

N.C. solar project raises corporate welfare concerns/2



CAROLINA JOURNAL

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

North Carolina	2
Education	7
Local Government	10
From Page 1	14
Higher Education	17
Books & the Arts	20
Opinion	24
Parting Shot	28

May 2012 Vol. 21 No. 5

STATEWIDE EDITION

Check us out online at carolinajournal.com and johnlocke.org

Official Tried To Divert Funds To Own Nonprofit

McKoy remains on job after being asked to resign position

By DON CARRINGTON
Executive Editor

Several weeks after N.C. Secretary of Commerce Keith Crisco asked Assistant Secretary Henry C. McKoy to resign over issues involving the attempted diversion of \$2 million in government funds to a nonprofit organization McKoy had controlled, McKoy remains on the job as of press time.



Henry McKoy

Carolina Journal Online's initial report April 5 described how McKoy launched a plan last year to direct more than \$2 million in federal funds to the North Carolina Sustainability Center, a small Raleigh-based nonprofit organization that he chaired



The only address for the North Carolina Sustainability Center is a mailbox located in this UPS store at a North Raleigh shopping center. (CJ photo by Don Carrington)

until last year. The money would be a windfall for an organization that appears largely to have been dormant for the past two years.

McKoy heads the Commerce Community Development Division and distributes funds from the federal Community Development Block Grant program. He 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 approximately 90 employees and a budget of more than \$100 million.

Under McKoy's plan, Buncombe, Edgecombe, Orange, and Yadkin counties would receive funds for a "Community Capacity Building Program." Each county would receive \$600,000 and could retain 10 percent for handling the grant. Each county then would be required to turn over the remaining \$540,000 to NCSC for plan-

ning and research activities.

The money was to come from surplus federal CDBG funds from the years 2002, 2004, and 2007.

McKoy sought Crisco's approval for the plan in January, but Crisco never went along. Commerce spokesman Tim Crowley told *Carolina Journal*, "The proposal was never approved and no

money was disbursed." Why Crisco turned the project down is not clear. *CJ* has requested all the public records related to McKoy's project; so far, Commerce has turned over McKoy's cell phone re-



Keith Crisco

records but no other documents.

This wasn't the first time McKoy helped NCSC. Libby Smith, a Commerce employee who is senior adviser to McKoy, also served as president of NCSC last year when she applied for and received a \$150,000 grant for the nonprofit from the Z. Smith Reynolds Foundation. McKoy served as chairman of NCSC while at his current

Continued as "Commerce," Page 14

State May Try To Shut Down Nutrition Blogger

Nutrition board says blog advice same as 'practicing dietetics'

By SARA BURROWS
Associate Editor

The North Carolina Board of Dietetics/Nutrition is threatening to send a blogger to jail for recounting publicly his battle against diabetes and encouraging others to follow his lifestyle.

Chapter 90, Article 25 of the North Carolina General Statutes makes it a misdemeanor to "practice dietetics

or nutrition" without a license.

According to the law, "practicing" nutrition includes "assessing the nutritional needs of individuals and groups" and "providing nutrition counseling."

Steve Cooksey has learned that the definition, at least in the eyes of the

state board, is expansive.

When he was hospitalized with diabetes in February 2009, he decided to avoid the fate of his grandmother, who eventually died of the disease. He embraced the low-carb, high-protein Paleo diet, also known as the "cave-man" or "hunter-gatherer" diet. The diet, he said, made him drug- and insulin-free within 30 days. By May of that year, he had lost 45 pounds and decided to start a blog about his success.

But this past January, the state board decided Cooksey's blog — Diabetes-Warrior.net — violated state law. The nutritional advice Cooksey provides on the site amounts to "prac-

Continued as "State," Page 15

NONPROFIT ORG.
U.S. POSTAGE
PAID
RALEIGH, NC
PERMIT NO. 1766

The John Locke Foundation
200 W. Morgan St., #200
Raleigh, NC 27601

CAROLINA JOURNAL

Rick Henderson
Managing Editor

Don Carrington
Executive Editor

David N. Bass, Sara Burrows
Mitch Kokai, Michael Lowrey
Associate Editors

Chad Adams, Kristy Bailey
Kristen Blair, Roy Cordato
Becki Gray, Sam A. Hieb
Lindalyn Kakadelis, George Leef
Karen McMahan, Donna Martinez
Karen Palasek, Marc Rotterman
Michael Sanera, Barry Smith
John Staddon, George Stephens
Michael Walden, Dan Way
Karen Welsh, Hal Young
John Calvin Young
Contributors

Ziyi Mai, Baxter Rollins
Daniel Simpson, Alissa Whately
Shane Williams
Interns

Published by
The John Locke Foundation
200 W. Morgan St., # 200
Raleigh, N.C. 27601
(919) 828-3876 • Fax: 821-5117
www.JohnLocke.org

Jon Ham
Vice President & Publisher

John Hood
Chairman & President

Bruce Babcock, Herb Berkowitz
Charlie Carter, Jim Fulghum
Chuck Fuller, Bill Graham
Robert Luddy, Assad Meymandi
Baker A. Mitchell Jr., Carl Mumpower,
J. Arthur Pope, Thomas A. Roberg,
David Stover, J.M Bryan Taylor,
Andy Wells
Board of Directors

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



©2012 by The John Locke Foundation Inc. All opinions expressed in bylined articles are those of the authors and do not necessarily reflect the views of the editors of CJ or the staff and board of the John Locke Foundation. Material published herein may be reprinted as long as appropriate credit is given. Submissions and letters are welcome and should be directed to the editor.

CJ readers wanting more information between monthly issues can call 919-828-3876 and ask for Carolina Journal Weekly Report, delivered each weekend by e-mail, or visit CarolinaJournal.com for news, links, and exclusive content updated each weekday. Those interested in education, higher education, or local government should also ask to receive weekly e-letters covering these issues.

Complex Raises Corporate Welfare Concerns

By DAN E. WAY
Contributor

RALEIGH

A jumbo solar geothermal complex installed at a Robeson County turkey processing plant is being hailed as the largest of its kind in the nation and a distinction for North Carolina's expanding solar industry.

Critics say it's costly crony capitalism wrapped in corporate welfare, as the solar energy produced by the complex will heat water that had been warmed with propane rather than electricity. They note that the solar array will not replace electricity from the power grid.

FLS Energy, an Asheville-based solar company, has erected an array of 2,100 solar panels that heat as many as 100,000 gallons of water daily at the Prestage Foods turkey plant in St. Pauls. The hot water is used to clean equipment and processing rooms at the 260,000-square-foot plant.

FLS owns and operates the solar thermal installation. It sells low-cost electricity to the farm and gets a lucrative mix of state tax credits for construction, and revenue from renewable energy certificates sold to Duke Energy. Power companies are obligated by state mandate to purchase a percentage of their electricity from green power.

"It's a crony capitalism scheme that makes this solar company rich while bilking taxpayers and ratepayers out of money out of their pockets," said Michael Sanera, director of research and local government studies at the Raleigh-based John Locke Foundation.

"People are unaware their power bill is higher to support these crony capitalism scams," Sanera said.

FLS has made similar deals with schools, community colleges, and other government entities. Without the government-required incentives and subsidies, the deals would collapse because the solar energy is more costly to produce than what is being generated at traditional power plants, Sanera said.

"This is a too-good-to-be-true deal that the snake oil salesmen are selling," Sanera said. FLS gets the high-yield income built into the front end of the renewable energy certificates, and by the time their clients have the option to purchase the solar systems, the equipment likely will be obsolete, he said.

"Prestage has no knowledge of any details surrounding any financing packages FLS Energy may have assembled," Summer Lanier, Prestage Farms public relations director, wrote in response to a list of questions she requested in lieu of a phone interview.

"FLS Energy offered us a cost-effective and stable, long-term alternative to our current energy needs. Commenting simply on what critics have said, and without being involved in FLS Energy's financial matters, any response would be unfair speculation on Prestage's part," Lanier wrote.

"We simply made a business decision which will help our company, community, and the sustained employment of 350 local residents," and give Prestage Foods the option to buy the equipment after 10 years, she wrote.

"We anticipate an annual savings for our hot water heating costs of around 35 percent. This could be more or less depending on the price of propane at a given time," Lanier wrote.

In a news release distributed at the outset of the project, Brownie Newman, FLS vice president and director of project finance, said the partnership with Prestage Foods would "reduce their dependence on propane and reap the

rewards of lower energy costs. It's a win-win for everyone."

Newman did not grant an interview for this story. He requested a list of questions to be sent to Joanna Baker, FLS marketing manager, for his review. Baker responded with an email saying the solar thermal farm has been completed at no cost to Prestage Foods.

"FLS Energy owns the solar thermal system and sells Prestage Foods the energy it needs to heat water," the response said. "Prestage does not pay for any repairs or maintenance costs of the project."

The response did not answer questions regarding the overall cost of the project, how much FLS received in tax credits for construction, how much it would be paid from sales of the renewable energy certificates to Duke, or how frequently a backup propane system would be needed to supplement the solar energy.

Nor did Baker respond to criticism of the project as a form of crony capitalism.

Roy Cordato, vice president for research and resident scholar at JLF, questioned the fairness of the renewable energy certificates for the Prestage Foods project.

Under state statute, a renewable energy certificate is awarded for every 1 megawatt hour of electricity produced by green power. The certificates can be bought, traded, or bartered.

"Most farms heat their water with propane, not electricity, so why are they [FLS] getting to sell credit ... to the power company for saving electricity when they're not saving electricity?" Cordato asked. "Solar is substituting for propane, not for electricity."

There is no shortage of propane, he said, and the subsidy the solar company receives is "a very bizarre allowance."

FLS did not reply to questions about that issue in Baker's email response.

A request for an interview with officials in the North Carolina State Energy Office on the propane for renewable energy certificate issue was not granted.

But Seth Effron, communications director, issued a short, written statement that said "alternative energy sources have been encouraged for a variety of policy objectives including moving away from imported fuel sources, adopting renewable sources, and reducing pollution."

Just like other tax credits for businesses, Effron's statement said, "any company [that] meets the qualifications for the credit can receive it."

Whether it is a good idea to pay for replacing propane power with solar geothermal and then selling revenue-rich renewable energy certificates when no electricity is saved off the grid "is more of a state policy kind of question" than one for utility operators, said Duke Energy spokesman Jason Walls.

"It's not our position to say necessarily whether the policy is right, wrong, or indifferent," Walls said. That is a legislative and regulatory matter, he said.

"These projects that FLS is undertaking are part of that [state-mandated] renewable energy portfolio standard that we are required to comply with," Walls said.

"What state law requires us to do is provide 12.5 percent of our electric generating capacity through renewable energy in a cost-effective manner for customers," Walls said.

"Buying the renewable energy certificates from these geothermal systems is a cost-effective form of renewable energy," he said, "so yes, this project is a good project for our customers." CJ



GOP Lawmaker Targets Cities That Sued Over Annexation Reforms

BY SARA BURROWS
Associate Editor

RALEIGH
A Republican state lawmaker pledged to protect property owners from being annexed involuntarily into the five cities that sued the state over annexation reform legislation that passed last year.

Officials from the cities of Kingston, Rocky Mount, Wilmington, Lexington, and Fayetteville celebrated in March when a district court judge ruled that a vital portion of the law — the section giving property owners a chance to reject involuntary annexation by petition — is unconstitutional.

But Rep. Stephen LaRoque, R-Lenoir, says it's too soon for the cities to celebrate, for two reasons. One, he doesn't think the judge's ruling will hold up in the appeals process. Two, he plans to introduce legislation in the short session that would repeal specifically the nine annexations underway by those five cities.

Supporters of the decision say the annexations at issue followed the law and that it was unfair for the General Assembly to allow property owners to undo them after the fact.

The ruling

On March 27, Wake County Superior Court Judge Shannon Joseph ruled in favor of the cities, whose leaders argued that the legislature overstepped its authority last summer when it passed a law preventing cities from annexing land without property owners' consent.

Joseph declared unconstitutional a provision of the law, which makes an annexation null and void if 60 percent of property owners targeted by the annexation petition against it. She agreed with the cities that the petition

process amounted to a vote, and that the right to vote cannot be conditioned on whether someone owns property. In Joseph's view, renters should not be excluded from the annexation process.

Opponents of involuntary annexation counter that the disenfranchisement of renters is a smoke-and-mirrors argument, that property owners are the ones whose rights are at stake if their land is at risk of being "taken" by cities.

LaRoque pointed out that the petition process has been used for "voluntary" annexations for decades. Voluntary annexations are those in which property owners residing just outside city limits request to be taken in by the city.

