigh Sitton (center), and Robert Lee Caldwell of Morganton (right). (Wake County Sheriff's Department booking photos)

merely advanced the costs of the flights to the campaign and that the campaign should have reported those flights as debts and reimbursed him.

And yet in his motion, Stubbs stated that in October 2008, in consultation with the campaign's attorney, John Wallace, he attempted to turn the flights into a \$28,498 contribution to the North Carolina Democratic Party. Stubbs submitted paperwork and a check to the party. Wallace, who also was the attorney for the party, rejected the contribution.

Stubbs said that at least nine individuals associated with either the campaign or the lieutenant governor's office were aware of the flights and the information necessary to report them.

He said he cooperated fully with election board investigator Kim Strach in 2010.

## Others charged

Morganton attorney Julia Leigh Sitton, also known as Juleigh Sitton, also was charged with obstruction of justice and filing false reports. She worked for the 2008 campaign and later joined state government as the manager of Perdue's Western North Carolina office. Like Stubbs, Sitton sought to have her case dismissed or at least moved to her home county of Burke. Jones also denied her motions, but a trial date has not been set.

Reichard, Perdue's former campaign finance director, worked out a felony plea agreement in December. Reichard was charged with funneling \$32,000 from Morganton businessman Charles M. Fulenwider through a business Reichard owns to pay a portion of Sitton's salary with the Perdue campaign. Fulenwider already had given the maximum \$8,000 allowed during the primary and general election cycles. A judge sentenced Reichard to two years of unsupervised probation and ordered him to pay a \$25,000 fine.

He also banned Reichard from political fundraising or consulting for a period of two years.

A fourth person, Robert Lee Caldwell of Morganton, was indicted in February 2011. Caldwell, a former chairman of the board of Western Piedmont Community College, was charged with causing the Perdue cam-

paign committee to file false reports and obstruction of justice. Caldwell's indictment states that he solicited and accepted a check from James Fleming, a Morganton barber, in the amount of \$3,048.50 to pay for a chartered aircraft for Perdue.

Caldwell then reimbursed Fleming for the check with money that came from an unidentified third party — a violation of campaign law. Fulenwider, an acquaintance of Caldwell, originally was invoiced for the flight. Caldwell's case has not been scheduled for a hearing.

Fulenwider has not been charged with any crimes even though he was involved in the activities surrounding Reichard's and Sitton's criminal charges, and he admitted he arranged the flight mentioned in the Caldwell charges.

## The story so far

*CJ* first reported in October 2008 on Gov. Mike Easley's unreported use of private aircraft for his political campaigns. In May 2009, shortly after *The News & Observer* also reported on Easley's flights, Perdue's campaign committee quietly began revising her 2004 and 2008 campaign finance reports. Her campaign eventually disclosed and paid for 42 unreported flights valued at \$56,000. Perdue and others associated with her campaign claimed that failing to report the flights was unintentional.

Then-state Republican Party chairman Tom Fetzler didn't accept that explanation. He claimed the unreported flights were a deliberate attempt

to violate campaign finance reporting laws. In October 2009, he called on the State Board of Elections to launch an investigation. After a lengthy investigation by board staff, the board discussed the staff report at an August 2010 meeting.

The board's three-member Democratic majority rejected a proposal from a Republican member to convene public hearings on Perdue's flying activities, so the board never questioned dozens of aircraft providers about their role in the free flights.

The board fined the Perdue campaign \$30,000 and found "no intent of wrongdoing." Immediately after the board hearing, Willoughby said he would review the case.

In September 2010, Willoughby acknowledged publicly that he asked the SBI to look into Perdue's unreported flights because he thought the elections board might not have addressed the issues fully.

The following month, Perdue acknowledged that federal authorities also were investigating her campaign. In February 2010, Perdue said she had hired high-profile criminal defense attorneys Joe Cheshire and Wade Smith for legal advice related to the state and federal investigations of her campaigns.

## Perdue's comments limited

In a December 2010 interview with *CJ* and other reporters, Perdue called the actions of members of her 2004 and 2008 campaign staff who did not report free campaign flights "inexcusable," but would not identify who committed the violations that led to the \$30,000 fine by the State Board of Elections. Nor would she say if anyone had been held accountable for those violations.

In a statement released Nov. 29, 2011, the day after Stubbs, Sitton, and Reichard were indicted, Perdue said:

"Over a year ago, at the conclusion of several months of investigation by the State Board of Elections into certain flights provided to my campaign, the Wake County District Attorney began an investigation into any possible wrongdoing associated with those flights and my 2008 campaign.

"My campaign committee cooperated fully with that investigation. Today, the District Attorney announced several charges arising from the investigation. At the District Attorney's request, while those matters are pending, I will not comment on the specific charges or any aspect of the investigation. I will, however, reiterate what I made clear at the beginning of the investigation, and what the investigation has confirmed: as a citizen, a candidate for public office, and an elected official, I have strived to follow the rules and laws."

On Jan. 26, Perdue announced she would not seek a second term as governor. *CJ*

Stubbs: At least nine Perdue campaign or office staffers knew of flights

# McKoy 'Sustainability' Plan Involved Payments to SAS

Continued from Page 1

Finally, COGs would transfer the entire \$1.5 million to SAS.

SAS has been working on a software project called NCREPS — North Carolina Regional Economic Prosperity Solution — that would be used by local governments. The company says it has put \$4 million into developing the software but needs additional funds to finish the project. REPS, in fact, was developed for COGs, and SAS has an agreement with that organization, *CJ* has learned.

## Offer to help pay

Sometime last year, McKoy learned of the project and asked to be involved. He also offered to help pay for it.

McKoy's plan to funnel money through the four counties to NCSC was outlined in a Jan. 6 memo that he sent to Commerce Secretary Keith Crisco seeking approval. The money was to come from surplus federal Community Development Block Grant funds from the years 2002, 2004, and 2007.

The plan engineered by McKoy and NCSC President Katie Kross was being finalized as late as March 30, but it was scrapped after *CJ Online's* initial report, which appeared April 5. The SAS connection was not mentioned in the original set of documents *CJ* obtained for that initial report.

Crisco asked McKoy to resign the day the initial *CJ* story appeared, according to *The News & Observer*, but McKoy refused and remains on the job.

Repeated requests to interview McKoy or others in his division about the plan were turned down by Tim Crowley, assistant secretary for communications and external affairs at Commerce.

In a May 21 email, Crowley said: "We are going to be unable to accommodate your request for an interview. I can say this. The economic well-being of our local communities is critical to North Carolina, and we will continue to work with our many stakeholders on finding ways to help them with their efforts. As I have mentioned previously, the proposal related to the N.C. Sustainability Center was not approved, no contract was signed, and no money was ever disbursed."

## Budget eliminates position

Even though McKoy remains on the payroll at Commerce, his position may not be active beyond June 30. The budget adjustment for the next fiscal year, approved May 24 by the House Subcommittee on Natural and Economic Resources, seeks to eliminate his assistant secretary's position and its \$129,288 annual compensation. The House budget plan would move the employees and staff in McKoy's divi-



SAS, a software firm with an international reputation, is located on Harrison Avenue in Cary. (CJ photo by Don Carrington)

sion to the supervision of the assistant secretary for energy in Commerce.

At press time, the budget was expected to be approved by the full House.

McKoy is a relative newcomer to public administration. Gov. Bev Perdue appointed him to the Commerce position in August 2010. He reports to

Crisco, and oversees more than 70 employees and a budget of approximately \$50 million.

## Sustainability Center

NCSC started in 1998 as an organization named Saving Our State. It was renamed Sustainable North Carolina in 2004.

An April 2010 report in *Philanthropy Journal* stated that Sustainable North Carolina "is suspending operations as it re-evaluates its future." McKoy declined to comment for that story.

On Aug. 2, 2010, the same day Perdue announced McKoy's appointment to the Commerce position, McKoy filed a name change form with the N.C. Secretary of State's Office, renaming the organization the North Carolina Sustainability Center. McKoy signed the form with the title "Chair, Board of Directors."

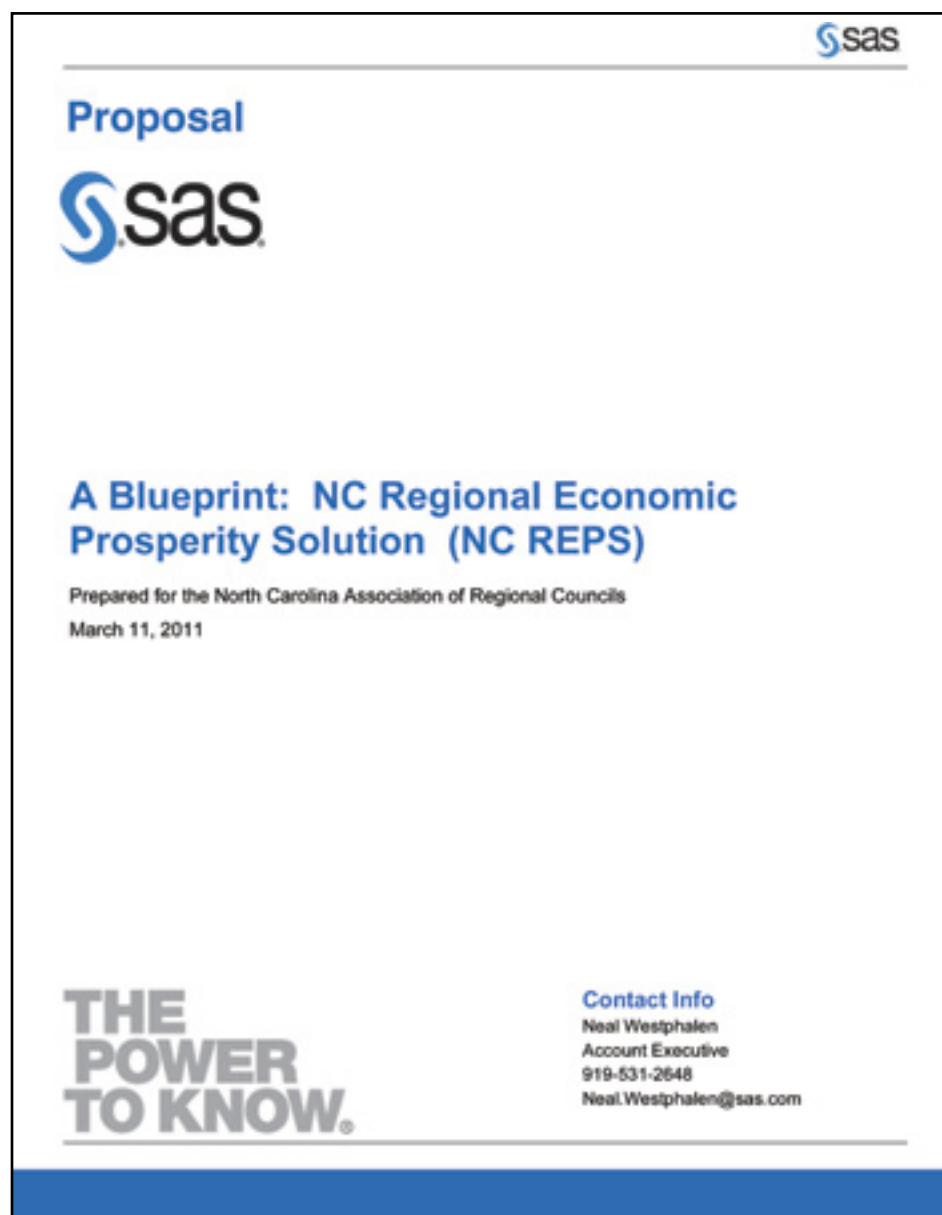
The address of NCSC's current headquarters is a mailbox at a UPS Store in north Raleigh.