Cities usually aren't enthusiastic about these types of annexations, because requests for annexation typically come from poor communities in need of services. Cities are much more interested in incorporating wealthier, self-sufficient communities that can expand the cities' tax base while requiring few additional services from the new taxes collected.

LaRoque said it is hypocritical for the cities to argue that the petition process is constitutional in the case of voluntary annexation but unconstitutional in the case of city-initiated or "involuntary" annexation.

He said he "completely disagrees" with the ruling and is confident it won't hold up through the appeals process.

Payback?

LaRoque said it was a brazen move for the cities to challenge the General Assembly's authority over cities when it comes to annexation.

"The constitution is very clear as to who draws municipal boundaries, and that's the legislature," he said.

He said the state plans to appeal the ruling. Meantime, the Republican leadership in the House and Senate are considering a moratorium on all annexations until the case makes its way to the North Carolina Supreme Court.

"If the Supreme Court upheld the petition process, we could remove the moratorium and be good to go," LaRoque said. "If it doesn't, the moratorium would be in place until we're able to work out a method that's fair to the property owners."

One method, he said, would give the cities what they claim they want — a vote open to all residents, including renters, in the area selected for involuntary annexation. Only this time around, lawmakers would require that 60 percent of residents approve of a city-initiated annexation.

Under this arrangement, if 40 percent objected (or sat home on election day), the annexation would be stopped, compared to the 60 percent who must object now. This would place the burden on the city to earn the votes.

LaRoque said the same rule should apply for a resident-initiated annexation. If 60 percent of the resi-

dents of an unincorporated area voted to be annexed, the city would be forced to take them in.

"We still feel the protest petition is the proper way to go, but these are options," he said.

LaRoque also plans to work toward passing a bill in the short session (which begins this month) that would repeal the nine annexations the cities sought to preserve in the lawsuit. Senate leader Phil Berger, R-Rockingham, hinted the day the ruling was issued that such a measure may be on tap.

"We want to send a very clear signal to them that we make the laws," LaRoque said.

While the North Carolina League of Municipalities, which lobbies on behalf of cities, was not party to the lawsuits, spokeswoman Kelli Kukura said members of the organization understand why the cities "felt they had to file suit as an obligation to their citizens."

Kukura did not mention anything about the petition process, which the cities cited as their reason for suing. Instead, she talked about the financial implications to the cities and the unfairness of applying the law retroactively.

"These annexations followed the law in every way, and then, new law was applied retroactively after significant investments were made," Kukura said.

"Businesses wouldn't want to have to run that way, and our taxpayers don't expect the General Assembly to require cities to run that way, where nothing is certain. Citizens in these cities believe it is very unfair. Moving forward with new law is one thing, but retroactive application of the law has really upset the city residents." *CJ*

At issue is
who has authority
to draw municipal
boundaries:
cities or legislature

Subscribe to JLF's Research Department Newsletters

Go to http://www.johnlocke.org/key_account/ to sign up



Vice President for Research Roy Cordato's weekly newsletter, **Environment Update**, focuses on environmental issues, and highlights relevant analysis done by the John Locke Foundation and other think tanks, as well as items in the news.



Director of Research and Local Government Studies Michael Sanera's weekly newsletter, **Local Government Update**, provides analysis and commentary on North Carolina city and county policies based on their proper role in a free society.



Director of Education Studies Terry Stoops' weekly newsletter, **Education Update**, focuses on the latest local, state, national, and international trends in pre-K-12 education politics, policy, and practice.



Director of Fiscal Policy Studies Fergus Hodgson's weekly newsletter, **Ferg's Fiscal Insight**, offers pro-liberty perspectives on the latest research and news in taxation and government spending.



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: Replace income tax

North Carolina would boost economic growth and wealth creation by replacing its existing income tax with a new "flat-rate consumed income tax." That's the prescription of the John Locke Foundation's top economist.

"The state's current income tax penalizes work, saving, investment, and entrepreneurship," said report author Roy Cordato, JLF vice president for research and resident scholar. "Those are the very income-generating activities that lead to the production of goods and services that spur economic growth. If you're interested in growth, a flat-rate consumed income tax is a much better option."

As its name implies, a flat-rate tax would apply just one tax rate, regardless of the amount of income taxed, Cordato said. "Unlike our existing system, a flat-rate tax offers no disincentive for people to work overtime, take a second job, or make other decisions that generate additional income. The next dollar of income is taxed at the same rate as the previous dollar."

Focusing taxation on consumed income would remove the existing bias against saving and investment, said Cordato, a Ph.D. economist.

Reps earn 'F' grade

Four members of North Carolina's congressional delegation earned an "F" grade for their votes on fiscal issues during the 2011 session of Congress, according to new rankings from the National Taxpayer Union, a limited-government advocacy group based in Washington, D.C.

The worst score of the pack belongs to outgoing U.S. Rep. Brad Miller, a Democrat representing the Tar Heel State's 13th Congressional District. Miller garnered just 8 percent on the scorecard and ranked 424th out of the 435 House members. Due to an unfriendly redistricting plan, Miller decided to retire rather than seek a sixth term in office in 2012.

Reps. Mel Watt (of the 12th Congressional District), G.K. Butterfield (of the 1st Congressional District), and David Price (of the 4th Congressional District) followed closely on Miller's heels. Watt and Butterfield each scored 11 percent and ranked 405th and 403rd, respectively. Price scored 12 percent and ranked 379th.

No member of North Carolina's delegation earned a "Taxpayer's Friend" grade of 85 percent or better. CJ

N.C.-S.C. 'Border War' Called Overblown

By KAREN WELSH
Contributor

CHARLOTTE

Participants in negotiations to re-establish the border between North Carolina and South Carolina say that the story has been sensationalized and that any notion of a "border war" largely is hyperbole. Indeed, the owner of a gas station at the state line who has been the focus of media scrutiny would be the only business owner affected by redrawing the boundaries, and he has faith the final result will protect his livelihood.

Alan-Jon Zupan, a project manager for the South Carolina Geological Survey, said he is concerned about how major news outlets are portraying the almost 20-year effort to set straight the 304-mile dividing line between the two states.

"They are turning this into a tabloid story," he said. "There are no border wars here. That is the furthest thing from the truth. Both [state] agencies agree, and we keep each other informed. We make decisions together. It's been a good process, and there is no head-butting on things. It's not been a haphazard thing."

South Carolina Sen. Wes Hayes, a York County Republican and member of the North Carolina-South Carolina Joint Boundary Commission, said talks have been an amicable because no one is adding or taking away from the original line. His state has been more than willing to participate and has done much of the work to see it through.

"Pinning it down now so we don't make mistakes in the future is vital," he said. "I'm surprised it has gone this long without being pinned down."

Zupan said the partnership between North Carolina and South Carolina began in 1994, after Duke Energy asked where the boundary line was and nobody knew the answer. Many of the markers, which were placed in trees or set up with stone monuments, inadvertently had been destroyed over the years.

"At the time, neither state took any initiative to remark the boundary," he said. "This made the boundary nebulous, and the perception of where it was changed over time."

To rectify the situation, a memorandum of understanding was signed by lawmakers from both states to straighten out existing ambiguities. Representatives also created the North Carolina-South Carolina Joint Boundary Commission, made up of representatives from each state.

Zupan said surveyors thoroughly research all the old land records, deeds, and grants to help establish the correct line.

"It took a lot of time and effort," he said. "The boundary was always there and always true. It was just unknown to people."

In some instances the chain of records was broken, but Zupan said the surveying team went back as far as it could with the existing historic evidence.

Of the several hundred miles of border, the team has 31 miles left to survey and it hopes to have the work completed by the end of the year. The current price tag for the project is \$20 million.

Much of the hoopla began after a survey of a portion of

the line running through York County in South Carolina and Mecklenburg County in North Carolina. Because of population expansion in recent years, this was one of the border's most settled regions and has felt the biggest impact. In some places, the line has moved 150 feet to the north.

Troy Kickler, director of the North Carolina History Project for the John Locke Foundation, said he is amazed the boundary line to date has remained so close to the original, since it was established under British rule.

Zupan said the team recently sent notices to 93 homeowners and business owners who were affected by the change.

Hayes said the commission has not forgotten about the affected citizens. He said they are trying to minimize any disruption in education by allowing children to stay in their current school districts.

However, the residents will have to deal with some headaches during the transition time. Addresses, driver's licenses, voting precincts, utility companies, and service providers might have to be changed.

Hayes was relieved, however, to find out only one business in the area, a gas station, could face serious economic harm from the boundary change.

"We are aware of it," he said. "We are working on it."

The owner, Louis Efird, has learned he is a

resident of North Carolina. However, when he bought the Lake Wylie Mini Mart in the 1990s, he was assured it was in South Carolina, where there are fewer restrictions and lower taxes, allowing him to sell gas up to 30 cents per gallon cheaper than on the other side of the state line. He also sells fireworks and alcohol, which are not allowed on the North Carolina side of the border.

Efird says he is both "worried" and "terrified" of losing his investment and income. Even so, he has faith that the joint commission will come up with an equitable plan of action.

"They seemed genuinely concerned about the damage it will do," he said. "The commission seems to want this to be done in a fair way, but they need tools given from both legislatures to deal with it. I applaud them for working through the process in a careful manner."

Efird said both state legislatures could pass a law protecting the 93 properties affected by the line change.

"They should allow us a one-time election to allow us to vote if we want to stay or if we want to go," he said. "That gives the commission a way to put it out there and makes everybody happy."

The one thing Efird doesn't want to see is his case being tried in the media. He has been upset and frustrated by misquotes in the news. He has granted only one interview: to *Carolina Journal*.

York County Manager Jim Baker said he is grateful the current readjustment in the boundary won't have much of an impact on the area's tax base. He hopes the states will "grandfather" in all pre-existing conditions and hold those affected "harmless."

The good news, Zupan said, is the new technologies (including GPS) used in the process will ensure that the border never will need to be redrawn again. CJ



Medicaid Shortfall Has Lawmakers and Governor Scrambling

By DAN E. WAY
Contributor

RALEIGH
State officials are scrambling to close a Medicaid shortfall that could be as high as a quarter-billion dollars, or risk being unable to deliver services to recipients and make payments to providers.

"We begin having cash problems about two weeks from now," state budget director Andy Willis said April 17.

State lawmakers are pushing to inject more fiscal discipline and better forecasting into Medicaid budgeting to end a series of annual overruns that have required tapping into the state's General Fund. The shortfall was \$200 million two years ago and \$600 million last year.

Much of this year's deficit is a cash-flow problem caused by a federal delay in approving several cost-saving Medicaid plan amendments North Carolina officials have proposed. This delay has held up money owed to the state. Willis is confident the changes will be approved, but many may not be finalized before the June 30 end of the fiscal year.

Some of the shortfall is due to higher-than-anticipated utilization of the entitlement program.

"We've had three years that I'm aware of where we've had year-end Medicaid problems, where we're not meeting what we need to meet as far as the appropriations amount," Willis said. "This year our shortfall is between \$150 million and \$250 million."

Medicaid is "a beast" that is "driving the structural integrity of the budget in a way that I have not seen," Willis said. "When we don't have the funds for it, providers run the risk of not getting paid. It's the doctors, it's

the hospitals, it's the nursing home operators."

The Joint Legislative Commission on Governmental Operations has "pressed the governor's budget staff" to bridge the cash-flow issue by using internal Department of Health and Human Services money "and whatever funds the governor can get her hands on until we get back in session," said state Sen. Peter Brunstetter, R-Forsyth, a member of the commission.

"They're confident they can find ways to do that," he said, starting with pulling money out of other agencies under the DHHS umbrella.

Brunstetter said granting the governor authority to redirect money from departments outside of DHHS will be "one of the first bills we will deal with when we get to the short session" on May 16.

"Regardless of what happens, there seems to be this recurring theme where we're missing our Medicaid targets," he said. And the legislature is still paying for past overdraws from the federal government, for negative audit findings, and other issues while shelling money out of the General Fund to close year-end budget gaps.

"Getting Medicaid to the point where the amounts are predictable ... is in everyone's best interests," Brunstetter said.

"Anything we can do to get clos-

er on the numbers is better," agreed Sen. Martin Nesbitt, D-Buncombe, also a member of the Governmental Operations Commission.

"But you're going to have a 1- or 2- or 3-percent fluctuation in the Medicaid budget that ... no person on Earth can project," Nesbitt said.

Projecting within 5 percent on an entitlement program "is pretty good" because it's impossible to predict how many will use it and for what services, Nesbitt said. A \$150 million gap would be roughly 1 percent of the \$12.9 billion budget.