NCSC's latest Internal Revenue Service Form 990, Return of Organization Exempt From Income Tax, indicates the center was not very active. It received \$7,638 in grants and had \$8,441 in expenses for the calendar year 2010. The form lists McKoy as the center's chairman. It was dated July 8, 2011, and signed by McKoy as chairman.

*CJ Online* reported April 12 that the Z. Smith Reynolds Foundation authorized a grant of \$150,000 to NCSC on May 13, 2011. "Libby Smith [a senior adviser to McKoy at Commerce] was listed as the president and contact person. Henry McKoy was involved in the pre-grant discussions with the ZSR about the grant request," foundation executive director Leslie Winner told *CJ*.

The 2009 Form 990 shows \$51,834 in revenue and \$89,743 in expenses for that year. The form, prepared by executive director Cyndy Yu-Robinson, also lists McKoy as one of 11 board members.

The 2008 Form 990, prepared by president Katherine Ansardi, shows total revenue of \$225,816 and expenses of \$213,297, and also lists McKoy as one of 14 board members. *CJ*



The SAS software proposal presented to the N.C. Association of Regional Councils that Henry McKoy later asked to be a part of, even offering to help fund the project.

# Brooks: America Will Turn Away From Anti-Freedom Policies

By CJ STAFF

RALEIGH

Nearly 70 years have passed since economist F.A. Hayek warned the Western world in his book *The Road to Serfdom* about the dangers of moving toward bigger, more intrusive government. Hayek's book proved to be a classic among classical liberals and conservatives. Now, the head of the American Enterprise Institute has released a book titled *The Road to Freedom*. AEI President Arthur C. Brooks discussed key themes from his book with Mitch Kokai for Carolina Journal Radio. (Head to <http://www.carolinajournal.com/cjradio/> to find a station near you or to learn about the weekly CJ Radio podcast.)

**Kokai:** Many of the people in our audience will know the title *The Road to Serfdom*. Was *The Road to Freedom* title a conscious effort to pay tribute to Hayek's most famous work?

**Brooks:** It was. I mean, Friedrich Hayek's work has influenced me and my understanding of economics more than anybody else. *The Road to Serfdom* is the most consequential work ever written to understand the proper role of government and the importance of freedom, and, frankly, what we lose when we sacrifice the free-enterprise system in favor of statism. So any way that we can honor that and get people more interested in *The Road to Serfdom* is OK by me.

**Kokai:** In writing *The Road to Freedom*, what do you set out as the road?

**Brooks:** The road to freedom is, effectively, free enterprise. The road to freedom as a society is free enterprise. And the reason I say this is in response to a common mistake that people make in the conservative movement: understanding free enterprise as nothing more than an economic alternative, as a way to be more prosperous, as a way to make more money, to be the richest society in the history of the world.

In point of fact, that's not the important thing about the free-enterprise system. It's not an economic alternative; it's a moral imperative. What I show in this book, *The Road to Freedom*, is that the road to freedom for us as individuals goes through the system that allows us to earn our success — the fairest system that rewards merit, and a system that literally is the only one that can lift up the poor by the billions around the world. That's the free-enterprise system. That's why it's the road to personal freedom. That's the road to freedom for people, true freedom.

**Kokai:** I understand that one of your key points is that the free-enterprise system represents more than just people scrambling for the most cash they can get. Why is it important to

*"What I show in this book, The Road to Freedom, is that the road to freedom for us as individuals goes through the system that allows us to earn our success — the fairest system that rewards merit, and a system that literally is the only one that can lift up the poor by the billions around the world. That's the free-enterprise system."*

Arthur C. Brooks  
President  
American Enterprise Institute



emphasize the moral dimension to free enterprise?

**Brooks:** Well, just talking about the material things won't get the job done. Conservatives and free-enterprise advocates, for generations, have been talking about simply the material case for free enterprise. And it's self-evidently the case that the government has grown, statism has expanded, we're moving toward a European-style social democratic state. Today, all levels of government soak up 36 percent of American [gross domestic product]. By 2038 — this is according to the government itself — the government will be eating 50 percent of American GDP.

You know, this is not a free-enterprise society in which our skills and our passions can meet and we can keep the rewards of our meritorious behavior. It's a different kind of society, in point of fact. And it's one that, today, most Americans don't like. They have to understand what their objection to it is.

Seventy percent of Americans take more out of the tax system than they put into it, and 50 percent of Americans have no federal income tax liability. So it's not that they just want lower taxes. What they want is more freedom. They need it. Their souls need it. That's the moral case for free enterprise, and that's something that we have to focus in on, or we're going to lose this fight, and America is going to be the worse for it.

**Kokai:** Let's discuss how you would target your message to a couple of different high-profile groups. First, the Tea Party. How would you target your message to Tea Party supporters?

**Brooks:** The Tea Party movement is an extraordinary moral movement. It's an ethical populist movement, where they're rising up to reject exactly the things that the Greek pro-

testers are demanding. It's like the antithesis of what's going on in Europe. It's fantastic. They rose up for moral reasons, to fight against overweening nanny-state government policies, against crushing debt — all of these types of things.

Now ... to make this live its promise, to be more effective, for there to be a regeneration in the Tea Party movement, is to make sure that the message itself is matching the energy and the reasons for the existence of the movement. In other words, it's not good enough to say, "I want to fix this country," and then to go out and scream, "We need fiscal consolidation." ... "The debt limit is too high."

That's not going to convince Americans. That's not going to win souls. That's not going to make people say, "Yes, I want to join you." Tea Party advocates have to get out there and say, "The reasons I'm here are the reasons that are written on my heart, for the reasons I love freedom and I love my country, and it's my moral obligation to pass on this great system of free enterprise to my kids and my grandkids. It's not fair for me to steal this from future generations. It's not fair for me to steal this from people I've never met, who just haven't been born yet. That's just not right." ... When they can articulate it, then we're going to see some real victory.

**Kokai:** What about the Occupy movement? Are there messages in *The Road to Freedom* that could help members of the Occupy movement see things more clearly?

**Brooks:** Yeah, for sure. You listen to the Occupy Wall Street guys, and you say, "Oh, man, they just hate capitalism," and they don't understand free enterprise, and it's easier to write them off. But, you know, there are some things that we need to listen to that they're saying. One of the things

that offends them the most is corporate cronyism, is the fact that certain populations in the business ecosystem out there — companies, individuals — have disproportionate access to government: special favors, lobbyists, government affairs offices, powerful lawyers, clever accountants. And so they get special breaks from the government.

That actually is just the same thing as statism. Corporate cronyism doesn't exist if it weren't for statism. Corporate cronyism is the co-dependent wife of Big Government, you know, and when they complain that it's not fair for certain organizations to abuse the capitalist system and to take special deals out of it, they're right. Now, they don't know the difference between real free enterprise and corporate cronyism. Our job is to help them understand that they're right about corporate cronyism, not because free enterprise is bad, but because we want true free enterprise.

**Kokai:** If both parties are guilty of straying from support of the free-enterprise system, do you have any confidence that we'll be able to put some people in office who do support policies that would lead to the road to freedom?

**Brooks:** I am confident for the following reason: Never bet against America. If you did, at any time, in the past couple hundred years, you would have lost a lot of money. This is a great country, and it's a country that can renew itself. But the only way it will renew itself is by remembering its values and not just its material prosperity. That's the critical thing that we have to keep in mind. I am optimistic that patriots, at all levels in American society, from the grass roots to the grass tops, can come together and say, "This must stop." CJ



# Fed Rules Prompt Change To UNC Sex-Assault Policy

BY DUKE CHESTON  
Contributor

RALEIGH

The University of North Carolina at Chapel Hill has an unusual student disciplinary system. Although other schools sometimes involve students in disciplinary proceedings, UNC's "Honor Court" is entirely student-run and student-led. Students even prosecute students for sexual assault — but that soon may change following the issuance of new federal regulations.

In April 2011, the Obama administration's Office of Civil Rights sent a "Dear Colleague" letter to colleges across the country to explain newly created federal rules on dealing with sexual violence. A major change was to lower the burden of proof for colleges to punish students for sexual assault, which ranges from attempts of forced kissing up to and including rape.

The new rules ostensibly come from a reinterpretation of Title IX of the Education Amendments of 1972, the law that prohibits colleges that receive federal funds from discriminating based on gender — best known for requiring women's sports to be treated equally to men's. Arguing that sexual assault is a form of gender discrimination, the OCR decreed a handful of new regulations.

The most aggressive new interpretation was a mandate that colleges and universities lower the burden of proof when deciding cases of assault. The bar was dropped to the lowest possible standard, a "preponderance of evidence." In other words, a college disciplinary committee merely needs to decide that an accused individual is more likely than not to have committed an offense. Those deciding the case must be only 50.1 percent sure of guilt. That standard is lower than the one used in criminal cases, which is "beyond a reasonable doubt," and generally thought of as 98 percent certainty of guilt.

In general, civil cases in the public judicial system use the "preponderance of evidence" standard. Those cases, however, have more protections for the accused than do the proceedings on college campuses. The accuser can be deposed under oath, and both

sides must present their supporting evidence.

The "preponderance" standard has long been used in discrimination cases in federal courts and on college campuses, but sexual assault had not previously been defined as a case of discrimination. UNC-Chapel Hill's Honor Court, for instance, used the "beyond a reasonable doubt" measure for sexual misconduct cases. But now, as a result of the Dear Colleague letter, it will have to make the standard less stringent.

While these lower protections for the accused won't result in criminal convictions, they very well may result in innocent students' expulsion or suspension from school — a black mark following them for the rest of their lives. Civil libertarians are outraged at the Dear Colleague letter, with law professors on several campuses denouncing the new rules as "Kafka-esque."

At UNC-Chapel Hill, many students are uncomfortable even with the current system.

I talked to one UNC student who identified as a rape victim who said that she regretted going to the Honor Court with her case. She said that "most students see that the Honor Court is inadequate," and does not think that an "untrained 20-year-old" should decide if someone has been a victim of sexual assault.

Complaints about the current system and the federal "Dear Colleague" letter combined to lead UNC-Chapel Hill to rework the way it deals with sexual assault cases. The publication *Inside Higher Ed* cited UNC-Chapel Hill as one of the first schools to respond to the new federal rules. Chancellor Holden Thorp told the *Daily Tar Heel*, "The best way to comply with [the new policies] is to redo the whole thing."

Administrators have yet to release the details of the new system, but early indications suggest students still will be involved with the sexual assault disciplinary process, though with more training. CJ

Duke Cheston is a reporter and writer for the John W. Pope Center for Higher Education Policy ([popcenter.org](http://popcenter.org)).

## COMMENTARY

### Who Should Assess Faculty Work Loads?

The wheels of reform move slowly in the Ivory Tower—sometimes undetectably so. This is certainly the case when it comes to assessing faculty work loads in the University of North Carolina system. Nearly a year ago, Hannah Gage, chairwoman of the UNC Board of Governors, convened a committee to explore how the system's faculty spends its time. Five meetings were held, featuring testimony by experts and professionals.

The result was a resolution unanimously passed at the April meeting of the Board of Governors. It directs UNC President Thomas Ross to implement some minor changes in data collection. To be blunt, deck chairs were rearranged enthusiastically.

But faculty work loads are an issue that cuts to the heart of higher education reform, raising a fundamental question: Are faculty at state-supported universities hired to serve the needs of the larger public, or do they have a special status that entitles them to more security than the rest of society?