"We think the department has done a very good job of using a fast forecasting model that they purchased several years ago," Willis said.

"But one thing we're not doing very well is sharing the information," Willis said. "You don't have a second and third set of eyes looking at the forecast model" similar to what is done in projecting revenues for the general fund, universities, or public schools.

Willis advocates a similar teamwork approach for Medicaid, with a person in the Office of State Budget and Management and another in the Division of Fiscal Research. They could help review the numbers, better identify potential challenges, promote different solutions, and work to avoid surprises late in the budget year.

There also have been cash management issues that can be addressed on the executive side.

"Our side should be looking at that. We've not been for the past three years," Willis said. "We don't have a plan typically until there's a problem in March. I'd much rather know that in August."

"I can't think of a state, maybe a small state like North Dakota that's having an oil boom," that's getting control of its Medicaid spending, said Scott Pattison, executive director of the National Association of State Budget Officers in Washington, D.C.

"Everybody has been saying the same thing. Every new dollar, with few exceptions, is going to Medicaid," Pattison said. Rigid federal guidelines prevent states from implementing

flexible solutions, he said. "North Carolina is not at all unusual."

Lacking flexibility, states are shedding optional populations they don't have to cover under Medicaid, looking for tighter managed care, trying to get generic medications approved, or getting prescription prices lowered.

In Arkansas, cost-control focus is being placed on populations with chronic diseases and expensive treatments. Ensuring patients take their medications and get seen early in a doctor's office if a problem erupts cuts down on more costly emergency room visits or long hospitalizations.

The fee-for-service model doesn't create the best incentives for reducing costs because people just show up at a provider's office and the bill gets paid, Pattison said. Some states are being more aggressive, with some degree of cost-control success, in developing health management initiatives.

"The states are definitely realizing that they have to talk to each other, they have to share information that's becoming available," Pattison said.

Brunstetter said getting a grip on Medicaid is essential to prevent it from consuming all of the cost savings elsewhere in the state budget and gobbling up the unbudgeted tax revenues that come in above projections.

"You get into the second year of the biennium, and there are a number

of things legislators might like to do" in education or capital projects spending, Brunstetter said. Taking care of the Medicaid shortfall "crowds out any ability to do something in the second year of the biennium," he said.

"That takes away any money available to pay bills when another part of the budget goes over," Nesbitt said.

Medicaid is "one of the fastest-growing pieces of our budget," Nesbitt said. "We've got to get the costs under control, and you can't get the costs under control as long as you're doing cost shifting because a portion of your population is uninsured and therefore not paying," Nesbitt says universal health care is necessary to make costs more predictable.

Brunstetter disagrees, saying North Carolina could be forced to add between 400,000 and 500,000 new Medicaid recipients in 2014 if the federal Affordable Care Act survives a Supreme Court challenge.

"It looks to me like this is going to be potentially a budget buster if this goes through," he said. CJ



Cash-flow problems and growing Medicaid entitlements led to shortfall

Interested in N.C. history?

Visit the North Carolina History Project's Web site at <http://www.northcarolinahistory.org/>



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

Fox News Chief Ailes Pushes Watchdog Journalism at UNC-CH

BY DAN E. WAY
Contributor

CHAPEL HILL

I'm the mole," Fox News Channel chairman and CEO Roger Ailes fibbed in a bit of faux news folly during remarks April 12 at the 23rd Roy H. Park Distinguished Lecture Series on the UNC campus.

Of course, the mole is the disgruntled Joe Muto, an associate producer at Fox's No. 1-rated "The O'Reilly Factor," who vowed earlier that week to expose evildoing as an insider at Fox News for the Gawker website. Instead, Muto's digital fingerprints foiled his tell-all foray within 24 hours of the initial posts appearing.

Ailes' playfulness with the corporate espionage — and accompanying dart about the culture that fomented it — were illustrative of his hour-long remarks, a blend of wry wit and blunt assessment in deadpan delivery to more than 200 audience members.

"We're not doing anything wrong, so I'm not really worried about the mole," Ailes said of the posts by Muto intended to embarrass Fox News. They included bits about Bill O'Reilly's bathroom habits, and video of commentator Sean Hannity and Republican presidential candidate Mitt Romney.

"The mole shows a culture that believes in theft, a lack of loyalty, turning on its colleagues, lying to management," Ailes said. Muto has been fired. Fox lawyers are exploring criminal charges and civil action.

Ailes' lecture was laced with stern advice for aspiring journalists and disdain for declining journalistic values, such as abandoning traditional standards of multiple sources for a story, crusading for political causes, or citing Wikipedia and other unreliable Internet sources.

"Remember, bias is not necessarily what you write in a story, it may be what you leave out of a story or refuse to cover," Ailes said.

He also admonished aspiring journalists to change their majors to political science if their goal is to push political causes through their reporting.

Many journalism students say they are in that course of study for "some version of 'change the world' or 'save the world,'" Ailes said. They're stumped, he said, when he asks them why they think the world wants them to change it.

"I think we got a deeper insight into the man behind Fox News," said Susan King, dean of the UNC School of Journalism and Mass Communication and master of ceremonies at the lecture, named for Roy H. Park, a North Carolina native and founder of the Park Communications radio, television, and newspaper conglomerate.

Ailes railed against the proliferation of regulations choking business



Fox News Channel chairman and CEO Roger Ailes gave the 23rd Roy H. Park Distinguished Lecture April 12 at UNC-Chapel Hill. (Photo by Jarrard Cole/reesenews.org)

growth and intruding on personal life, telling the future news representatives "it's up to journalism to make sure we don't tie ourselves up in something we don't want" by examining regulations for their erosion of personal liberties and exposing them.

And he heralded American exceptionalism, saluted the nation's military, and defended the capitalist business structure.

"You're going to hear your country criticized. As a journalist, you must question your country. But you also must question the criticism," Ailes said.

"We have a historic, heroic history," he said. "American exceptionalism does exist because we believe in freedom. You can tell this is a great country because everybody is trying to get in and nobody's trying to get out."

Ailes lauded Park for creating a multimedia company from the ground up.

"That's a major contribution to society and a major contribution to poor people" because it created jobs, he said. "Don't let people talk you out of trying to succeed or make you feel guilty about making money."

He ticked off a list of Fox News accomplishments: staying ahead of CNN and MSNBC in the ratings for 10 straight years; showing profitable growth for 58 consecutive quarters; having 123 months — 41 quarters — at the No. 1 position in cable news, with six shows at the No. 1 position in their time slots for more than 100 consecutive months.

"I tell you about these ratings because ratings bring in money, and that's how you get a paycheck," Ailes said.

"Yes, you are doing it for a higher reason, but without the paycheck you're not doing it at all," he said. "We

are the only network that has not had any layoffs because of economic conditions."

He said he is "not a big fan of government confiscating more than a third of what we make. I believe a third is fair." Donating to charity for worthy causes is important, he said.

Ailes was executive producer of the Emmy Award-winning "The Mike Douglas Show," the most-watched

syndicated talk program of its time. Ailes said he twice met with Martin Luther King Jr. on the talk show.

"He was under tremendous pressure to lead a violent revolution, and he refused to do it. He said we would change the country peacefully, and he lost his life doing it," Ailes said. "He was a brave man."

Ailes: Bias isn't always what you put in a story; it can also be what you leave out

Visit our Wilmington regional page

<http://wilmington>



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

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

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

High School Grad Enrollment In Remedial Courses On Rise

BY CJ STAFF

For a third consecutive year, the percentage of North Carolina high-school graduates enrolling in at least one community college remedial course increased, the John Locke Foundation's top education expert has found.

Sixty-five percent of 2011 high-school graduates entering a community college in the fall of 2011 took a remedial course in English, math, or reading, an increase from 64 percent of incoming high school graduates enrolling in community college the previous school year.

Terry Stoops, JLF director of education studies, says the numbers suggest school graduation standards remain "alarmingly low."

State education officials have touted a recent increase in the state's high-school graduation rate — from 68.3 percent in 2006 to a revised 77.9 percent in 2011. When graduation rates for the 2010-11 school year were released in August, State Board of Education Chairman Bill Harrison said

77.9 percent "is not where we want to be, but it certainly is cause to pause and celebrate."

Stoops urged caution. "On the surface, North Carolina's increasing graduation rate appears to signal a systematic improvement in our public schools," Stoops said. "But quantity is not the same as quality. As public school districts have continued to increase their graduation rate, they have done so at the expense of providing graduates with basic literacy and math skills."

In a JLF Spotlight report published in September 2011, Stoops examined increases in both public school graduation rates from 2007 to 2009 and enrollment in state community college remedial courses in the following school years. "The state's four-year graduation rate grew by 2.3 percent during that time period, from 69.5 percent to 71.8 percent," Stoops said. "At the same time, enrollment in community college remedial classes — also known as 'Developmental' classes — increased by an even faster rate."

By 2009-10, more than one-half of students newly enrolled in a North Carolina community college took a remedial math course, while nearly 40 percent enrolled in a remedial English course. "In sum, 64 percent of new community college students enrolled

in one or more remedial courses, a 7 percent increase from the 2007-08 school year."

These data should raise red flags, Stoops said. "If more newly enrolled community college students are taking these remedial classes, this shows an increasing number of graduates from North Carolina public schools lack the basic skills needed to enroll in entry-level college courses," he said. "Significant increases in English and mathematics remediation suggest that the standards for high school graduation remain alarmingly low. Low standards help provide marginal students an easier path to graduation, thereby increasing North Carolina's graduation rate."

Stoops intentionally limited his study to community college remedial courses. Students enrolled in one or more remedial courses at a community college account for about 20 percent of all high school graduates in North Carolina, Stoops said.

"I think few would object to community colleges providing remedial education and services to adults who have spent years away from school," Stoops

said. "However, that population is not part of this discussion. These statistics represent those who graduated from high school the summer before they enrolled in a community college. It is unconscionable that our community colleges must spend millions of dollars on remedial courses for those who have just graduated from high school."

Links between graduation and remedial work deserve much more scrutiny, Stoops said. "Remediation and graduation data are limited, and this study provides an overview of a complex issue," he said. "Researchers should conduct much more comprehensive studies using multiple, multi-year student performance metrics."

The percentage of incoming high-school graduates taking remedial courses at community colleges has risen as follows: 57 percent in 2007-08; 60 percent in 2008-09; 64 percent in 2009-10; and 65 percent in 2010-11.

Stoops added that even though legislative Republicans have taken heavy criticism for education spending authorized in the two-year budget passed in June 2011, Democrats controlled the legislature over the four-year span represented in the remediation data. Data for the 2011-12 school year will be available in several months, he said. CJ



COMMENTARY

Home Schooling Goes to College

Twenty years ago homeschooling was relegated to the fringes of K-12 education — the spurned stepchild in a newly blended family of schooling options. Today home schooling is a credible, viable educational choice that is garnering respect, even admiration, from outside educators. At the nation's elite colleges and universities, once-wary admissions officers are validating the benefits of a home education in the best way possible — with much-coveted acceptances.

As the home schooling movement gains converts, enrollments are booming. Nationwide some 2 million students are taught at home; in North Carolina, more than 83,000 students were home schooled in 2011. If current trends continue, statewide home schooling enrollments will catapult past private schooling over the next five to 10 years.

Surging popularity notwithstanding, can home schooling survive the hard scrutiny of outside accountability? Indeed it can. According to a 2009 study from the Home School Legal Defense Association of almost 12,000 home schooled students, home schoolers scored 37 percentage points higher on standardized tests than their public school counterparts. A more recent study comparing Canadian homeschooled and public school students, published in the *Canadian Journal of Behavioral Science* in 2011, also found home schooling gave kids a boost — "from a half-grade advantage in math to 2.2 grade levels in reading," notes lead author, Sandra Martin-Chang.

There's a key caveat to home schooling's academic acclamation: Home schooled children excel in "structured" academic environments, in which parents provide intensive, formalized instruction. So-called "un-schooling" settings, which lack clear parameters and direct parental guidance, produce student outcomes that are inferior to public schools, the Canadian study found.

It's also worth noting that the manifold demands of home schooling aren't workable for many families. Home schooling requires enormous amounts of parental commitment, financial sacrifice, and time. At least one parent must devote considerable energies to teaching those kids, often forgoing

(or dramatically reducing) outside employment.

But home schooling parents who stick it out over the long haul are well aware of the costs, and generally welcome the accountability and validation of standardized tests. Stephen Estes, a 2011 college graduate and former home schooler, says his parents insisted he take SAT subject tests in high school, as well as Advanced Placement exams — which he passed — in physics, environmental science, and English.