Furthermore, professors' salaries are fertile ground for the cost-cutting demanded in today's economy; professors' salaries account for approximately 40 percent of all instructional costs, a significant amount.

At the governors' meeting, William Andrews — the senior associate dean of fine arts and humanities at UNC-Chapel Hill — said faculty retention is an increasing problem with potentially disastrous implications for the system's ability to provide a quality education. Apparently, in the past, when Chapel Hill professors were offered jobs elsewhere, the school was able to retain two-thirds of professors with counteroffers. Now, because of tightening budgets, that figure has fallen to one-third.

That argument collapses when the number of professors affected is considered. Each year, only 12 to 15 of the 275 tenure-track professors in the Arts and Humanities faculty receive offers from other institutions that need to be countered. If two-thirds of those leave — between eight and 10 professors — then roughly 3 percent of the faculty quit voluntarily. To put

things into perspective, the U.S. Bureau of Labor Statistics' "quit" rate for private industry for 2012 is in the neighborhood of 16 to 17 percent — more than five times the rate at Chapel Hill.

It is therefore hard to see faculty retention as a serious problem.

Andrews added that academic departments should be able to reduce the average teaching requirements to as low as one class per semester, if that made them competitive with peer universities. He was not talking about special situations in which researchers buy their way out of teaching through sponsored research, but as a general department standard.

He also said that assessing faculty work loads is a job strictly for those in faculty leadership positions, such as "department heads, deans, provosts, and chancellors." Otherwise, he continued, "your norms will be imposed from without rather than evolving from

within, and you'll have a very difficult time securing faculty buy-in, because they won't have confidence in the people who are overseeing and supervising."

This "faculty-centric" approach, in which faculty members get to set their own standards, with those standards adjusted to their own satisfaction so that they never want to leave their current positions, is exactly the opposite direction than that which the UNC system needs to take. Self-governance by vested interests should be questioned, especially in times requiring fiscal austerity. Many faculty members have spent their entire professional lives in a sheltered environment with traditions dating back centuries; what they consider to be reasonable may, in fact, not be reasonable at all.

To taxpayers and tuition-paying families, it is more reasonable to adjust faculty work loads for efficiency's sake. If improvements do not come from within, change will be imposed from without — no matter how dissatisfied it makes the faculty. CJ

Jay Schalin is director of state policy at the John W. Pope Center for Higher Education Policy ([popcenter.org](http://popcenter.org)).



JAY  
SCHALIN

## Campus Briefs

It's election season across North Carolina. On college campuses, this means that students heard political speeches on graduation day. Activists, politicians, and members of the government spoke at 13 colleges and universities in North Carolina.

At UNC-Chapel Hill, New York City Mayor Michael Bloomberg addressed a crowd of more than 30,000 at the university's football stadium. During his speech, Bloomberg lambasted the state of North Carolina for its recent vote on an amendment to define marriage as a union between "one man and one woman."

U.S. Attorney General Eric Holder spoke at the UNC School of Law's commencement.

Political journalist Fareed Zakaria delivered the commencement speech at Duke University. Donna Brazile, a political strategist for the Democratic Party, spoke at St. Augustine's College, telling students to "believe in a cause."

Three first ladies spoke at North Carolina universities. Michelle Obama spoke at N.C. A&T State University, urging students to "seek change." Laura Bush delivered the commencement speech at High Point University. And former first lady of New York Silda Wall Spitzer addressed students at Meredith College.

Current and former members of government spoke at several schools. Alexis Herman, secretary of labor under President Clinton, spoke at Bennett College for Women. Maj. Gen. William K. Suter, retired clerk of the U.S. Supreme Court, spoke at the Campbell School of Law graduation. Former U.S. Ambassador William Swing delivered the commencement address at Catawba College. Secretary of the North Carolina Department of Public Safety Reuben Young spoke at Elizabeth City State University.

North Carolina politicians participated in commencements as well. At Mount Olive College, state Rep. Efton Sager addressed students. President of the Golden LEAF foundation Dan Gerlach spoke at St. Andrews University. Erskine Bowles, former U.S. Senate candidate and former president of the University of North Carolina system, spoke at UNC-Asheville. Retired N.C. Supreme Court Justice Burley Mitchell spoke at William Peace University. And North Carolina NAACP president William Barber spoke at North Carolina Central University's commencement. CJ

Jenna Ashley Robinson is outreach coordinator for the John W. Pope Center for Higher Education Policy ([popecenter.org](http://popecenter.org)).

## Speakers: Yes, English Majors Can Find Jobs

By DUKE CHESTON  
Contributor

A joke going around the Internet features a picture of the Dos Equis beer spokesman, the "Most Interesting Man in the World," with a caption: "I don't always talk to English majors, but when I do, I ask for a venti cappuccino." The joke is that English majors have a hard time finding a job after college.

Speakers at a recent conference at Wake Forest University agreed that it is hard for English majors (and other liberal arts majors) to find jobs after graduation. However, they maintained that, although colleges could do more to help them find jobs, liberal arts remain a worthwhile field of study.

The "Rethinking Success" conference, held from April 11-13, had a dual purpose — reaf-

firming the value of a liberal arts education and developing practical ways to get graduates with liberal arts degrees into successful careers. By liberal arts, the speakers meant the humanities, such as history and philosophy, as

well as the natural sciences — rather than disciplines centered on skills necessary for a specific occupation such as marketing or accounting.

Many speakers — college presidents, professors, authors, business owners, and nonprofit leaders — argued that a broad education is underappreciated in society. They contended that if the public only understood the value of the liberal arts, it would have a more favorable opinion, more students would enroll, and society would be better off.

One approach was to tell more people about the benefits of liberal arts education. For instance, Mark Roche, University of Notre Dame professor and author of *Why Choose the Liberal Arts?*, suggested a national public relations campaign promoting three values of a liberal education that he outlined in his book. He said a liberal arts degree has value in itself, informing students' personal philosophies; it has practical value, through the skills it promotes; and it has formative value in the intellectual virtues it cultivates.

Christopher Howard, president of Hampden-Sydney College in Virginia, largely agreed, insisting that a broad liberal arts education remains valuable in the long run despite the large number of underemployed bachelor's degree holders. Referring to the top executives at General Electric and Hewlett-Packard, respectively, Howard said, "When college graduates

RALEIGH



become the Jeff Immelts of the world, the Meg Whitmans of the world ... we don't want them building spreadsheets. We want their judgment. We want their sense of history. We want them to have a breadth that allows them to lead."

Unfortunately, said Howard, the sluggish economy has let businesses find applicants with credentials more closely aligned with specific jobs, relieving them of the expense of training employees who lack the skills the jobs require. In fact, although

businesses still often say they are looking for "well-rounded" employees, Howard (speaking from his experience working with several corporations) said that when they do so, they are "damned liars."

So, if the study of the liberal arts is to persist, selling it to students and potential employers will be a tough job. To make the medicine easier to swallow, a few speakers had propos-

als for helping graduates get ahead in their careers.

Stanton Green, a dean at Monmouth University in New Jersey, had a number of suggestions for helping liberal arts majors find jobs. One was to make such students more aware of the possibilities in front of them. "Where do people find jobs?" asked Green. "Where they look for them," he said, answering his own question. He said liberal arts students have skills that could be applied to many different occupations if they would consider a variety of possibilities outside their fields of study.

Organizers of the Wake Forest conference devoted one panel to a discussion of the characteristics of today's college students. Neil Howe, author of several books on what makes different generations different, spoke of the "millennials," described as those born in the same general period as today's college students. Millennials, Howe said, are remarkable as a generation in that they feel entitled, pressured, and optimistic. They expect themselves and those around them to succeed — something that can make failure even more painful than usual.

Howe also noted that the parents of millennials, "generation X-ers," are more bottom-line-focused and trust colleges less than their parents did, including when colleges promote the liberal arts. Referring to today's parents' skepticism, Howe warned that there is "a cold wind beginning to blow through your colleges."

Cold wind or no, conference goers remained optimistic. CJ

Duke Cheston is a writer/reporter for the John W. Pope Center for Higher Education Policy ([popecenter.org](http://popecenter.org)).

Selling liberal arts to students and prospective employers will be a tough job



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Opinion

# Universities Must Adjust to Difficult Times in Responsible Ways

The University of North Carolina, like all public universities, faces two great challenges in the near future. One is to balance its budget. The other is to restore faith in the university — or else funding will decline further. The following 10 steps would both keep the university on an even financial keel and help convey its strengths to a wavering public.

**1) Limit enrollment.** Because the university system has grown so fast (twice as fast as the state's population in recent years), it's time to slow down. Too many students are not qualified for academic work. Thirty-five percent of all students in the UNC system do not graduate from any UNC school after six years.



JANE SHAW

Rather than spend enormous sums on remediation, academic support programs, and summer bridge programs, it is time to set the admissions bar higher, as the university is beginning to do. And need-based state scholarships should include a merit component to make sure that recipients are serious about their education.

**2) Rely more on community colleges.** It is important that young people have access to higher education. The way to do that without bankrupting the state is to allow more state funding to go to community colleges. Community colleges teach students for about one-third the cost to the state of teaching UNC students.

**3) Re-evaluate academic programs.** Some chancellors are doing this now — reviewing their degree programs and consolidating, eliminating, or cooperating (with other campuses) to make teaching more efficient. One evaluation tool is to determine whether graduates in various majors are getting jobs. Another is assessing the intellectual value of courses, removing fads and lightweight courses.

**4) Restore the humanities.** College is not just about jobs. Universities should teach the whole person — preparing him or her not just for a job but for personal growth. An appreciation of the accumulated knowledge of the past is an important part of that preparation. Nothing would advance the public standing of the university system more than restoring respect for the humanities, the traditional core of college — history, English, classics, philosophy.

**5) Re-evaluate teaching vs. research.** The effort to be bigger and better in research may boost the reputation of one or two schools, but in this environment it is a dangerous model. The value of much research is being questioned today — especially research covered by faculty salaries (as opposed to federally funded



research). The public believes that undergraduate education is the core of the university, not academic scholarship. The public wants to know how many classes professors are teaching.

**6) Rethink graduate degree programs.** If master's and Ph.D. graduates can't find jobs inside or outside academia, it is unconscionable to keep producing them.

**7) Consider differential tuition.** Should flagships like UNC-Chapel Hill and N.C. State University be allowed to raise tuition in return for fewer regulations and less state funding? Should a school like UNC School of the Arts, which competes mostly with private schools, similarly be "liberated"?

Letting a few schools go to the high-tuition model, while allowing others to keep their tuition low, would ensure that all segments of the population are served properly by the higher education system.

**8) Admit that online education is not a financial panacea.** Taking advantage of distance education is very difficult. Only a few traditional universities — Southern New Hampshire University and BYU-Idaho come to mind — have been able to adopt it as a major educational component.

There's too much low-cost competition for this to be a large source of net revenue for public universities.

The best approach may be to work with providers of online education. For example, the company 2Tor is helping the Kenan-Flagler Business School provide an online MBA program.

**9) Review administrative salaries.** In 2008, the "Mary Easley affair" shocked North Carolina. The governor's wife had received an 88 percent raise, bringing her salary to \$170,000 for directing a speakers' seminar at N.C. State — a part-time job. What incensed people the most, however, was learning about the high salaries of administrators and the luxurious safety nets granted to those who had used bad judgment in hiring and later defending the first lady.