Kelsey Farson, the first recipient of UNC-Chapel Hill's prestigious Morehead-Cain Scholarship to be home schooled all the way through the K-12 years, credits her parents with "instilling a lifelong love of learning." They covered academic fundamentals, but also sought opportunities for their children to develop individual gifts. A talented high school math student, Kelsey learned physics from her father, studied AP Calculus with

a private tutor at Davidson College, and enrolled in numerous community college courses. She took nine AP exams in subjects ranging from Calculus to microeconomics — and received credit for all but one. She'll graduate from UNC-Chapel Hill this May, with a bright future in public policy.

Given such impressive academic achievement from home schoolers, it's no surprise that colleges and universities are taking notice. According to Stanford admissions, "Home schooled students comprise a small yet growing percentage of our applicant pool." Princeton "welcomes" home schooled applicants, noting that one home schooler went on to graduate as the university's Class of 2002 valedictorian. And at Duke, admissions materials state: "For the past several years, home schooled students have been admitted to Duke at a rate equal to or higher than that for the entire applicant pool."

For all of the devoted home schooling parents out there, this hard-won affirmation is reason to celebrate. For the rest of us, it offers irrefutable proof that a marriage of parental sacrifice and educational freedom can, in fact, produce quite a wonderful child. CJ

Kristen Blair is a North Carolina Education Alliance Fellow.



**KRISTEN
BLAIR**

With 100-Max Cap Lifted, Demand For Charter Schools Surges

By DAVID N. BASS
Associate Editor

RALEIGH

Demand for new charter schools in the Tar Heel State has surged following the enactment of a bill approved by the N.C. General Assembly and signed into law by Gov. Bev Perdue in 2011 that lifted the 100-school cap.

By mid-April, approximately 60 applications — a record-breaking number — for new charters had been submitted to the N.C. Office of Charter Schools. If approved, the new charter schools would open by the fall of 2013.

The applications run the gamut of rural and urban regions across North Carolina — from the Triad, Triangle, and Charlotte regions to rural Randolph and Chatham counties.

In Wake County, two schools — Longleaf School of the Arts and Wisdom Academy — submitted applications. If all of Mecklenburg County's 11 applications are OK'ed, the county could soon see a boom in charter-school growth.

"Many predicted that the state would receive between 50 and 100 applications, so this is in line with expectations," said Terry Stoops, director of education studies for the John Locke Foundation. "Most of the applications are from urban and suburban counties where demand for existing charter schools far outpaces supply. This is what we would expect from a properly functioning education market."

In a rare instance last year of bipartisan agreement on a major bill, the legislature approved Senate Bill 8, No Cap on Number of Charter Schools, by an almost unanimous vote. The two chambers passed differing versions of the bill, but lawmakers hammered out



The website of the N.C. Public Charter Schools Association, which encourages the creation of new charter schools in North Carolina.

differences in a conference committee, resulting in a 45-0 vote in the Senate and a 108-5 vote in the House. Gov. Bev Perdue signed the bill into law in June.

Charter schools are funded with taxpayer dollars but don't operate under many of the restrictions imposed on traditional public schools. As a result, demand for students to attend the schools is high, in many counties resulting in lengthy waiting lists.

"Thirty thousand students are currently on public charter waiting lists, so clearly parents are seeking new ways to educate their children in environments that meet their unique needs," said Darrell Allison, president of Parents for Educational Freedom in North Carolina, a group that favors education reform.

"It is our hope that other education entrepreneurs across North Carolina understand that the ball is now in their court to form groups that blossom into new charter schools," said Eddie Goodall, executive director of the N.C.

Public Charter Schools Association.

Charter growth

Even as North Carolina's economy continues to lag, charter schools are experiencing a historic boom. An April article in *The Charlotte Observer* reported that charters are expected to account for one-third of all public school enrollment growth in Charlotte-Mecklenburg Schools in 2013.

"Projections show CMS gaining about 2,000 students next year, an increase of about 1.4 percent," the newspaper reported. "About 1,000 more Mecklenburg students will attend charters, a 12 percent jump."

"I really do believe that you're going to see more and more families, particularly working middle class, working poor, choosing these options that heretofore haven't been available," Allison said.

The renewed interest in charter schools isn't confined to the Old North State. Georgia's legislature voted in

March to put the issue before voters in the November election. A proposed constitutional amendment would restore the right of the Georgia Charter Schools Commission to OK new charters, even if local boards of education have rejected the schools.

Lawmakers passed the amendment in response to a Georgia Supreme Court ruling in 2011 that stripped the commission of its power.

'Fast-track' option

In North Carolina, the State Board of Education put nine charter schools on its "fast-track" option, meaning that they have four months of planning time rather than the traditional 12-month period. These schools are slated to open in August 2012.

A total of 27 organizations submitted applications for the fast-track option by the November 2011 deadline, but the N.C. Public Charter School Advisory Council recommended only nine of them to the state board for approval.

The advisory council has 15 members: eight appointed by the governor, three by the speaker of the House, three by the president pro tem of the Senate, and one by the state superintendent of public instruction.

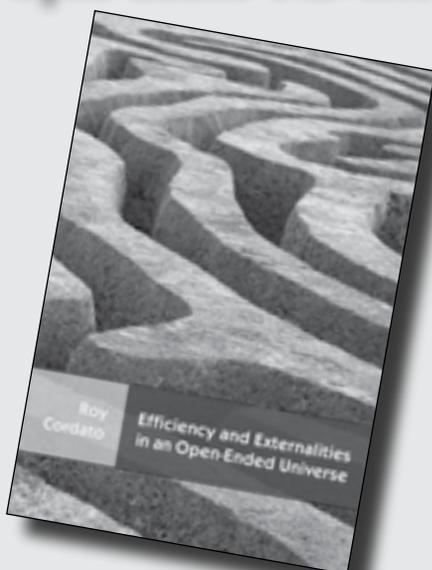
Stoops said that he was "satisfied" with the advisory council's recommendations. "The process of opening a charter school in six months is daunting, even to the most seasoned charter-school operator," he said. "Fortunately, the applicants approved for 'fast-tracked' charters have the experience and resources needed to open a charter school quickly and successfully." *CJ*

BOOKS AUTHORED BY JLF STAFFERS



By Roy Cordato
Vice President for Research
John Locke Foundation

Efficiency and Externalities in an Open-Ended Universe

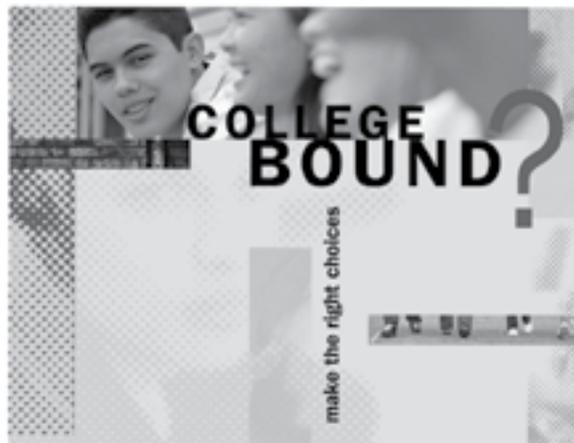


"Cordato's book is a solid performance, demonstrating impressive mastery of both the Austrian and neoclassical literature."

Israel Kirzner
Cato Journal

www.mises.org

If you know high school students considering college . . .



then "College Bound? Make the Right Choices" is for you!

Should they go?

How will they pay?

What will they study—or will they party?

The John William
POPE CENTER
FOR HIGHER EDUCATION POLICY

To receive a free copy, call
919.828.1400 or email
shaw@popecenter.org

Visit the Pope Center online at popecenter.org for additional reports and studies

Health Center Plan Spurs Debate on Government's Role

By DAN WAY
Contributor

A statewide youth health advocacy group is pushing to create a school-based health center at Southeast Raleigh High School to treat uninsured and underinsured students. Critics say, however, it is bad business to inject government health care into the classroom.

Youth Empowered Solutions had planned by the end of April, after this issue went to press, to submit more than 2,000 petition signatures and 400 postcards supporting the center to the Wake County school board.

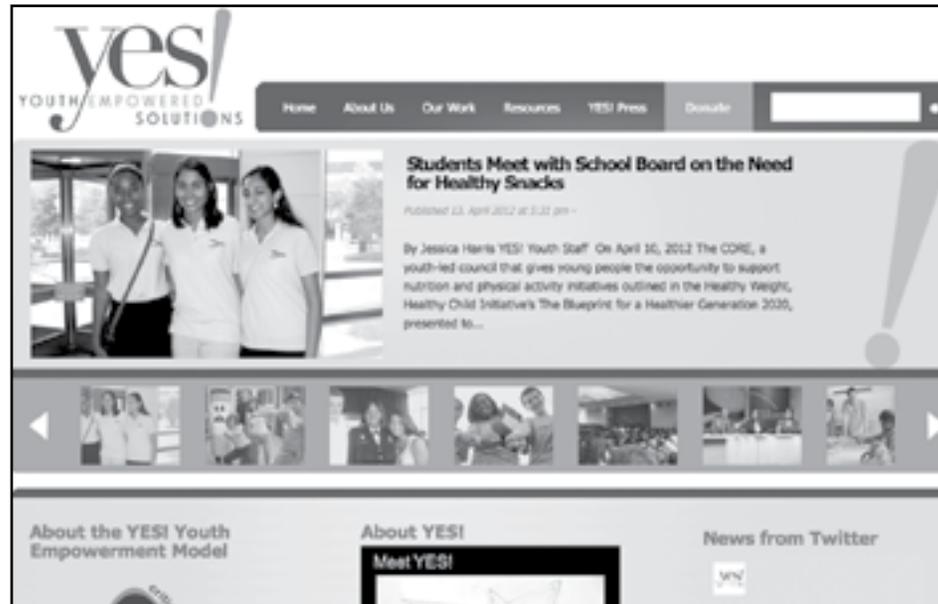
The nonprofit hopes to apply this summer for a grant of up to \$500,000 through the federal Affordable Care Act for capital costs such as a modular building on a school campus, classrooms upfitted as a doctor's office, and large supply items.

The Wake County Health Department, UNC Health System, Rex Healthcare, and WakeMed Health & Hospitals are possible staffing, operational, and funding partners, said Parrish Ravelli, leader of the Access to Health Care Team under Raleigh-based YES.

YES will submit a formal proposal to the school board by the end of this school year and hopes to be operational by the end of the 2012-13 school year, Ravelli said.

But the proposal has its critics, who say that the centers will do much more than serve as infirmaries for students. "In our opinion, all of this is about being intrusive on the family and building dependency on government services" among malleable youths, said Twila Brase, president and

RALEIGH



Youth Empowered Solutions, which says on its website that it "empowers youth, in partnership with adults, to create community change," wants to open a health center at Southeast Raleigh High School to serve uninsured and underinsured students.

co-founder of the Citizens' Council for Health Freedom in St. Paul, Minn.

"We believe that parents are responsible for their children, so we believe that government shouldn't be expanding its reach into the families through the schools, where parents are out of the picture" during school hours, Brase said.

"It's not about starting a new social program at the school," Ravelli said. "While I understand the desire to keep education siloed and separate and focused on grades, the reality is no matter how good a school is, if the student is not healthy, they are not going to be in their seat."

Immunizations, flu shots, sports physicals, nutritional services, and "basic level of care" might be available before and after school and during the school day, he said.

"In Wake County there are a significant amount of students being suspended for behavioral and mental health reasons," Ravelli said. "Mental health clinicians could work with those students to reduce suspensions. A nurse practitioner [who] can diagnose and write prescriptions and a registered dietitian would be part of the program. A physician's assistant might be on staff."

Parents would sign consent documents for students to be seen at a school health center.

But that "doesn't mean they know what they're giving consent to, or what all a school-based clinic can do," Brase said. "Students may not tell their parents that they went to a clinic."

In some states, school-based clinics have transported students across state lines for abortions, she said.

"These are the sort of things that can happen when you have a government clinic in a government institution," Brase said.

In North Carolina, health regulations on school health centers prohibit release of students' medical records on pregnancy, substance abuse, emotional disturbances, and sexually transmitted diseases except in life-threatening circumstances. A court order or student consent is needed for a parent to access a child's alcohol and substance abuse treatment records.

DHHS spokesman Mark Van Sciver said contraception is not an issue at North Carolina school health centers. The department partially funds 22 of the state's 50 school clinics. One employee provides technical assistance, contract monitoring, and credentialing for those 22 centers, which are required to report performance data midyear and at the end of the year, Van Sciver said.

"No reproductive health services are offered at SHCs located on school campuses," based on state law, Van

Sciver said. "Contraceptives, including condoms and other devices, shall not be made available or distributed on school property."