**10) Revamp education schools.** After improving humanities, the second-most valuable step to restore confidence in the university would be to improve UNC's schools of education. It is no secret that UNC education schools, like most others, have veered toward education theory rather than practice and focus on social issues rather than conveying the nuts and bolts of how to teach. This must change if we are to unlock the full potential of North Carolina's next generation instead of limiting it.

These are difficult times. It won't be easy to adjust to them, but the universities, like the rest of society, are going to have to do so. CJ

Jane S. Shaw is president of the John W. Pope Center for Higher Education Policy ([popecenter.org](http://popecenter.org)).

Universities, like the rest of society, need to make some hard choices

**Do universities really make the local economy stronger?**

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## From the Liberty Library

Fanatics, terrorists, and appeasers have tried everything to silence Geert Wilders — from putting him on trial to putting a price on his head. But Wilders, a member of the Dutch parliament since 1998, refuses to be silenced — and one result is his new book, *Marked for Death: Islam's War Against the West and Me*. For years Wilders has sounded the alarm about the relentless spread of Islam in the West. And he has paid a steep personal price, enduring countless death threats. Since 2004 he has been forced into a permanent state of hiding. *Marked for Death* is a stark warning about a growing threat to our liberties written by a man who has lost his freedom — and would not see the rest of us suffer the same fate. For more information, visit [www.regnery.com](http://www.regnery.com).

Progressivism has so corrupted the modern political mindset — in both parties — that it has obscured the secret of the Constitution's success: the way it harmonized freedom and tradition. In *America's Way Back*, American Conservative Union vice chairman Donald J. Devine points to the essential paradox that Nobel laureate F. A. Hayek highlighted: "A successful free society will always in large measure be a tradition-bound society." *America's Way Back* makes a powerful case for a new "fusion" of libertarianism and traditionalism. Just as the fusionism of William F. Buckley Jr. and Frank Meyer led to a conservative revival in the 1960s, a new harmony between freedom and tradition will revive America today. Learn more at [www.isi.org](http://www.isi.org).

Peter Collier's *Political Woman* is the first biography of Jeane Kirkpatrick, Ronald Reagan's U.N. ambassador and the administration's most forceful presence in shaping the Reagan Doctrine and fighting the Cold War to a victorious conclusion. A pioneering feminist and academic, and an important Democratic Party activist, Kirkpatrick would be hated for leading a group of Democratic liberals into the Reagan administration after what she saw as the trashing of the Roosevelt coalition and capitulation to Soviet advances. *Political Woman* also shows the price she paid for her success in a private life filled with sorrow and loss as profound as her epic achievements. For more, visit [www.encounter-books.com](http://www.encounter-books.com).

CJ

## Book review

**Chinese Girl a Shocking But Inspiring Immigration Story**

• Ying Ma, *Chinese Girl in the Ghetto*, Seattle: Create Space, 155 pages, 2012, \$9.99.

BY MELISSA MITCHELL  
Contributor

Like most readers, when I decide to read a book, I have an idea what the book is about. I saw a small snippet of an interview with Ying Ma and was intrigued by her story. As a non-English-speaking immigrant, she realized the American dream, receiving an undergraduate degree from Cornell University and a degree from Stanford Law School, and working for a Fortune 500 company. She is a visiting fellow at the Hoover Institution, her writings have been published in numerous publications, and she is a member of the Council on Foreign Relations.

But I was totally unprepared and shocked when I read her autobiography, *Chinese Girl in the Ghetto*. The first shock was her reason for writing the book. The original idea was to write a book about a "journey from authoritarianism to a free society," states Ying, but in 2010, multiple crimes by black teenagers against Asians in Oakland, Calif., changed the tenor of her book. Readers will be shocked by the black-on-Asian crime and abuse she and other Asians experience.

Like many, I assumed that once someone legally immigrates to the United States from a communist country, life becomes easy, but Ying's book provides a realistic look at a life filled with poverty and daily fear due to racism.

"I morphed from a carefree and happy child living under post-Mao Chinese authoritarianism to a bitter, foul-mouthed teenager fighting against the shadows of the American inner city," states Ying.

The first half of the book is dedicated to her life in Guangzhou, China. The family's living conditions, which were typical of most families in Guangzhou, were meager. Ying and her family slept in one bedroom, while her paternal grandparents and uncle slept in the other. They shared a kitchen and bathroom with the family next door. There was no hot running water, and the toilet had to be flushed by bailing water from a large ceramic tank.

Ying may have been carefree, but her parents were not. The tenets of Mao's communism remained. Her mother and other adults constantly feared the government and cautioned her children to be careful about what they said and did, reminding them they were fortunate not to have lived under Mao's rule.

When Ying was five she was sent to a kindergarten across town, where she stayed throughout the week and returned home only on the weekends. During this time, a relative visited from Hong Kong and brought Ying a present of nail polish and painted Ying's nails. When it was time

to return to school, Ying's mother warned her about telling anyone about the visits from these relatives, but 5-year-old Ying forgot her mother's warning and waved her painted nails for all to see. In the end, Ying was told that she could no longer wear nail polish to school because it was unfair to the other students who did not have access to nail polish, "so I should try not to make them feel bad," says Ying.

Because she is a shy, quiet child, Ying's parents perceive her as less intelligent than her more talkative older brother and worry about her getting into good schools in China. But once in school, it becomes apparent that she is not only a very gifted student, but a very determined one — qualities that allow Ying to achieve in the inner-city American schools she will attend.

The second part of the book looks at the nightmare Ying and her family encountered after moving to Oakland. Although their apartment was larger and they had running water, the family now lived in abject poverty and in fear of their black neighbors who, she writes, regularly beat and robbed Asians. Ying's parents now worked six days a week to support their family. Her mother became a seamstress in

a sweatshop, and her father took a job cutting up fish. Ironically, Ying says her parents discovered that Chinese immigrants "derived great satisfaction from treating each other poorly," and "their employers treated them as if they were subhuman."

Ying works hard in school, but has few friends. Evenings often are spent helping her parents with paperwork and taking them to medical appointments. She also cleans and cooks supper after school.

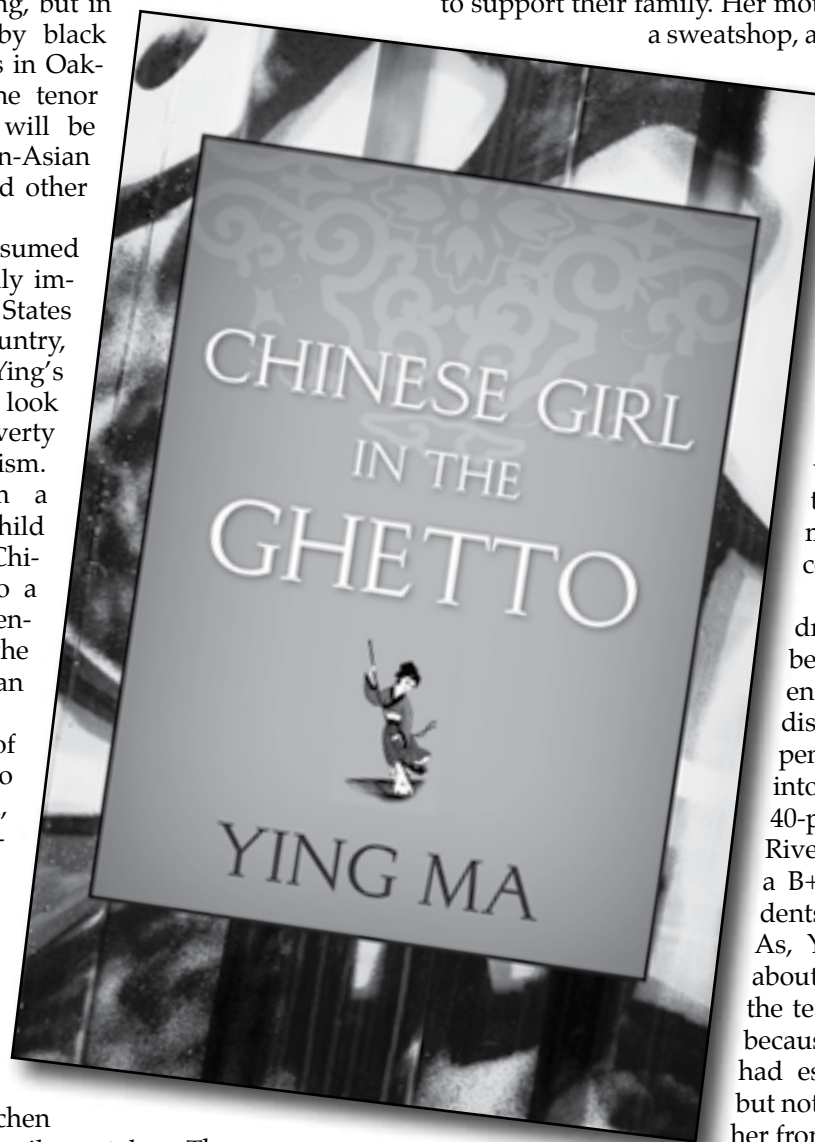
Using an uncle's address, she is able to attend better schools in a more affluent area. One of Ying's most disappointing moments happens after she pours her heart into researching and writing a 40-page paper on the Hudson River School of Art and receives a B+. Knowing that other students with inferior papers got As, Ying questions the teacher about her grade and learns that the teacher never read the paper because it was handwritten. Ying had escaped the ghetto schools, but not the poverty that prevented her from owning a computer. After her brother heard what happened,

he took his savings and bought her a computer.

*Chinese Girl in the Ghetto* is a fascinating and eye-opening story about legal immigration. There is some rough language within the book that illustrates her plight, but it is not offensive.

It is an inspiring story about one girl's triumph over seemingly insurmountable odds. Much of her initiative and determination come from her Chinese heritage. After reading this book, I concluded that the United States needs legal immigrants like Ying Ma to provide an example for Americans who have lost their work ethic and desire for educational excellence.

CJ



# N.C. Novelist Robert Ruark More Than a 'Hemingway Spin-Off'

Imitation is the sincerest form of flattery." I heard that idiom more than once as a student. An adviser routinely recommended that I study good authors' writing styles and then mimic them in my papers. In time, he promised, my own style would emerge.

I remembered that idiom when recently hearing about Robert Ruark, one of North Carolina's — and the nation's — best-known writers of the 20th century. Some critics belittled the Wilmington native as simply a "Hemingway spin-off." Ruark admired Hemingway's lifestyle and work, true, but that's a simplistic and unfair characterization of the nationally known columnist and novelist.

On Dec. 29, 1915, Robert Ruark entered the world. As a 15-year-old, he enrolled at the University of North Carolina. At 19, he graduated with a journalism degree and started working for North Carolina papers, including the *Hamlet News Messenger* and *Sanford Herald*.



**TROY KICKLER**

Although Ruark never abandoned his love of small-town North Carolina, his writing ability and ambition soon led to larger opportunities. After serving in the U.S. Navy during World War II, the Tar Heel worked in Washington, D.C., as a columnist and a novelist. He wrote regularly for the *Saturday Evening Post*, *Colliers*, *Esquire*, and *Field and Stream*. His columns were republished in future book-length collections, including *I Didn't Know It Was Loaded* (1948) and *One for the Road* (1949).

*The Old Man and The Boy* (1957) is a collection of his monthly *Field and Stream* columns. Americans enjoyed reading Ruark's bucolic tales emphasizing nature and man's interaction with it. The accounts of a grandfather and grandson's friendship also appealed to *Field and Stream's* wide readership.

Ruark was indeed a Hemingway fan. In 1953, he met the iconic American author in Spain and gushingly wrote about it: "You will pardon a small boy's enthusiasm for a current

event, but the other day I sat with Ernest Hemingway to watch a bullfight in the same town he immortalized in ... *The Sun Also Rises*." That encounter sparked a friendship and future correspondence.