But Colorado-based health policy analyst Linda Gorman cautioned, based on experience in her state, that parents should remain vigilant.

"They swore up and down they would not dispense contraceptives. And they didn't," said Gorman, senior fellow and director of the Health Care Policy Institute at the Independence Institute, a free-market think tank. Instead, she said, the centers "were dispensing vouchers to Planned Parenthood next door."

School clinics "mostly serve low-income people who have much bigger [health] issues" than those that will be treated at school, Gorman said. That drives up costs in the finite Medicaid funding pool.

She said many of the mental health components are "a bunch of nonsense," such as a girl being upset over a fight with her boyfriend. Medicaid is billed at the same rate for that lover's spat as for a quadriplegic who needs home health care to survive, she said.

"They're throwing all of these resources at basically healthy children," Gorman said. "If a kid is sick, he should be seeing a doctor, not some kind of weird medical setup."

Private insurance, foundation grants, the health department, and community partners would help sustain the school clinics, Ravelli said.

But Gorman warned that schools might see school health centers as a source of revenue if the school could receive a percentage of the Medicaid payments the center generated. Massachusetts experienced "incredible amounts of graft," she said, including billing for services on days when schools were closed, before the state instituted reforms of its school-based centers.

"In some places, notably where I am, the school district gets to keep 30 percent of the Medicaid billing," Gorman said.

"We are unaware of any Medicaid payments made to local education agencies for hosting SHCs" or any other financial windfall, Van Sciver said.

Marvin Connelly, Wake County Schools assistant superintendent for student support services, said the district needs "to look at the fiscal implications" to determine whether there would be costs to host a health center or school revenue generated from it. The district has two representatives on the YES task force.

"We would want to look at the needs assessment in general" for students and the medical community, and where school health centers may be best placed, Connelly said. CJ

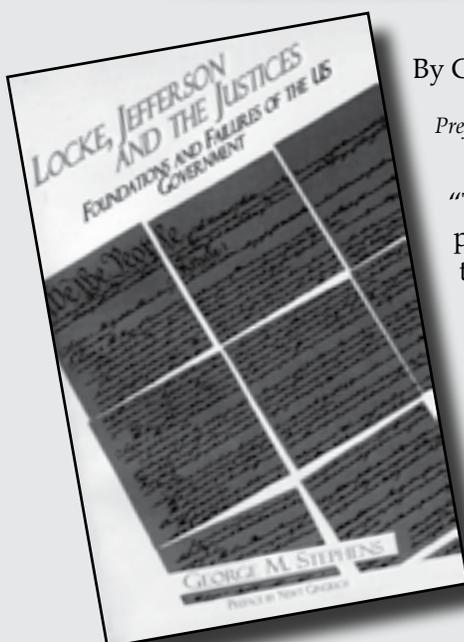
Locke, Jefferson and the Justices: Foundations and Failures of the U.S. Government

By George M. Stephens

Preface by Newt Gingrich

"This book is about American politics and law; it is also about the roots of the Contract with America. A logical place to find the intent of the Founders is in Locke, [and] Stephens makes a contribution to highlighting this."

Newt Gingrich
Former Speaker
U.S. House
of Representatives



Algora Publishing, New York (www.algora.com)

Town and County

Rural population loss

New figures from the Census Bureau show that North Carolina's population grew 1.3 percent from 2010 to 2011. That growth was not spread equally throughout the state. Indeed, as the *Winston-Salem Journal* reports, the Census Bureau estimates that 44 of the state's 100 counties lost population over that time period.

Uneven growth is nothing new in North Carolina, but having so many counties lose population, even if in many cases only slightly, is unprecedented. Between 2000 and 2010, only seven counties — Halifax, Hyde, Jones, Lenoir, Martin, Mitchell, and Washington — saw their populations fall.

"What it is telling you is that cities matter more than ever," said Keith Debbage, a geography professor at the University of North Carolina at Greensboro. "In the large, urban economies of the state, you have a more diverse portfolio and wider educational opportunities."

The fastest-growing county in the state was Hoke, which saw its population grow by nearly 5 percent. Nearby Harnett County grew the second fastest, with a 4 percent growth rate. Army personnel moving to the region as part of the base realignment process are believed to be at least partially responsible for the two counties' growth.

Overall, the Charlotte and Raleigh-Durham areas accounted for nearly 45 percent of the population growth in the state.

Charlotte spending plan

Charlotte City Manager Curt Walton is proposing that the city increase its property taxes by 9 percent to fund nearly \$1 billion in capital improvements through 2020. Walton justifies the spending and tax increase as necessary to keep the city from "declining," reports *The Charlotte Observer*.

After the recent property revaluation, almost half of the city's tax base was concentrated in the area south of the city's downtown. Walton sees that as a sign of Charlotte becoming like a Rust Belt city, with a relatively small portion of the population paying most of the taxes.

Walton's answer is to add infrastructure to attract people to move into lower-income portions of the city. This capital spending would aim to attract the "creative class" and would focus on rail transit projects. CJ

Chapel Hill Cell Phone Ban Irks Businesses

By KAREN McMAHAN
Contributor

CHAPEL HILL

Business owners are concerned that Chapel Hill's ban on all cell phone use by drivers when their motor vehicles are in motion will hurt sales and customer service. For some health care-related businesses, the ban could have lethal consequences.

Chapel Hill became the first municipality in the nation to issue such a far-reaching ban when the town council enacted the measure March 26 by a 5-4 vote. The law goes into effect June 1.

The ban immediately attracted national attention for both its uniqueness and its strictness. Even the strictest bans on mobile technology imposed by other states and localities prohibit drivers from texting or using hand-held devices, not from using hands-free operation.

Safer technology

Business owners have expressed particular outrage over the ban on hands-free operation. Smart phones and built-in services in newer cars, including GPS and voice commands through Bluetooth technology, enable drivers to receive or make calls by pushing a single button. Such technology was developed, in part, to improve safety.

Council member Laurin Easthom, who voted against the measure, told *Carolina Journal*, "It's laughable that you can talk to your mom or dad but not your brother," referring to an exception that allows cell phone conversations with the driver's parent, child, legal guardian, or spouse. The law also provides an exception for emergencies.

Mobile technologies have revolutionized how companies operate, allowing them to reduce costs while speeding up sales and service. For many sales and customer service professionals, the car has become their primary office. They're glad they no longer have to drive around for miles to find a phone booth to contact the home office or customers.

The ban may force drivers to resort to a similar tactic by having to pull off the road so they can use their cell phone legally.

Move called 'frivolous'

Dave Cotton, owner of AdvantaClean, a franchise that provides emergency water and fire restoration, mold remediation, and air duct cleaning services to customers in several counties in the Triangle area, told *CJ* the ban is frivolous.

Cotton said a CBS "This Morning" news crew followed him as he demonstrated how difficult it can be to find a place to pull over to use the phone safely, yet how easy it is to use one button or voice command.

"I'm not against a ban on hand-held devices," Cotton said, "I just can't understand why they'd ban hands-free. I've worked a lot in the Northeast where some areas had a ban on using hand-held devices, but they didn't include Bluetooth."

"My car is my office, and my trucks are on the road constantly. If I follow the letter of the law, I won't be able to pick up the phone or press a button to answer a call. Missing a call can mean thousands of dollars in lost business. With the types of emergencies my customers have, they need to

reach a live person. If they don't reach me, they'll most likely go with the first live person they get," Cotton said. He joked that even the original car phone had hands-free capability.

Frank Coker, owner of Senior Helpers, a provider of in-home senior care, told *CJ* that "he could see some reasons to do the ban, but not the hands-free, and it's just a secondary offense with a \$25 fine."

"But a missed call in my business can potentially be life-threatening for my clients," said Coker. "If a senior falls or has some other medical emergency, they can call my business 24 hours a day, 7 days a week, and always reach a live person. My car is my office. I don't want to have to drive five miles to find a place where I can pull off the road to return or answer a call. So I'll continue to take calls so I can provide the best care to my clients."

Education versus legislation

Council members supporting the ban say their goal was to educate the public on the dangers of distracted driving. Several hope this law will push legislators to enact a state-wide ban.

Critics wonder why cell phones are being singled out from other forms of distracted driving. Council member Gene Pease voted against the ban, even though he supports a ban on hand-held devices, "because the issue is one the state should address, the way the law is written makes it virtually impossible to enforce, it goes beyond common sense, and, if the real issue is to educate, an ordinance isn't the way to do it."

Easthom agreed, saying she would've voted against the ban under any circumstances because she believes the government can't legislate personal responsibility. "If you can get

distracted by talking on a cell phone, what about talking to a passenger or listening to the radio or an audiobook? Where do you draw the line?" Easthom asked.

Walter Olson, senior fellow at the Cato Institute's Center for Constitutional Studies, told *CJ* that even the National Highway Transportation Safety Administration's own statistics show that the leading source of driver distraction is talking with passengers.

"Commercial drivers have provided decades of data to federal agencies on possible dangers of talking on electronic devices or other forms of distractions while operating a moving vehicle, but apparently distracted driving hasn't been serious enough to warrant a ban," Olson said.

Inconvenient statistics

Despite the explosion in the use of mobile devices in motor vehicles, the Federal Highway Administration website states that "2010 saw the lowest fatality and injury rates ever recorded: 1.10 deaths per 100 million vehicle miles traveled." Injury rates in 2010 declined for an 11th straight year.

Council member Donna Bell supported the ban, saying "the data presented by the UNC Department of Public Health at the public hearing made it really clear that distracted driving kills."

Asked whether a ban should include someone drinking coffee, eating a sandwich, or even using a cell phone while walking on a public thoroughfare, Bell said, "I wouldn't be opposed to it, as long as the offense was secondary, so that the police couldn't pull you over unless you missed a turn or committed some other traffic violation first." CJ



N.C. Supreme Court Limits 'Plain Error' Doctrine Appeals

By MICHAEL LOWREY
Associate Editor

RALEIGH

In an April decision, the N.C. Supreme Court restricted the ability of criminal defendants to challenge their convictions on appeal.

In a case involving a Fayetteville man convicted of conspiring to rob a woman at gunpoint, the justices ruled that a defendant may not have the right to demand a new trial on appeal even if a trial judge made an error and his attorney failed to object at the time. The key, the justices concluded, was whether it's likely the judge's error — had it been noted at the time — would have resulted in a different verdict.

While judges try very hard to get it right, they occasionally make mistakes. If during a criminal trial the defense objects and an appellate court decides a judge's ruling was wrong and a U.S. constitutional right is involved, the defendant is entitled to a new trial unless the judge's error is shown beyond a reasonable doubt not to have affected the outcome of the case. If no federal constitutional right is affected, then the defendant must show a reasonable possibility that, had the judge not made a mistake, a different result would have happened at trial. In either case, this is called a "harmless error standard of review."

Many times defense attorneys don't object at trial even though they should have. By failing to object, defendants generally lose the right to raise that issue on appeal, which can have severe consequences. To alleviate some of that harshness, in 1936 the U.S. Supreme Court adopted "plain error review," allowing federal appellate courts under certain limited circumstances to reverse a conviction even if the defense didn't object. The N.C. Supreme Court did not extend the concept to state courts until 1983.

An example of the invocation of the plain error doctrine by state courts was the case of David Lawrence. In August 2008, Lawrence joined in a plot to rob drug dealers in Fayetteville. The would-be robbers believed that a certain woman was dating a drug dealer, and they hoped to force her to tell them where he kept his drugs and money.

The plan was to kidnap her outside her house and force her to talk.

Unfortunately for Lawrence and company, the intended victim's neighbors alerted the police of suspicious activity. Lawrence was arrested and convicted of two counts each of attempted kidnapping, attempted robbery with a dangerous weapon, conspiracy to commit robbery with a dangerous weapon, and attempted breaking and entering. He was sentenced to between 20 and 27 years in prison.

On appeal, however, the Court of Appeals found plain error and overturned the conspiracy charges, cutting at least five years off his sentence. The appeals court found that the judge

had given jurors improper instructions, to which neither side had objected. The appeals court held that this was plain error as a jury might be misled by the improper instruction, and Lawrence was as a result entitled to

a new trial.

Noting that state courts had been inconsistent in applying the plain error doctrine, the N.C. Supreme Court used the opportunity of the state's appeal to reconsider the issue — and ruled against Lawrence.

Writing for the high court, Justice Mark Martin stated:

"For error to constitute plain error, a defendant must demonstrate that a fundamental error occurred at trial. To show that an error was fundamental, a defendant must establish prejudice — that, after examination of the entire record, the error 'had a probable impact on the jury's finding that the defendant was guilty,' [and that] the error will often be one that 'seriously affect[s] the fairness, integrity, or public reputation of judicial proceedings.'"