The North Carolinian in some ways imitated Hemingway, too. *The Old Man and the Boy* may well remind one of Santiago and the young boy in Hemingway's *The Old Man and The Sea*. And Ruark, like Hemingway, was an outdoorsman who embarked on African safaris and used his real-life observations and travels as material for his novels such as *Horn of a Hunter: The Story of an African Hunt* (1953) and *Something of Value* (1955).

But readers appreciated Ruark's wit and unique style. He could be homey and always appreciated the particular, as evidenced in *The Old Man and the Boy*. He recounts his boyhood experiences on the North Carolina coast near Southport. There his grandfather taught him to train dogs,

to hunt, and to fish, and used those lessons to school Ruark on bigger things such as compassion, integrity, and, well, life.

In these stories, vivid descriptions portray the rural North Carolina landscape and describe a crusty yet endearing grandfather. In his African novels, though, Ruark's attention to detail shocked some readers who deemed his exhaustive descriptions too violent. Even so, with the African novel *Something Of Value*, Ruark earned more than \$1 million from royalties and later film rights. A 1957 movie of the same name starred Rock Hudson and Dana Wynter.

Few things, if any, in this world are outright new. People take what exists and add to it, improve it, or incorporate it into their current projects — whether it's writing style, coaching basketball, or technology. I can't imagine an iPad, for instance, being in existence today without the clunky Apple I personal computer kit of the late '70s. What's new has roots in the past.

Before I forget! If you want a good, beach read this summer, take a Robert Ruark work with you. CJ

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

For a good beach read this summer, try N.C.'s Robert Ruark

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## Short Takes on Culture

## 'October' About Redemption

## • "October Baby"

Directed by Andrew Erwin  
Provident Films

I went into "October Baby" with very low expectations; I came out recommending it to everyone, including people who I know are put off by cheesy religious dramas. "October Baby" isn't that. It is a powerfully real story of pain and hurt and struggle and redemption.

The story centers around a girl who, in her freshman year of college, discovers that she was adopted following her very premature birth due to the failure of an attempted abortion. Understandably, she loses it.

The issues are myriad — anger at her adoptive parents for never telling her any of it, confusion about her identity, bewilderment at the idea that her biological mother tried to abort her, and general confusion about what all this means and how she goes on. It's difficult and complicated and heart wrenching. And I haven't even told you everything yet.

But while "October Baby" is, undoubtedly, a film about abortion, I don't think that's really its most important theme. Rather, it's ultimately a film about forgiveness.

"October Baby" presented a difficult issue with compassion and grace. It didn't vilify anyone — not the adoptive parents or the biological mother or the medical staff at the abortion clinic — but it did challenge its viewers to consider the need that we all have both to forgive and to be forgiven.

It's difficult and messy and painful, but in forgiveness there is healing, even for the deepest wounds. I think that's a message we all need to hear.

— JULIE GILSTRAP

• *Our Kind of Traitor*

By John le Carre  
Unabridged audiobook

I was surprised to realize that I have read most of the 22 espionage novels so far produced by author John le Carre. The most recently written, *Our Kind of Traitor*, is the only one I have accessed in audiobook rather than print format.

At 11 1/2 hours of playtime, it is comparable in length to books like *Pride and Prejudice* or *Witness to Hope*. The disadvantage of audio in a book like this is the inability to pause unconsciously on a point and then resume the story.

The author characteristically offers an intricate plot, as any le Carre fan knows. In the spy genre, moreover,

it's the twists and unpredictability of the predicaments that drive the tension and interest to a conclusion.

It's also pretty standard that it's difficult to distinguish the bad guys from the good guys consistently — these are positions with considerable in-built flexibility in the spy business, anyway.

This story, set in the current day, juxtaposes a Russian millionaire's desire to leave his criminal brotherhood behind — and tell all to British intelligence — with the vacation plans of a pair of ordinary British tourists in whom our Russian protagonist confides. That confidence draws the pair into an increasingly dangerous plot, wherein secrets on both sides are revealed, and ultimately — brutally — protected.

The dialogue of debriefings and confessions is a large part of the text, and the audio format works well for that. But le Carre's plot is complex, and it behooves the listener occasionally to revisit portions of the book's narration.

— KAREN PALASEK

• *The Decline of Men: How the American Male is Tuning Out, Giving Up, and Flipping Off His Future*

By Guy Garcia  
Harper

A recent cover story in *Time* magazine proudly proclaimed that women are now the richer sex, increasingly outearning the men in their lives. The article prompted me to pick up a copy of Guy Garcia's *The Decline of Men*. Garcia, himself a former staff writer for *Time*, offers nearly 300 pages of depressing statistics and anecdotes on the decline of the Western male.

In a nutshell, Garcia argues from research indicating that men are dumber, lazier, and more self-destructive than women. He rightly argues that some traits of the modern man are self-inflicted, but he gives scant reference to the major culprits of an anti-man society and the pervasive influence of radical feminism.

With the decline in the Judeo-Christian understanding of manhood — protector, provider, and servant leader — many men have taken on the harmful role of manhood propagated by the media. Garcia sees the problem, but his solution — men need to adopt more feminine traits, in a New Age-type way — is faulty.

*The Decline of Men* is a good resource for academic and statistical evidence of how men are suffering today. Beyond that, it's an empty tome.

— DAVID N. BASS CJ

## Book review

## Ladies: Not All Women Collectivist

• John Blundell, *Ladies for Liberty: Women Who Made a Difference in American History*, New York: Algora Publishing, 2011, 230 pages, \$32.95.

BY GEORGE LEEF  
Contributor

RALEIGH

In contemporary American politics, women generally are assumed to be more inclined toward socialistic ideas than men are. Women are more likely to favor candidates and policies that are supposed to help people, to provide a "safety net" against misfortune, and to promote "social justice." (Of course, many men hold those views as well.)

John Blundell's book *Ladies for Liberty* is a strong antidote to the notion that women are prone to mushy, collectivistic thinking and are hostile to individualism. He has written 20 short biographical sketches of American women who fought — sometimes at great risk to themselves — for freedom.

Blundell, who served as director general of the Institute of Economic Affairs in London until 2009, explains that the book grew out of his 2008 book on Margaret Thatcher. He did many speaking engagements in the U.S. about that book, and he was asked often which American women he would compare Lady Thatcher to. In answering such questions, Blundell found out that few of his listeners knew anything about American women who had advanced the cause of freedom, other than some well-known names. That is why he decided to write the book.

It reads very rapidly, each chapter only 10 pages or fewer, getting right into the work each individual did on behalf of freedom. Blundell's profiles are arranged chronologically: Mercy Otis Warren; Martha Washington; Abigail Adams; the Grimke Sisters (Sarah and Angelina); Sojourner Truth; Elizabeth Cady Stanton; Harriet Tubman; Harriet Beecher Stowe; Bina West Miller; Madam C.J. Walker; Laura Ingalls Wilder and her daughter Rose Wilder Lane; Isabel Paterson; Lila Acheson Wallace; Vivien Kellems; Taylor Caldwell; Clare Boothe Luce; Ayn Rand; Rose Director Friedman; Jane Jacobs; and Dorian Fisher.

Confronting authoritarians and oppressors usually requires not just

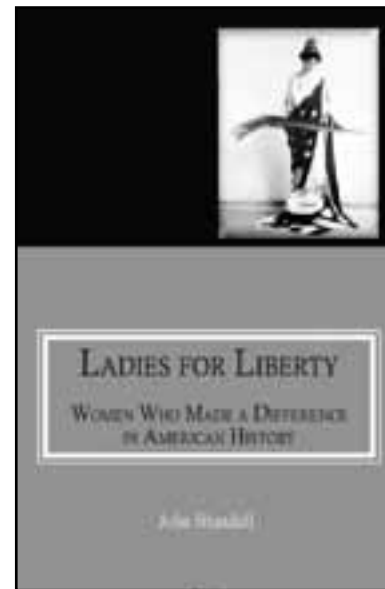
conviction, but courage, risking bodily harm or severe financial loss. That was the case with several of Blundell's ladies for liberty, starting with the first in the book, Mercy Otis Warren. She was the sister of the outspoken patriot James Otis, who was attacked and beaten savagely for expressing his opposition to British rule. Mercy was every bit as much an opponent of British tyranny as her brother and engaged in a variety of treasonous activities along with famous male patriots. She was instrumental in establishing the Committees of Correspondence that knit together opposition to British rule throughout the colonies.

Abigail Adams could have been hanged for spying had the British authorities intercepted some of her letters to her husband that informed him of redcoat troop movements in

and around Boston. Abigail also argued strongly (again through her letters) that the Declaration of Independence should denounce slavery, and she was disappointed when the document contained no such language. Finally, she attacked the many laws, both before and after the Revolution, treating women as lesser citizens.

Perhaps the bravest of all was Harriet Tubman. She was born a slave in Maryland and endured whippings in her youth — common punishment for any slave who got the least bit out of line. In 1849, she ran away, avoiding the patrols of slave catchers paid by the state and reaching safety in Pennsylvania. She found work as a maid but saved most of her earnings for a planned return to Maryland to bring her family out of slavery. Harriet succeeded in getting her own family to freedom. And then she became "the conductor on the Underground Railroad" and helped many other slaves escape from bondage. Following the Civil War, she took up the cause of women's suffrage and also raised the funds for a home for aged and infirm black people — private charity long before government got into the welfare business.

To those "profiles in courage" Blundell adds other fascinating sketches of women who spoke, wrote, and acted to advance liberty. I heartily recommend that you get a copy of this book and read it cover to cover. CJ



Book review

# Tyranny Will Arm You For Political Discussions With Liberals

• Jonah Goldberg: *The Tyranny of Clichés: How Liberals Cheat in the War of Ideas*, New York: Sentinel Publishing, 279 pages, 2012, \$27.95.

BY RICK HENDERSON  
Managing Editor

RALEIGH  
A memorable moment of the 1984 U.S. Senate campaign between Jesse Helms and Jim Hunt occurred in a debate when Helms said, "Jim Hunt is a Mondale liberal and ashamed of it. I'm a Ronald Reagan conservative and proud of it."

The statement infuriated Hunt and his liberal allies, but it placed the chameleon-like governor on the defensive. It also injected a stark contrast between the unapologetic conservative Helms and the ideologically amorphous Hunt, giving voters a clear view of where the candidates stood on the key issues in the election.

Moreover, it was accurate. As Helms pointed out in his memoir *Here's Where I Stand*, Mondale's political action committee sent out a fundraising letter under Hunt's signature, saying, "Walter Mondale believes as you and I do in the very best for the Democratic Party." And Hunt failed to distance himself ideologically from Mondale in any meaningful way.

That incident came to mind as I read Jonah Goldberg's *The Tyranny of Clichés*. Goldberg, a fellow at the American Enterprise Institute, has compiled an enlightening and often mischievous collection of examples showing how the American Left has grown sloppy over time, leaning on trite phrases rather than logic to defend its views.

Goldberg garnered fame and infamy with his previous book *Liberal*

*Fascism*. In it, he reviewed the intellectual history of contemporary liberalism and — with meticulous scholarship — showed the debt modern liberalism owes to early 20th-century progressivism and fascism. Modern liberals may not advocate genocide, but many of their policy prescriptions have pedigrees that Mussolini would have applauded.

While *Liberal Fascism* may be the sort of dense book you should read, *Tyranny of Clichés* is the kind of book you want to read. It's both breezy and serious, with citations from deep philosophical tomes interspersed with references from Monty Python.

Goldberg got the idea for *Tyranny* as he was promoting *Liberal Fascism*. He found that his liberal critics often used facile slogans as crutches during political discussions. The tendency afflicted seasoned journalists, intellectuals, and political activists.

"[P]eople invoke these clichés as placeholders for arguments not won, ideas not fully understood," he writes. "At the same time, the same sorts of people cavalierly denounce far more thought-out positions because they're too 'ideological.'"

And this is where the book takes flight. Goldberg points out that perhaps the most insidious cliché in today's political discourse may be the

liberal talking point that conservatives are dogmatic ideologues while liberals/centrists are pragmatic. (President Obama: "The question we ask today is not whether our government is too big or too small, but whether it works.")

Goldberg makes quick work of this canard, noting that Napoleon Bonaparte took credit for inventing the term "ideologue" as an epithet to describe the French revolutionaries his coup replaced. Goldberg cites historian John B. Thompson, who noted that as

the emperor was losing control, "Nearly all kinds of religious and philosophical thought were condemned as ideology. The term itself had become a weapon in the hands of an emperor struggling desperately to silence his opponents and to sustain a crumbling regime."

Marx later "adopt[ed] Napoleon's definition of ideology and add[ed] his own twist by universalizing the idea

of an ideologue," Goldberg writes. Ideology, in Marx's view, is "something you are born into. ... It is entirely a function of class."

American pragmatists and progressives have continued the embrace of "ideology" as some sort of disease. Another recent book, *The Republican Brain*, by journalist Chris Mooney, argues that conservatives are closed-minded and resistant to contrary views because we're hard-wired to be

thickheaded.

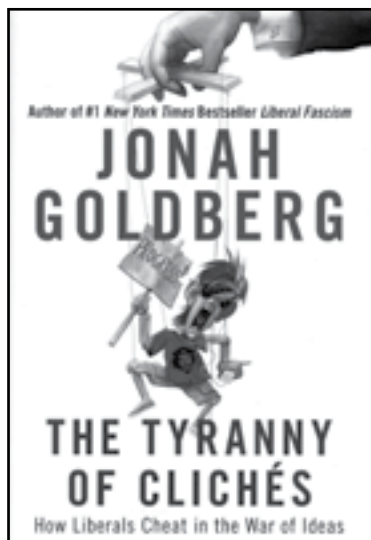
Riding this cliché, the Left argues that it is "empirical," or "part of the reality-based community," while conservatives and libertarians embrace mysticism and cant.

But modern liberalism is an ideology. It values some principles differently than classical liberalism, or today's conservatism and libertarianism. Many modern liberals appear to be ideologues and are ashamed of it, while contemporary conservatives are more likely to own their ideology and be proud of it.

Goldberg then tackles clichés with vigor, among them: dogma; diversity; social Darwinism; social justice; the living constitution; and my favorite, "violence never solved anything." (Really? Ask the millions of Europeans who were liberated by Allied forces in 1945.)

My main criticism is that Goldberg could have been tougher on conservatives who get lazy. He notes that Russell Kirk saw conservatism as "the negation of ideology." This is nonsense, but Goldberg largely gives Kirk a pass because he saw "ideology" as utopian fanaticism. Instead, Goldberg views ideology as a general, usually consistent way of looking at the world. I agree.

But that minor gripe should not dissuade you from devouring this book. Goldberg's list of clichés is far from complete, and the book may encourage you to shoot down others you run across. After reading *Tyranny*, you should be able to enter a political discussion with a lot more conviction than someone who got his talking points from a bumper sticker in the parking lot. CJ



## BOOKS AUTHORED BY JLF STAFFERS



By John Hood  
President of the  
John Locke Foundation

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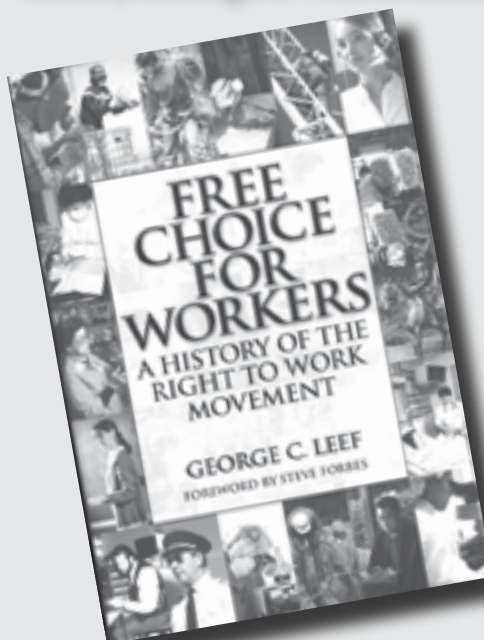
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## COMMENTARY

## Regulatory Reform Just Getting Started

**N**.C. Senate leader Phil Berger recently told an N.C. Chamber of Commerce conference that the General Assembly is not through with regulatory reform. The 2011 General Assembly passed Regulation Reform I, the 2012 short session would pass Regulation Reform II, Regulation Reform III would pass in 2013, and reforms would continue until regulations in North Carolina are lean, fair, equitable, and help rather than hurt citizens, taxpayers, and businesses.

Among the 2011 reforms were measures banning state environmental regulations from being more stringent than federal rules; mandating a comprehensive review of rules to reduce redundancy and inconsistencies; and requiring studies of the cost of new rules to businesses, including an analysis of possible alternatives. As Berger said, this is a good start.

North Carolina has more regulations than any other state in the Southeast. In addition to our high tax rates, overburdensome regulations are stifling our economy and deterring businesses from growing and choosing to locate in North Carolina.

Here are a few examples:

- North Carolina law requires 12.5 percent of our energy eventually to come from conservation measures or renewable sources. Wind, solar, and biomass are renewable sources, and they are significantly more expensive than coal, nuclear power, or natural gas. The regulation mandates higher electricity prices that drive up the cost of everything and increase the cost of electricity for all of us.
- Environmental regulations are particularly onerous to property owners and developers. Regulations covering stormwater runoff, surface water, land use, clean water, wetlands, clean air, and sedimentation add up to extra expense, time, and aggravation. For many entrepreneurs (aka job creators), the rules are too burdensome, inconsistent, and expensive to make it worth investing in North Carolina.
- Drought regulations mandate how much water we can use and when. Building more reservoirs

would increase the water supply and alleviate the need for restrictions. But permitting, plan approvals, and construction regulations can add an extra 14 years to the time it takes to build a new reservoir.

- The 2010 smoking ban prohibits smoking in bars, restaurants, government buildings, and vehicles. Smoking's not allowed in state prisons or on hospital grounds. Local governments can enact even stricter regulations, and Wrightsville Beach

is considering an outdoor ban. N.C. State University may mandate a 100 percent smoke-free campus. Tobacco use is legal in North Carolina. Do we really need the government telling us we can't smoke?

- Car insurance rules include a hidden tax of 6 percent on every policy that subsidizes insurance for risky drivers; this subsidy drives up the cost of car insurance for safe drivers, and it's not disclosed separately on your bill.

- North Carolina licenses more than 100 occupations and has more than 50 licensing boards. Licensing mandates exist for African hair braiders, music therapists, landscapers, locksmiths, property managers, and orthotic shoemakers. Many argue that licensing requirements are not intended to protect the public but to appease special interests that don't want competition.

- In addition, state agencies have the authority to enact their own rules. There are currently more than 23,000 such rules in place with 4,000 environmental rules alone. Until 2011, there was no review of these rules — once they were in place, they generally stayed in effect.

The 2012 regulation reform bill would increase transparency, streamline permitting, and increase the length of some permits.

Regulatory reform is moving in the right direction. I agree with Berger: Let's keep going until we get government off our backs and let it return to protecting our rights. *CJ*

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



**BECKI  
GRAY**



## EDITORIAL

## Ivory Tower Spending

**I**t's become an annual ritual. University of North Carolina system officials come to Raleigh, hats in hand, begging the General Assembly to increase funding so they don't have to raise tuition to unconscionable levels. Lawmakers typically give in, even as parents chafe from their higher out-of-pocket costs and taxpayers wonder where the money is going.

North Carolina's public higher education system is a source of pride, and justifiably so. But we need better ways to assess the finances of higher ed, because too much of the roughly \$9 billion in annual spending seems impossible to track. Money for higher ed comes from myriad sources — direct appropriations from the legislature, tuition, fees, scholarships, research grants, donations, endowments, and more.

Fortunately, House Majority Leader Paul "Skip" Stam, R-Wake, has cut through some of the clutter. He asked the General Assembly's Fiscal Research Division to isolate direct legislative (taxpayer) spending on in-state, higher-ed students from the 2003-04 fiscal year through 2010-11. He also requested a calculation for spending on full-time equivalent resident students at UNC campuses and community colleges, and to adjust the figures for inflation.

The calculations did not include tuition or capital spending and also excluded specific types of nonstudent spending that are "administratively housed" at UNC. Nor do they count spending on out-of-state students, whose higher tuitions are expected to cover the full marginal cost of their education.

In other words, these figures approximate how much state taxpayers

are spending on North Carolina resident students at community colleges and four-year institutions.

Several conclusions leap off the page:

- UNC students are not cheap. In 2010-11, per-student spending in the UNC system was \$13,442. By contrast, per-student community college spending was about 30 percent of that: \$4,041.

- UNC took a modest — not crippling — hit during the recession. In inflation-adjusted terms, overall spending on UNC increased by 35 percent from 2003-04 through 2007-08. Then it fell, by 8 percent, from \$2.08 billion in 2007-08 to \$1.91 billion in 2010-11. But enrollment grew by 7 percent during the recession, leading to a 14 percent drop in per-student spending in 2010-11.

- Community colleges, by contrast, were hammered by the downturn. Community college spending peaked in 2007-08 at \$844 million (2003 dollars). After two lean years, spending rebounded in 2010-11, leaving it \$8 million below the peak. But enrollment had surged by 23 percent over that time. Per-student spending was 36 percent lower than it had been before the recession began.

Clearly, the taxpayers of North Carolina could get a lot more bang for the buck if state officials could encourage more first- and second-year students — especially those who need remedial help — to get associate degrees at community colleges.

And elected officials should push for even greater transparency in higher-ed spending, so that officials at these institutions can be held accountable for how they manage a valuable resource for all North Carolinians. *CJ*



EDITORIALS

# Carolina Conceit

*Mississippi's test score gains outstrip N.C.'s*

North Carolina's political culture is dysfunctional. No, we're not just talking about sex scandals. These are merely a symptom of a more fundamental problem: arrogance.

North Carolina politicians exhibit a pretense of humility. They pretend to honor deeds over words, to "be rather than to seem" as the state motto puts it. They call their state "a vale of humility between two mountains of conceit," meaning Virginia and South Carolina, even though it takes a fair amount of arrogance to say things like that.

But for many, the pretense of humility soon evaporates. They pick and choose among the national ratings that put North Carolina in the best possible light. And they denigrate the economic vitality, educational level, or cultural values of other states in order to flatter ours.

Consider what happened in May when WITN-TV asked Gov. Bev Perdue to comment on the passage of the marriage amendment. She made national headlines with her response:

"People around the country are watching us and they're really confused, to have been such a progressive, forward-thinking, economically driven state that invested in education and that stood up for the civil rights of people, including the civil rights

marches back in the '50s and '60s and '70s. Folks are saying, 'What in the world is going on in North Carolina? We look like Mississippi.'"