The court then applied this standard to Lawrence's case and found that Lawrence could not show that the error had a probable impact on the jury verdict.

"The trial court correctly instructed the jury on the elements of attempted robbery with a dangerous weapon," Martin wrote. "The jury convicted defendant of that offense. Therefore, the only additional element necessary to convict defendant of conspiracy to commit robbery with a dangerous weapon was that he entered into an agreement to do so."

The high court reinstated the convictions.

The case is *State v Lawrence*, (100PA11). CJ



COMMENTARY

Nightmare On Fayetteville Street

As we at the John Locke Foundation predicted when its doors opened in 2008, the city-subsidized Mint restaurant has closed its doors after a net loss of \$400,000.

Here is the short version of this sad story. Some city council members wanted to impress out-of-town guests visiting their taxpayer-subsidized convention center and their \$10 million remake of Fayetteville Street. So they decided Raleigh needed a white-tablecloth restaurant on Fayetteville Street featuring "low country" cuisine. They took an empty space in a city-owned building and gave the Raleigh Restaurant Group a cool \$1 million to convert it into a glamorous dining establishment. The first month after opening in January 2008, the Mint lost \$96,000. That's a whopping \$3,100 a day.

While the Mint continued racking up heavy losses, city council members could not admit defeat, so they renegotiated the rental contract in April 2011, giving the Mint a \$1,200 monthly reduction in rent. The city defended this move by stating that the rental reduction was for three years on a 10-year contract; rent increases in years four through 10 would make up for the reduction. That excuse was laughable at the time because no one believed that the Mint would make it three years. Now, after one year of cut-rate rent, the Mint has gone bust.

Will the city council admit defeat, get out of the restaurant business, and save taxpayer dollars? Not on your life. The plan is to reopen the restaurant with new owners and a new concept. Perhaps a hot-dog stand would work this time?

City Manager Russell Allen told WTVD that the taxpayers have not lost anything on this deal. That is true only in the fantasy world of public-sector accounting, not in the real world of basic economics.

First, you have to compare the city's claim that the Mint paid \$600,000 in rent to what that space could have demanded in rent

without the \$1 million in restaurant equipment and renovations. Let's say the city had rented the location to a business for retail or office space and the renters paid for their own equipment and furnishings. The rent paid by this business likely would be \$600,000 or more, and taxpayers could have kept the \$1 million in their pockets.

In addition, the city might have been able to raise the rent since 2008 rather than reducing it by \$1,200 per month as it did for the Mint. In addition, how much is that \$1 million of restaurant equipment and furnishings worth now? If sold at auction, the city would be lucky to get back one-half to one-third of the original purchase price.

Allen really needs to sign up for a refresher course in basic economics, and possibly reality, if he is to continue to provide the city council advice on economic matters. I know several qualified economics professors at N.C. State University who would love to have him in their microeconomics classes, in which freshmen learn about "opportunity cost."

The city council members are getting plenty of help from the press in their effort to sweep this under the rug. *The News & Observer* was a week behind other local media outlets in mentioning this story. At press time, WRAL-TV has remained silent. It seems that, as boosters

of former Mayor Charles Meeker's downtown boondoggle, these media outlets have neglected their journalistic responsibilities. Thus, the current mayor and city council are likely to continue to fleece taxpayers by staying in the restaurant business.

I have a suggestion. Perhaps the city council members could become reality TV stars by inviting "Kitchen Nightmares" host Gordon Ramsay to teach them how to run a restaurant. CJ



MICHAEL SANERA



Michael Sanera is director of research and local government studies at the John Locke Foundation.

Raleigh Officials Won't Say If Sales Tax Needed For Transit Center

BY DAN WAY
Contributor

Adaunting array of studies, interlocal agreements, street renovations, and track work are still in the discussion phase. But before a \$212 million multimodal transit center can be built on the west side of downtown Raleigh, it's unclear whether a half-cent sales tax referendum must pass to guarantee the project will be built.

"The half-cent sales tax is not make or break" for the Raleigh Union Station project in the Boylan Wye area, said David King, Triangle Transit Authority general manager.

But if the tax doesn't pass (or if voters never get the opportunity to consider it), it's unclear where local transit officials will find the money to build Union Station.

TTA owns the vacant former Dillon Supply building that would be converted into a transit complex where buses and proposed commuter rail and light rail would pick up and drop off passengers. The plan also envisions local Capital Area Transit and long-distance Greyhound bus lines servicing the center, along with Amtrak passenger trains and Southeast High Speed Rail services.

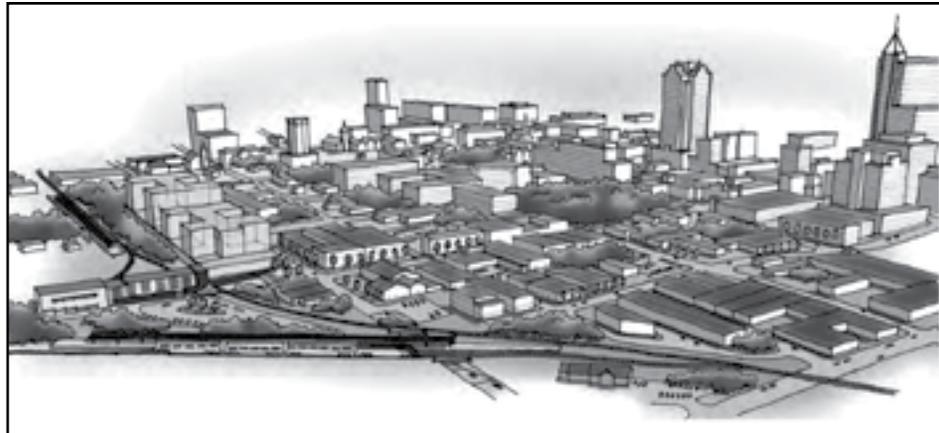
The 2035 bus plan that was developed for Wake County proposing increased bus service, commuter, and light rail lines "is contingent upon half-cent sales tax revenues," said Eric Lamb, transportation planning manager for the City of Raleigh. Bus service is the top priority, with commuter rail second, and light rail on the back burner, Lamb said.

Asked if the city would pursue construction of the transit complex if a half-cent tax were not passed, Lamb said, "obviously, we wouldn't build it if we didn't have the services for it."

But both King and Lamb said efforts continue to find other funding for the transit center with the hope that it can be built out to full mass transit potential.

The rail station portion of the transit hub is "completely separate" from the half-cent sales tax, Lamb said, and it is viewed as the first phase of a tiered construction schedule that would layer in the other transit services. TTA-owned buildings and "a hodgepodge" of other buildings in the warehouse district would comprise the transit hub at full build-out.

"The current Raleigh station is an impediment to growth and ridership," which have experienced "robust, double-digit" increases in passengers and revenue over the past three to four years, said Pat Simmons, head of the N.C. Department of Transportation rail division.



An artist's rendering of the Raleigh Union Station multimodal transit center. (Graphic from raleighnc.gov)

The existing station on Cabarrus Street, owned by the North Carolina Railroad Company, serves Amtrak's Piedmont, Carolinian, and Silver Star trains. Norfolk Southern and CSX run freight trains nearby.

Simmons calls all those congested tracks the "spaghetti bowl of Boylan Wye," and said working out a conflict-free feasibility analysis to accommodate current and future users has been tricky.

"We feel like we're on the pathway to having a successful solution," Simmons said. "We are testing that reality or perception by sharing the information with everyone" and gathering feedback.

The transit hub is not without critics. Dallas Woodhouse, state director of Americans for Prosperity, a limited-government grass-roots organization, called it "an ill-conceived project" that would be "a horrible use of tax dollars."

He is opposed to the half-cent sales tax.

"We would fight the referendum in Wake, because if they don't have it in Wake, they won't have it anywhere else," Woodhouse said.

Durham County already has passed a half-cent tax, but is not collecting it until Wake and Orange counties pass their referendums. Officials in both counties have said they are still assessing whether to place a referendum before the voters in 2012.

"This will be a boondoggle that we will never get out of" if the transit hub is built, Woodhouse said. "It will make people who believed in the Global TransPark and the [Sparta] Teapot Museum just blush."

He said Triangle political leaders and planners have "a big dream of European-style train service that will never happen" because the area is too spread out, rail and bus service will not reach everyone, and auto travel makes more sense.

"If you talk to people, you virtually can't find anyone who will say, 'Yeah, I'll ride the train.' There's just not enough riders," Woodhouse said.

But Simmons points to data for

the Raleigh Amtrak station that, in his view, supports relocation.

In 2010, 164,475 passengers boarded or alighted at the Raleigh station out of 803,196 at 18 stations statewide. In 2011, 192,434 boarded or alighted out of 903,090 statewide.

"Outside of Richmond, it's the best-used station in the country," Simmons said, and it is 80 percent supported by passenger fares. "Typically, for comparison, a transit operation is around 25 to 35 percent, and most intercity passenger trains are between 30, 40, and 50 percent" fare-funded.

He attributed the ridership increases to population growth, rising gas prices, improved service quality, and reduced travel times.

But lack of parking, a small waiting area, and a lack of an appropriate passenger platform inhibit further growth, he said.

"We've yet to develop a financing plan" for the conversion of the TTA building to a rail station, Simmons said. "If the half-cent sales tax is not approved, then there's no risk to

anyone because that's not a funding source" for the passenger rail portion of the complex.

But he contends that the N.C. Department of Transportation's work on other rail stations has been an economic catalyst. Some cities have developed multiblock master planning districts, partnering with private entities. The promise to build Durham Station sparked early private development in the Bull City's downtown resurgence, Simmons said.

Raleigh City Council dedicated \$3 million from a \$40 million transportation bond approved by voters last fall to the transit hub project, he said.

But the rail station renovation itself is expected to cost in the \$30 million range. Track enhancement, switching improvements, additional sidings, the extension of West Street, and an additional underpass for that street to allow traffic to go under the rail tracks is in "the \$70 million to \$75 million range right now," Lamb said.

Where would that money come from?

"That's a great question, and that's really on everybody's minds right now," Lamb said. The city is preparing a Tiger Program grant application with the U.S. Department of Transportation for a subset of stimulus funding.

"I won't ever say never" to another bond issue being sought, or diverting money allocated for other projects to the multimodal center, Lamb said.

"You can probably cobble the money together" to complete the project, TTA's King said, but it is unclear "how the funding will shake out in the long term." CJ

Visit our Triangle regional page

<http://triangle.johnlocke.org>



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

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

It also features the blog Right Angles, featuring commentary on issues confronting Triangle residents.

Local Government Lobbyists Await General Assembly Short Session

By DONNA MARTINEZ
Contributor

North Carolina's courts have ruled it is legal for local governments to use taxpayer resources to lobby the General Assembly on legislation, and that's exactly what nearly two dozen cities and counties are registered to do as the May 16 legislative short session nears.

As of March 28, eight North Carolina counties and 10 municipalities were listed as principals in the North Carolina General Assembly Lobbying Directory. The local governments are sprinkled among more than 660 lobbyists and 700 principals registered to lobby on behalf of businesses, industries, and advocates for and against specific causes and issues.

An April 2011 "N.C. Local Government Law Blog" by UNC School of Government professor of public law and government Robert Joyce reviews three cases — *North Carolina ex rel Horne v. Chafin*, *Bardolph v. Arnold*, and *Dollar v. Cary*. Joyce concludes:

"So, it appears, local governments may use public funds to try to influence the General Assembly in a particular direction and to put out informational materials regarding issues. They may not, however, use public funds to try to influence the outcome of an election — either an election for office or a referendum on a public issue."

While the legality of local government lobbying is settled, the question of whether the practice is appropriate isn't.

"What's happening is that people are being forced to pay taxes that end up supporting lobbying efforts that

may be against their best interests and principles," said Becki Gray, vice president for outreach for the John Locke Foundation and a registered lobbyist for JLF, which publishes *Carolina Journal*. "Let's say you feel strongly about a contentious issue in your community that's being considered by the legislature, or you prefer belt-tightening to tax increases. Your tax money can be used by your city or county to argue against you."

Ellis Hankins, executive director of the North Carolina League of Municipalities, counters that based on case law, local governments have a responsibility to communicate with the General Assembly. "It says that not only can municipalities and counties expend some public funds within reason in communicating with members of the General Assembly, but that they have the responsibility to communicate and work with members of the General Assembly because that's where all the authority that governs what a city and county do comes from. That's an important principle," Hankins said.