Perdue's comments subjected North Carolina to embarrassing rejoinders. The lieutenant governor of Mississippi was among those who pointed out that when it comes to the policy issue most people are worried about — jobs and the economy — North Carolina would be lucky to look like Mississippi, where the unemployment rate is lower than ours and the recovery from the Great Recession has been stronger.

Over the past two years, Mississippi's unemployment rate has been about a third lower than ours.

What about Perdue's reference to education? Mississippi has made larger test-score gains than North Carolina has in both reading and math since the late 1990s. In reading, average eighth-grade scores for black students in Mississippi rose three points from 1998 to 2011, while North Carolina experienced a two-point drop.

Perdue hasn't yet learned the lesson that you are more likely to succeed in your ultimate goal if you avoid gratuitous insults of others. Real humility, not pretense, will serve you best. *CJ*

# Placing Blame

*David Parker not to blame for Dems' plight*

If North Carolina Democrats have a horrible election cycle this year, you can be sure that many candidates and activists will try to blame the recent sexual-harassment mess at party headquarters.

They will make party chairman David Parker the scapegoat for Democratic disappointment. But Parker won't be on the ballot. The real instigators of their political woes have been or will be on the ballot: Barack Obama and Bev Perdue.

President Obama decided to federalize the regulation and finance of American health care. The president also chose to pursue massive deficits, along with massive bailouts of big businesses and profligate state governments.

Within months of the president's inauguration, voters were revolting against his program. By the end of 2010, they had delivered Republicans seven new seats in the U.S. Senate, a new majority in the U.S. House, a new

majority of the nation's governors, and nearly 700 new legislative seats across the country — including large majorities in the North Carolina General Assembly.

Perdue didn't help matters. After signing a recovery-dampening tax increase in 2009, Perdue insisted that the legislature extend it in 2011. The new Republican majority said no, while most Democrats were forced to endorse a tax hike that didn't happen.

And after initially pursuing a middle ground after the 2010 Republican sweep, Perdue lurched leftward during the latter weeks of the 2011 session, vetoing popular measures to cut red tape, promote energy exploration, and require photo IDs to vote. The governor then made a late decision to retire.

David Parker didn't get North Carolina Democrats into their present political predicament. The president and the governor did that, entirely without his assistance. *CJ*

COMMENTARY

# If North Carolina Were a Country

If North Carolina were a separate country, we would not fare well in key international comparisons of economic competitiveness.

Like it or not, economic decisions don't respect national borders. North Carolina competes not just with South Carolina but also with South Korea and dozens of other countries for investment, employment, and entrepreneurs.

When it comes to the quality and cost of labor and capital, North Carolina doesn't have a very good pitch right now. Our marginal tax rates on investment, for example, are far out of line with those of our competitors. As I describe in my forthcoming book *Our Best Foot Forward: An Investment Plan for North Carolina's Economic Recovery*:

- If you combine national and local rates across the 34 countries that make up the Organization for Economic Cooperation and Development, North Carolina's 40 percent marginal tax rate on corporate income is at the very top. By comparison, the combined corporate tax rate is 30 percent in Germany, 28 percent in Canada, 26 percent in Britain, and 24 percent in South Korea.

- When it comes to the combined tax burden on dividends and capital gains, North Carolina's 23 percent rate ranks 10th. Most countries make greater use of differential rates or base exclusions to shield more investment income from double taxation. Some have even taken their capital gains tax rates to zero, including Switzerland, South Korea, Belgium, and the Netherlands.

- Both tax policies come into play when considering the tax burden on income from corporate stock. About half of capital gains derive from the sales of corporate equities. Before investors receive and pay personal tax on dividends or capital gains, those earnings are subject to the corporate tax. In a recent study, the accounting firm Ernst & Young computed an "integrated" tax rate on corporate investment, including both personal and corporate taxes. Adapting their analysis for North Carolina, I found that our top integrated tax rate of 53

percent on investment in corporate businesses is fourth-highest of the 34 countries.

By no means is tax policy the only factor that affects competitiveness and growth. Investors, managers, and entrepreneurs look at a host of other factors such as legal and regulatory environment, infrastructure, and the education level of the work force.

In the first two categories, I don't have direct international comparisons for North Carolina, but national data suggest that we probably rank in the middle of OECD countries — above the likes of Slovenia, Hungary, and Turkey in infrastructure, for example, but below the likes of Germany, France, and Canada.

I do have direct comparisons of North Carolina's educational performance, however. In math scores, we rank 22nd of the 34 countries. In reading scores, we rank 20th. On the other hand, in educational attainment North Carolina ranks very high — sixth in the share of working-age adults with high-school degrees and third in university degrees.

So, which education measure tells us more about work force quality and economic competitiveness: achievement or attainment? Economists Eric Hanushek at Stanford and Robert Barro at Harvard have produced several important studies along these lines in recent years. In one study, Hanushek and three colleagues found that while average years of schooling demonstrated a modestly positive relationship with economic growth, average test scores demonstrated a far stronger effect. Indeed, once the researchers put test scores into the model, the effects of years of schooling disappeared. An earlier study by Harvard's Barro yielded a similar result.

If state politicians truly want North Carolina's economy to be "world-class," they should pursue fundamental reforms of our tax code and our education system, for starters. No more distractions. No more pretense. No more delay. *CJ*

*John Hood is president of the John Locke Foundation.*



JOHN HOOD

## EDITORIAL BRIEFS

## Government Retiree Costs

Chicago Mayor Rahm Emanuel recently warned that unless Illinois quickly deals with mounting pension and retiree healthcare costs, the state's future is bleak. Without major changes, retiree costs threaten to require tax increases so high that "You won't recruit a business, you won't recruit a family to live here," he warned.

Illinois isn't alone, notes Steven Malanga of the Manhattan Institute in the *Wall Street Journal*. Other states and localities face similar unfunded retiree costs. And business and residents are starting to take notice.

"Government retiree costs are likely to play an increasing role in the competition among states for business and people, because these liabilities are not evenly distributed," says Malanga.

"Some states have enormous retiree obligations that they will somehow have to pay; others have enacted significant reforms, or never made lofty promises to their workers in the first place."

In Illinois, the cost of unfunded retiree healthcare benefits comes to \$3,399 per person. In neighboring Indiana, it's just \$81 per resident. The situation is so bad that Caterpillar, which is based in Peoria, refused to locate a new plant in the state, citing questions about the state's "business climate and overall fiscal health."

In California, unfunded state and local pension costs top \$500 billion, and several California cities face the possibility of bankruptcy.

## Medical trial costs

The cost of developing new drugs continues to increase. The main culprit, says Avik S. A. Roy of the Manhattan Institute for Policy Research, is the skyrocketing cost of Phase III clinical trials.

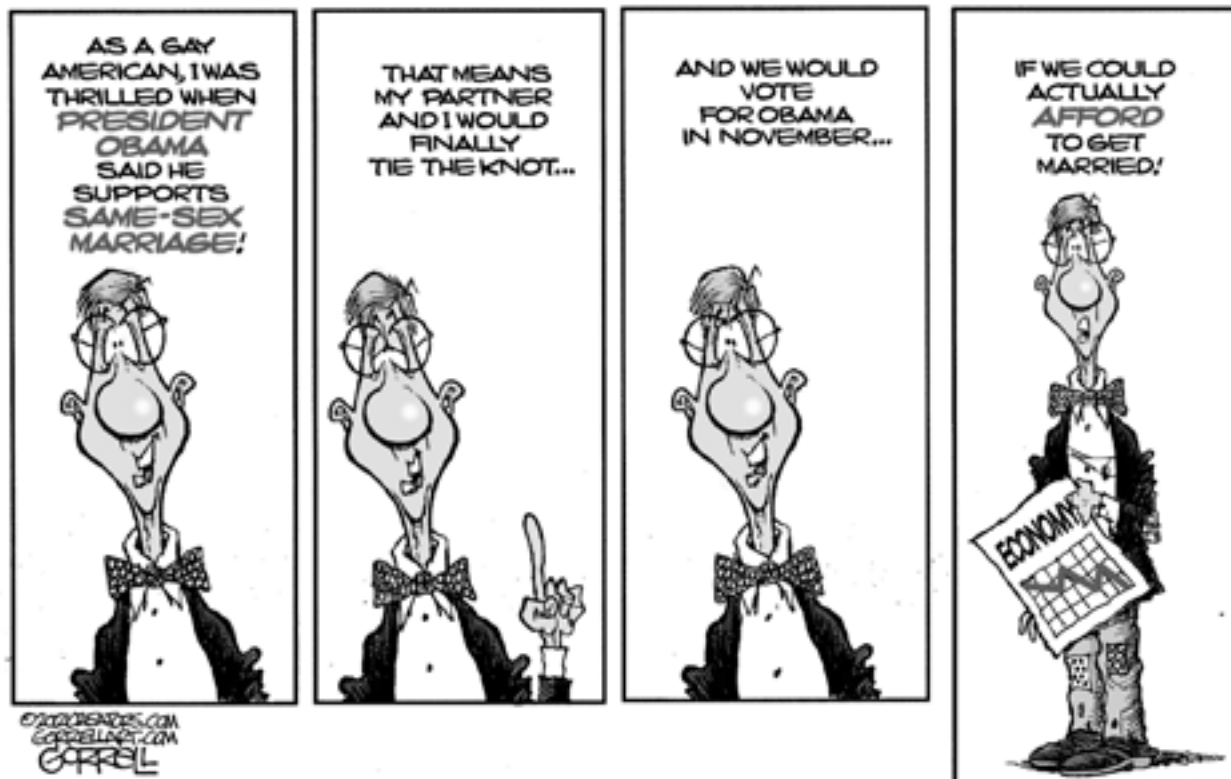
In 1975, the cost of developing a new drug through approval by the Food and Drug Administration was about \$100 million. By 1987, the amount had increased to an inflation-adjusted \$300 million. In 2005, the cost was \$1.3 billion.

Clinical trials of possible new drugs are conducted in three phases. Phases I and II focus on where a drug might work and where it is safe. These involve no more than a few hundred patients each. Phase III clinical trials involve thousands of people and tests drugs against placebos and against other currently available treatments. The large size is necessary to detect potentially serious side effects that may affect only a small percentage of people taking a drug.

Phase III trials account for 40 percent of the drug industry's research and development cost but often represent 90 percent of the development costs of drugs that receive FDA approval.

"That expense distorts the drug-development system so that it does not efficiently and rationally allocate time and money to find new medications," says Roy.

His solution is to move away from the binary, yes-or-no nature of drug development to a flexible, conditional-approval approach. *CJ*



## Gov't: Growing AND Shrinking

A recent headline in a major national newspaper read, "Government Getting Smaller in the U.S." But with recent record levels of spending — especially at the federal level — and sky-high government debt, how could anyone make the case that government has been shrinking?

Well, believe it or not, an argument can be made that the government sector recently has been contracting.

A long time ago, economists found it useful to think of what government does in two broad categories. The first category is government production. Government production means the government sector actually is generating a product or service that citizens use. For example, the military, police, and court system provide protection; roads allow the movement of products and people; and the educational system makes learning and skill acquisition possible.



MICHAEL WALDEN

The second category is government transfers. Here government acts as a middle man for shuffling money from one person to another. Who gets to spend the money changes, but the government has no hand in making anything. Social Security, Medicare, Medicaid, and the various social-support programs fit this category.

So with government production, a tangible "product" results — an aircraft carrier or tank, a trained soldier, a road or bridge, or a high school graduate. Government also "owns" the final product (tank, road) or facility (K-12 school) producing the outcome. But with government transfers the government determines only who pays and who spends. Individuals still make the specific spending decisions and own the purchased products or service.

With this distinction in hand, we can understand the headline better. When the writer stated, "Government Getting Smaller in the U.S.," he was referring to the first category of government — government production. And he was correct. Usually government spending on production rises over time, as when the road system expands and school capacity grows to accommodate a larger population.

However, for the first time in 17 years, this wasn't the case in 2011, the most recent fiscal year. After taking out inflation, government production fell more than 2 percent across the board, at all levels. Meanwhile, over the last decade, government transfer spending has increased almost twice as fast (after inflation) than spending for government production.

So what does all this mean? I think there are three important implications.

First, the reduction in government production spending gives support to those concerned about government belt-tightening ("austerity" measures) contributing to the apparent slowing of economic growth. Some economists argue government production cutbacks in Great Britain already have led to their double-dip recession. These economists worry the same could happen in the U.S. Of course, not all economists agree with this assessment.

An assessment that has almost universal agreement among economists is that total government spending is being driven by government transfers. For example, a decade ago government production spending was almost 50 percent larger than government transfer spending. Today their spending levels are virtually equal, and projections show future government transfer spending far outstripping government production spending.

Last, I think the dichotomy between spending on government production and spending on government transfers has a big impact on how people view government. Government production spending is seen by almost everyone, because we all drive the roads, most families use the public schools, and we see (especially here in North Carolina) or hear about our military. Yet transfer spending mainly benefits those receiving the transfers directly.

So as government grows, and more of this growth goes to "transfers" and less goes to "production," this trend may contribute to more people concluding they are paying more for government but receiving less.

Is government getting smaller? The answer depends on how you define "government"! *CJ*

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

# Tillis' Prediction May Prove Correct

On May 8 a sizeable majority of voting North Carolinians wrote a prohibition on same-sex marriages and other "domestic legal unions" into the state's constitution. It was a clear victory for social conservatives. Resounding support for the amendment in rural areas and small towns swamped the "no" vote of many urban parts of the state.

The strategy of opponents did not help their cause. Many pushed specious points about withdrawn benefits and domestic violence that made

certain assumptions about the courses of action legislators would take once the amendment was approved. I thought arguments about rights and the redundancy of making the illegal unconstitutional would have been more effective. Still, in the end, the margin of defeat was so great that the campaign hardly mattered.

Twenty-eight states now have had a chance to vote on constitutional amendments defining marriage as being between one man and one woman, and all 28 approved them — Arizona actually rejected one in 2006



ANDY TAYLOR

before approving a different version two years later. The issue is not dead, however. Same-sex marriage and civil unions are legal in six states, and most indicators of public opinion suggest support is growing. North Carolina House Speaker Thom Tillis' prediction that the state's prohibition will be repealed within 20 years may well be correct.

Supporters of the idea that marriage should be between one man and one woman should therefore ready themselves for further challenges.

As far as I can tell, the argument against same-sex marriage and related arrangements like civil unions rests primarily on four points. The first is that marriage is an institution uniquely geared to bearing and rearing of children. Yet society allows sterile heterosexuals to marry, children to be born outside of wedlock, and men and women with children to divorce. Fertile married couples are free to choose not to have children.

The second is that although gay marriages involve two adult and willing participants, the arrangement is detrimental to innocent third parties, here the children brought up by parents of the same sex. Ultimately this is an empirical question to which we don't have an answer — largely because there just aren't enough data at the moment.

But, although the North Caro-

lina Supreme Court has ruled a second-parent adoption by a same-sex couple to be illegal, there is no real prohibition on same-sex couples raising children in this state. If we were really worried about the impact of gay marriage on others, it surely would make more sense to ban adoptions by same-sex couples. Indeed, since we do know that children brought up in a stable family situation with two parents present are generally healthier and happier than those who are not, it seems strange to allow same-sex couples to adopt but not marry.

The third argument is much stronger — although far from infallible. Many opponents of same-sex marriage argue that it tears at the social fabric of the country. This is a quintessentially conservative position. Societies tend to prosper only if their participants share a set of basic beliefs. Still, existing values and social cohesion have faced and overcome far greater challenges across American history than same-sex marriage — the Revolution, the Civil War, and gender and racial equality being obviously dramatic examples. We are a remarkably adaptive people.

Finally, for many same-sex marriage is a moral or religious argument. These are not necessarily the same thing, but they both suggest that no amount of persuasion or logic will change the person's mind. He just flat

out opposes or supports it. If the 1.3 million North Carolinians who voted for Amendment One did so for these reasons, it will be very difficult for advocates of same-sex marriage to change things.

But I suspect that many voters on both sides of the issue are tremendously conflicted and can therefore be won over. Those of us to the right of center, for example, are pulled in different directions by our conservative and libertarian sensibilities. Interestingly, according to a number of polls, the percentage of respondents who "strongly favor" or "strongly oppose" gay marriage is actually smaller than those who "strongly favor" or "strongly oppose" the repeal of ObamaCare and about the same as those who feel like this about increased drilling for oil in U.S. waters.

Last month's vote did not settle the argument in North Carolina. With all the emotion, the debate of whether the state should allow people of the same sex to enter into arrangements like marriage will continue. The issue is not simple. In fact, it is surprisingly complex. Therefore, appeals to the head, and not the heart, ultimately will win the day. CJ

*Andy Taylor is a professor of political science at the School of Public and International Affairs at N.C. State University.*

# It's Still the Economy, Stupid

The media and political insiders were all abuzz recently about the leaking of a provocative, 54-page proposal designed to damage the re-election chances of President Obama.

First reported by *The New York Times*, the memo immediately hit Politico and other blogs, as well as cable news and talk radio.

The memo was concocted by Fred Davis, the GOP advertising man known in political circles for his occasionally off-the-wall media campaigns. Under the umbrella of the Republican-friendly Super PAC "Ending Spending

Action Fund," Davis and his team of operatives sketched out a storyboard using the slogan "Character Matters." The thrust of Davis' proposed ad strategy memo was the following:

It referred to President Obama as "the metrosexual, black Abe Lincoln" and said that his longtime association with controversial Chicago pastor the

Rev. Jeremiah Wright "is [a] phenomenally powerful argument that's never been properly exploited."

The proposed \$10 million ad campaign was designed to rehash a four-year-old controversy over inflammatory remarks by Wright, Obama's former pastor.

In fact, Davis first proposed this line of attack in 2008, when he was advising Sen. John McCain. McCain rejected it at the time.

In my view, the proposed campaign was repugnant and insulting to the American electorate and has no place in the ongoing debate about the future direction of the country.

Within hours of the *Times* article being circulated, Gov. Mitt Romney distanced himself from the proposed racially charged line of attack. "I want to make it very clear: I repudiate that effort," Romney said at a news conference. "I think it's the wrong course. ... I hope that our campaigns can respectively be about the future and

about issues and about a vision for America."

Gov. Romney and his team got it right.

In short — this campaign is about the future of the economy.

Several cases in point:

- By any objective standard, Obama's economic policies have not worked. Although he has served less than a full term, Obama

now has the dubious distinction of being the first president to see the nation's debt increase by more than \$5 trillion.

- Other key economic indicators that point to trouble for the president's re-election are anemic job creation and an unemployment rate that has been above 8 percent for more than 39 months. No incumbent president since Franklin Delano Roosevelt has been re-elected when the nation's unemployment was higher than 7.2 percent.

- Excessive regulation and

uncertain tax policies — as well as the looming implementation of Obama's health care plan — have stymied small businesses, which are the driving force of job creation in this country.

- And have I mentioned skyrocketing gasoline prices and the decline in home values across America?

Millions of Americans of all ethnicities and political persuasions are suffering under this president and his lack of understanding of how capitalism works. Government-centered economies do not work, as Greece and the rest of the European Union are finding out.

Conservative, free-market Republicans are on the right side of history.

Let's not be deterred by our opponents or our friends.

As James Carville said in 1992, "It's the economy, stupid." CJ

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

Romney and his team got it right to nix campaigning on the Rev. Wright



MARC ROTTERMAN

# Dalton Staying Far Away From Airplanes in Campaign (a CJ Parody)

BY RICK N. BACHER  
Aviation Correspondent

RALEIGH

Democrat Lt. Gov. Walter Dalton, hoping to avoid the air travel problems that have caused so much trouble for Democratic governors Bev Perdue and Mike Easley, says he has no plans to go anywhere near an airplane during his campaign for governor.

"We will use and pay for buses, trains, cars, and vans, even ATVs and bicycles, but we are going to stay away from flying machines," he told *Carolina Journal*. "I just see no upside to flying in this state."

The lieutenant governor said he has some staffers who have urged him to continue the questionable airplane-usage policies of Easley and Perdue because he could probably get away with them.

"My staff says that since nobody in North Carolina knows what I look like, I could easily cadge flights from rich contributors without anyone knowing," he said. "But that would be wrong, I told them."

In 2009 the State Board of Elections issued a \$100,000 fine to Easley's campaign committee for his unreported use of private aircraft. Then an investigation by a state prosecutor resulted in Easley pleading guilty to a felony related to an unreported flight. As a result of the felony, the North Carolina State Bar suspended Easley's law license for two years.

In 2010 the elections board issued a \$30,000 fine to Perdue's campaign committee for unreported flights. Two campaign supporters have been indicted for felonies related to unreported flights, and one of them is scheduled for trial on June 11.

Dalton's campaign finance reports already show he can win an election by staying on the



**Lt. Gov. Walter Dalton, who has eschewed air travel for his gubernatorial campaign, heads out to a campaign event recently. (CJ spoof photo)**

ground. He was the victor in the May Democratic Party primary election for governor without having ever left terra firma.

"If you don't fly," he said, "you don't have to

get anyone to lend you planes, which has historically been the cause of many problems for my fellow Democrats."

Dalton's plane phobia will not end if he is elected, the lieutenant governor says. "When I become governor I will use the state jet and helicopter for official business, but that's about it, unless I buy a second home in New Bern or Southport," he said. "Of course, then I would be entitled to fly at taxpayer expense provided I claim to be working, just like Easley did."

The travails of Perdue and Easley have caused concern in the aviation industry in North Carolina. Flight miles are down drastically, affecting pilots, fuel suppliers, mechanics, and general aviation pretty much stateside.

"Several representatives of the private flight industry have already suggested to me that some relief must be provided for this ailing industry," Dalton said. "These are hard times for everyone, especially owners of private jets who must pay expenses even when their planes sit on the tarmac."

Dalton said he will work with Democratic U.S. Sen. Kay Hagan to obtain stimulus funds or some other business-stimulus grants from the federal government.

"We can't let such a formerly vibrant industry go into the dumper just because the media has made it difficult, if not impossible, for politicians to misuse airplanes," Dalton said.

In the meantime, Dalton says he has staffers researching a good location where unused private jets can be mothballed, at least until everyone quits paying attention to how they're used. *CJ*

## An Investment Plan For N.C.'s Economic Recovery

The ongoing debate in Washington and the upcoming national campaigns for president and Congress will offer plenty of opportunities for pro-growth politicians to craft, explain, and sell reforms of the federal budget, federal taxation, federal regulation, and federal agencies and programs.



John Hood

In the new book *Our Best Foot Forward: An Investment Plan for North Carolina's Recovery*, John Locke Foundation President John Hood tells North Carolina's policymakers and citizens that economic policy is not the exclusive domain of presidents, federal lawmakers, or the Federal Reserve. States and localities can play critical roles in economic policy —

for good or for ill.

We invite you to read and share this plan for our state's recovery with your family, friends, and co-workers. Go to <http://johnlocke.org> for more information.