Gray said cities and counties already have legislative representation

from General Assembly members who were elected to represent constituents in their districts. But local issues are increasingly complex, Hankins said, and sometimes legislators ask for input from his group, which focuses mainly on issues with statewide impact, or from city- or county-specific lobbyists and liaisons who usually focus on bills affecting their local community.

North Carolina counties with registered lobbyists include several from

the coastal region: Pamlico, Beaufort, Camden, Hyde, and Currituck. The others are Granville, Person, and Stanly. The 10 registered municipalities are scattered throughout North Carolina:

Creedmoor, Morganton, Salisbury, Wilson, Boone, Butner, Cary, Clayton, Stantonsburg, and Bald Head Island.

Five local governments have liaisons registered with the Secretary of State: the cities of Wilmington and Charlotte, and the counties of Gaston, Mecklenburg, and Durham.

Norma Houston, a lecturer at the UNC School of Government, said the current number of local government lobbyists squares with what she recalls when working at the legislature. Hous-

ton served as chief of staff to former Senate President Pro Tem Marc Basnight from 1993 to 2003, and again in 2005 and 2006.

"In my experience, every session that I worked, there always were some lobbyists that represented local governments," Houston said. She remembers contract lobbyists or employee lobbyists monitoring a slate of issues or the budget process in general. Other lobbyists were more issue-specific.

Houston said a lobbyist is someone who isn't an employee of the unit of government but is hired by the government and compensated for advocating for the government's interests. A local government liaison is an employee of the unit of government whose primary job duty includes lobbying the legislature on behalf of the employer.

The 23 cities and counties with their own lobbyists or liaisons represent only a small percentage of the hundreds of cities, towns, and counties in North Carolina. Most are members of the League of Municipalities or the North Carolina Association of County Commissioners. The league has four lobbyists registered to lobby the General Assembly. NCACC has five.

The league's legislative goals include support of legislation allowing all municipalities to adopt a prepared meals and beverage tax, and to adopt impact fees on development. NCACC's legislative goals include seeking legislation to give counties the ability to impose on residents "by resolution or, at the option of the Board of Commissioners, by voter referendum any or all revenue options from among those that have been authorized for any other county." CJ



Help us keep our presses rolling



Publishing a newspaper is an expensive proposition. Just ask the many daily newspapers that are having trouble making ends meet these days.

It takes a large team of editors, reporters, photographers and copy editors to bring you the aggressive investigative reporting you have become accustomed to seeing in Carolina Journal each month.

Putting their work on newsprint and then delivering it to more than 100,000 readers each month puts a sizeable dent in the John Locke Foundation's budget.

That's why we're asking you to help defray those costs with a donation. Just send a check to: Carolina Journal Fund, John Locke Foundation, 200 W. Morgan St., Suite 200, Raleigh, NC 27601.

We thank you for your support.

John Locke Foundation | 200 W. Morgan St., Raleigh, NC 27601 | 919-828-3876

YOUR HOME ON THE WEB FOR NORTH CAROLINA PUBLIC POLICY

Creating your own personal Key Account at www.JohnLocke.org is a great starting place for tracking the critical public policy issues facing North Carolina.

Each day, your Key Account searches a comprehensive database of JLF reports, briefing papers, news articles, press releases, and events notices to display timely information about the issues of your choice. It's an excellent tool for those drafting legislation, researching policy issues, preparing news stories, planning political or lobbying campaigns, or seeking information with which to be an informed voter and citizen.

Visit www.JohnLocke.org and create your personalized Key Account today!



Commerce Official Tried To Divert Funds To Own Nonprofit

Continued from Page 1

Commerce job. Smith told *CJ* that she was acting in her official capacity as a Commerce employee last year when she applied for the grant.

Ethics conflicts not disclosed

McKoy initially failed to note his affiliation with NCSC on statements of economic interest covering the years 2010 and 2011. It is a Class 1 misdemeanor "to knowingly conceal or fail to disclose required information" on the form. McKoy was serving on the NCSC board as chairman during 2010 and at least through July 8, 2011 — nearly a year after he began his current position with Commerce.

He and Crisco filed revised statements with the N.C. State Ethics Commission April 16, 11 days after the initial *CJ* Online story was published.

McKoy's revised statement covered 2010 and 2011. In response to a question about nonprofit affiliations, McKoy wrote, "Served as temporary interim board member and officer for the purposes of establishing this quasi-state entity [NCSC] to pursue a state initiative pending the appointment of a full permanent board." In response to a question implying the potential for a conflict of interest, he stated that he was a "potential participant in a proposed expansion of a federal Community Development Block Grant administered by the Department of Commerce, to be provided to local governments for the provision of technical assistance to underserved communities."

Crisco's amended statement covered 2011, declaring his affiliation with NCSC. Crisco's answers were identical to McKoy's except that he did not include "and officer" after "temporary interim board member."

NCSC's website says it is an "independent nonprofit organization." Nowhere does it describe itself as a "quasi-state entity."

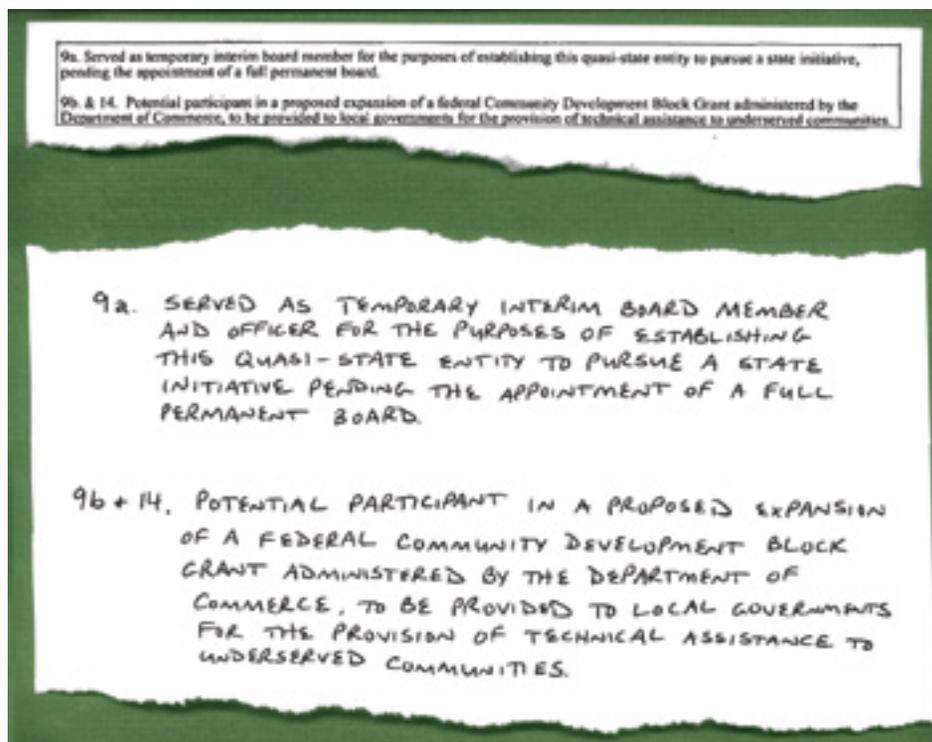
CJ asked Crowley to identify the legislative authority that allowed McKoy and Crisco to establish a nonprofit affiliated with the Commerce Department. Crowley has not answered that question.

Refused to resign

McKoy's only contact with media since the initial *CJ* Online story was published has been a phone conversation with *News & Observer* reporter John B. Frank.

McKoy told the *N&O* that Crisco asked him to resign after the first *CJ* Online story was published, but McKoy said he declined. The *N&O* also reported that Crisco and other top officials of Gov. Bev Perdue's administration were involved with the nonprofit.

According to its website, "the



After Carolina Journal Online published two stories about Assistant Commerce Secretary Henry McKoy's relationship with the North Carolina Sustainability Center, he and Commerce Secretary Keith Crisco amended their statements of economic interest to reflect previously undisclosed information about connections with NCSC. The wording in each of their statements is nearly identical. Crisco's is at top above, and McKoy's is at bottom. (*CJ* graphic)

North Carolina Sustainability Center catalyzes change and inspires residents, businesses, and communities to advance an economically vibrant, socially equitable, and environmentally prosperous future for North Carolina."

There was no phone number listed on the website prior to the first *CJ* Online report, but one now has been added. The center's physical address is a mailbox in a UPS Store at a North Raleigh shopping center. Only two employees are listed. Katie Kross of Chapel Hill is the center's president, and Karen Sina of Raleigh is the center's business manager, according to the website.

The center started in 1998 as an organization named Save 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, NCSC's chairman at the time, 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."

Even though the center's website features a blog that has been updated several times in recent weeks, NCSC's latest Internal Revenue Service Form 990, Return of Organization Exempt From Income Tax, indicates the center has not been very active. It received \$7,638 in grants and had \$8,441 in ex-

penses 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.

Last year, the center's finances improved, as it received the \$150,000 grant from the Z. Smith Reynolds Foundation.

Counties initiated action

Records obtained by *CJ* from the four counties show that in October, McKoy informed each it had been selected to receive more funds, even though he didn't seek formal approval for the project from his boss Crisco until Jan. 6.

In January, McKoy's staff instructed the counties to begin the formal process of accepting the \$600,000 grants. Each county also was provided with a sample of a "Legally Binding Commitment" requiring the county to transfer 90 percent of those funds over to the NCSC.

Each county's board of commissioners was instructed to announce and conduct a public hearing about the new money, as required in the CDBG guidelines. Each county held a public hearing, and each county commission approved its county staff to continue working with Commerce to accept the money. According to officials in each county, Commerce has not told them the program is dead.

Unauthorized memo

McKoy indirectly addressed the controversy by way of a meandering, 4,000-word memo sent to Commerce employees on April 17. Not only did

McKoy give no indication that he planned to leave; he did not acknowledge that Crisco asked for his resignation. Moreover, McKoy insisted that he and Crisco soon would answer questions from Commerce employees during a conference call with staff. "I have nothing to hide," McKoy said in the memo, "so I am happy to answer anything from anybody."

To date, however, McKoy has not responded to several phone messages and emails left by *CJ*.

In the memo, McKoy claimed the *CJ* Online stories were untrue, but did not refute the details in them, and confirmed several — as when he acknowledged "failing to list the non-profit on my SEI [statement of economic interest] form" filed with the state when he served on the state Economic Development Board and after he began working at Commerce.

In his memo McKoy also said that neither he, nor any family member, would gain any financial benefit from the diversion of federal CDBG funding to the sustainability center, though the *CJ* Online stories did not make that assertion.

The memo is interspersed with anecdotes that have no connection to the sustainability center project, which he described only in general terms as "great." He said it "was to be the first time in the history of the state that every community, down to the smallest one, could have access to some level of funding for capacity building regularly that would make them more competitive in the short and long-run," but did not explain what that meant.

Rather than use the space to detail the project, he discussed, among other things, a robbery at his home, the sermon at his church the previous Sunday, his workout routine, and his shower habits: "Every single Sunday — rain, sleet, snow, or hail — unless it is just impossible to do so because I am away, I start out the morning doing two things. I wake up early Sunday morning and I do a 10-mile run — sometimes more depending on how early I awake. I then return home, shower and get dressed, sometimes eat breakfast, and then I drive my family and I to church." He then "can conquer the world and anything that comes at me," because he has "spiritual fitness" and "physical fitness."

Asked if anyone at Commerce had approved McKoy's memo to staff, Crowley told *CJ* that he was "unaware of anybody reviewing the internal memo before it was sent." When asked about the staff meeting where Crisco and McKoy would answer questions, Crowley said, "As far as the meeting, I know it is actively being discussed, but I'm not aware of a firm date and time yet." *CJ*

State Threatens to Shut Down Private Nutrition Blog

Continued from Page 1

ting nutrition," the board's director says, and in North Carolina that's something you need a license to do.

Unless Cooksey completely rewrites his 3-year-old blog, he could be sued by the licensing board. If he loses the lawsuit and refuses to take down the blog, he could face up to 120 days in jail.

The board's director says Cooksey has a First Amendment right to blog about his diet, but he can't encourage others to adopt it unless the state has certified him as a dietitian or nutritionist.

The seminar

Jan. 12, Cooksey attended a nutrition seminar at a church in Charlotte. The speaker was the director of diabetes services for a local hospital.

"She was giving all the wrong information, just like everyone always does — carbs are OK to eat, we must eat carbs to live, promoting low-fat, etc.," Cooksey said. "So I spoke up."

After the meeting, he handed out a couple of business cards pointing people to his website.

Three days later, he got a call from the director of the nutrition board.

"Basically, she told me I could not give out nutritional advice without a license," Cooksey said.

He said she also told him that his website was being investigated and gave him some suggestions about how to bring it into compliance.

If he did not go along, the board could file an injunction and "essentially shut the website down," Cooksey said.

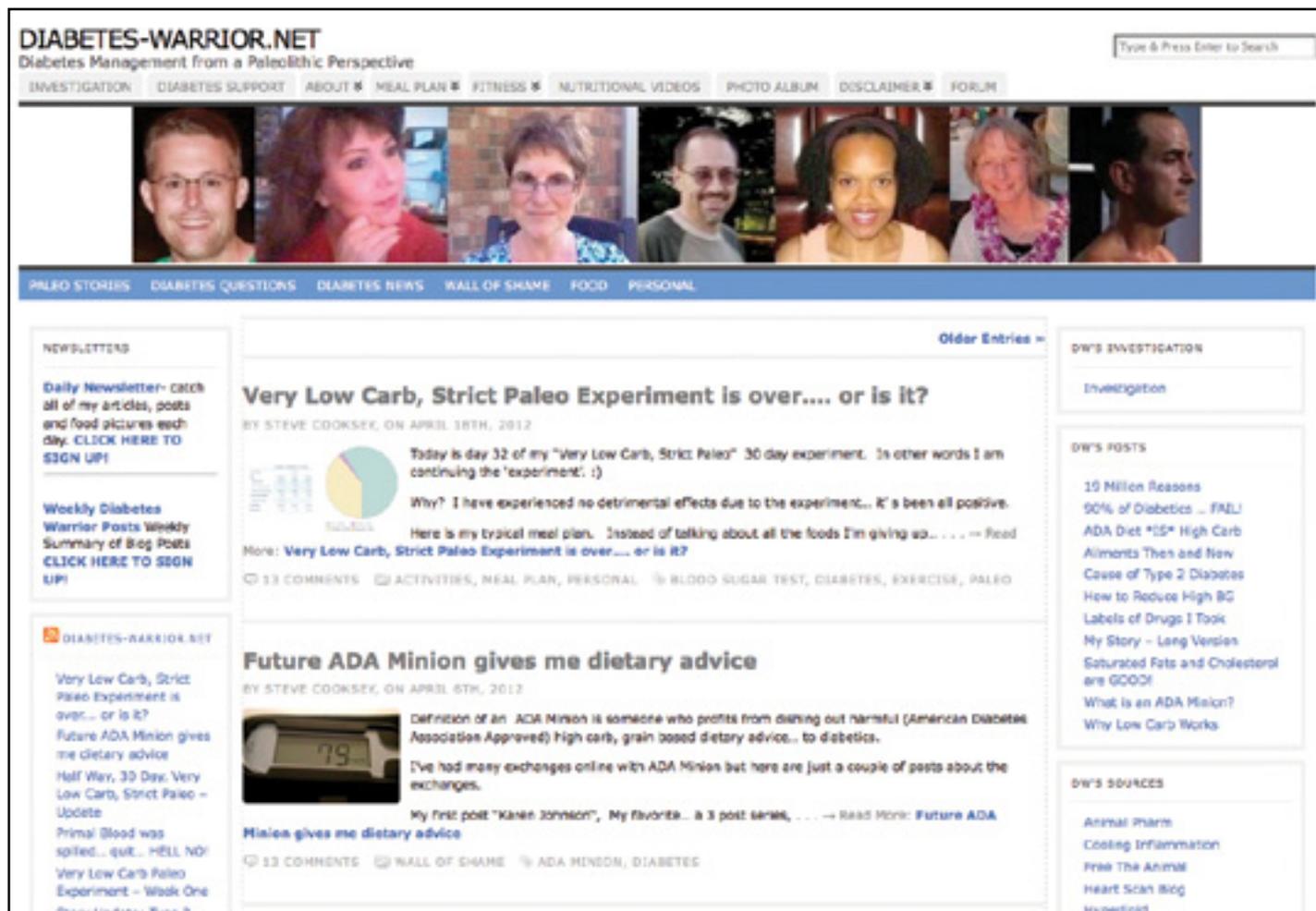
The law

Charla Burill, the board's director, told *Carolina Journal* she could not discuss the details of Cooksey's case because his website is still under investigation, but agreed to talk about the law in the hypothetical.

It's not necessarily against the law to give your sister or your friend nutritional advice, she said. And it's not necessarily against the law to use a blog to tell people what they should eat.

Where it crosses the line, Burill said, is when a blogger "advertises himself as an expert" and "takes information from someone such that he's performing some sort of assessment and then giving it back with some sort of plan or diet."

Cooksey posted a link to the board's review of his website. The document shows several Web pages the board took issue with, including a question-and-answer page, which the director had marked in red ink noting the places he was "assessing and counseling" readers of his blog.



Steve Cooksey's nutrition blog site, Diabetes-Warrior.net, has caused great consternation among state nutrition officials.

"If people are writing you with diabetic specific questions and you are responding, you are no longer just providing information — you are counseling," she wrote. "You need a license to provide this service."

The board also found fault with a page titled "My Meal Plan," where Cooksey details what he eats daily.

In red, Burill writes, "It is acceptable to provide just this information [his meal plan], but when you start recommending it directly to people you speak to or who write you, you are now providing diabetic counseling, which requires a license."

The board also directed Cooksey to remove a link offering one-on-one support, a personal-training type of service he offered for a small fee.

Cooksey posts the following disclaimer at the bottom of every page on his website:

"I am not a doctor, dietitian, nor nutritionist ... in fact I have no medical training of any kind."

In fact, he brags about his lack of formal training throughout his blog.

"It's so simple," he told *CJ*. "I cut carbs. I reduced my drugs and insulin until I didn't need them at all. If I can figure that out, why in the hell can't all these other people [in the medical field]?"

Burill said the disclaimer may not protect a nutrition blogger from the law.

"If I've given you reason to not worry that I don't have a license because I have all these other reasons

I'm an expert, you could still harm the public," she said. "At least you're not trying to mislead the public, but you're trying to get the public to trust you."

It's a fine line between what's legal and what's not when it comes to talking about nutrition.

"Anyone can talk about anything they want," Burill said. "That's a First Amendment right, so to speak."

For example, a person could write a blog advocating vegetarianism, she said.

"Now if you advertised that you'd taken classes in nutrition, you've worked at [the federal government's Food and Nutrition Service] for three years, and you say 'I believe everyone should be a vegetarian, and I'm here to help you if you want to change your diet,' [that could be crossing the line]," Burill said.

"A vegetarian diet would be a little bit harder [to prosecute] because a vegetarian is not really like a medical diet."

Burill said if Cooksey refuses to come into compliance with the law voluntarily, the board could file for an injunction.

Free speech

Declan McCullagh, a CBS News correspondent who writes about online free speech, says the board probably is violating Cooksey's First Amendment rights.

"The First Amendment says state and federal governments 'shall make

no law' abridging freedom of speech," McCullagh said. "It doesn't say 'except for what annoys the North Carolina Board of Dietetics and Nutrition.'"

McCullagh pointed to a sentence in Cooksey's blog the board didn't approve of: "I do suggest that your friend eat as I do and exercise the best they can."

"If that language appeared in a book or a magazine article, do you think the board would complain?" McCullagh asked. "How about if someone said that to a friend over dinner at a restaurant? Of course not. But because it's on the Web, they seem to think that the First Amendment no longer applies."

McCullagh said the board may be on more solid ground in its complaint about the telephone support packages Cooksey offers. "But ... if customers are paying \$97 or \$149 or \$197 a month to have someone listen, that sounds a lot like life coaching, which doesn't require a license."

"In general, I think that as long as someone is very clear that they're not a licensed dietitian, state officials can probably find better uses of their time," he said.

Cooksey said the board has violated his freedom of speech and did a disservice to the people of North Carolina. He said all he's trying to do is provide an alternative to the experts' opinions on what people should be eating.

Cooksey said he's seeking legal assistance in case the state decides to take further action against him. *CJ*

O'Sullivan: Americans Feeling Fatigue on Middle East Issues

By CJ STAFF

RALEIGH

It's hard to read or watch any news without learning about some disturbing development in the Middle East. Americans ought to pay close attention to those developments, says Meghan O'Sullivan, Jeane Kirkpatrick professor of the practice of international affairs at Harvard's Kennedy School of Government. She was a special assistant to President George W. Bush and deputy national security adviser for Iraq and Afghanistan. O'Sullivan recently delivered North Carolina State University's annual John W. Pope Lecture on the topic "Making Sense of the New Middle East." She discussed key themes from her presentation with Mitch Kokai for Carolina Journal Radio. (Head to <http://www.carolina-journal.com/cjradio/> to find a station near you or to learn about the weekly CJ Radio podcast.)

Kokai: As people are hearing about Iraq, Iran, Afghanistan, Syria, Egypt, all the things going on over there, some people may be saying, "This is overwhelming, mind-boggling. Why should I care about this stuff?" Why should we care about these things?

O'Sullivan: Sure. And I understand that after the last 10 years that a lot of Americans have what we could call Middle East fatigue, and so to actually find ourselves with an ever-increasingly complicated situation in the Middle East may strain the tolerance of many Americans. But the reality is that we have enduring, very large interests in the Middle East. And just to name a few of them, they're very familiar interests.

We continue to have big interests in the Middle East providing energy, not directly to the United States, but to global energy markets. That matters a lot to our economy. ... Also we have a very real and enduring interest in Israel's security and the viability of an Israeli state in the Middle East. We also have an interest in seeing that different states in the Middle East don't become — that extremism doesn't grow in the Middle East, that actually moderation over time grows. And then, finally, we have a very positive interest. We have an interest to the extent that we're in a position to do so, to helping people who are embarking on enormous political transitions that will hopefully lead to them living under better governments, which are more accountable to their own people, hopefully more integrated into the global, international economy, and hopefully over time will be sources of stability for the region and for the world.

Kokai: Speaking of stability, it's never been stable in the Middle East, but for a number of years, those who

"I look at the internal dynamics in Iran, and I think it's very unlikely that the regime is going to be in a position to engage in a long-term negotiation. ... [T]he question is: Is military force going to be the way out? And if military force is going to be deployed, will it be Israeli military force, or would it be American military force?"

*Meghan O'Sullivan
Jeane Kirkpatrick Professor
Kennedy School of Government
Harvard University*



followed these issues kind of knew what to expect from various countries. But after what became known as the Arab Spring, our ideas about a lot of these countries have changed. What sorts of things are you, as an expert on these topics, looking at most closely in Egypt and Syria and Israel and all of these places?

O'Sullivan: Well, I think that the Middle East — it's easy for us to look back and say it was stable, but we have to remember that, you know, Saddam invaded a number of his neighbors, that there were multiple wars with Israel, there were all kinds of things that always made this place a little bit uncertain. But now, as you point out, it's more uncertain than ever. And I'm looking at a number of dynamics in the Middle East.

It's not that there's just one dynamic that's characterizing the entire place. It's still an extremely diverse place. I'm looking at, on the one hand, the post-revolutionary states, primarily of North Africa, but maybe also Yemen, and these are countries that are embarking on a very important but very difficult journey of building new institutions. So they're going to be inward-looking, really focusing on institution building and nation building.

At the same time, I'm looking at the Gulf monarchies. These are countries that have very different governing systems. They're monarchies for the most part, and they have a lot of resources. So they're able to deal with pressure for political change in other ways. So they have a different trajectory, but their stability and how they handle these pressures are equally important. I'm also looking at the dynamic [of] Iran, Iraq, and Syria — three very different countries that are connected by sectarian dimensions and by Iran's aggressive push to shape the Middle East.

Kokai: As we see what's going on in the Middle East today, we know that there are a lot of concerns about Iran, about Syria. What do you see as sort of the top issue that's on the plate that Americans should be concerned about at this point?

O'Sullivan: It's very hard to pick just one. I think the one that certainly has received the most attention and probably has the prospect of being the most destabilizing is Iran's pursuit of a nuclear weapon. This is not a new issue, obviously, but it really seems to be coming to a head with the Iranians pursuing — in the face of all kinds of international opposition — aggressively pursuing the capability to develop a nuclear weapon. And what is really forcing debate, private and public debate, is this question about how long does the international community have before Iran reaches that threshold, and what steps should be taken to prevent Iran, if any, to prevent Iran from reaching that. And there's the hope on the part of the Obama administration that the economic and political pressure that Iran is under — which is quite substantial — will lead the regime in Tehran to decide to make a change, to shift away from the pursuit of a nuclear weapon in order to get relief from these sanctions and other strictures.

There are others, and I'm among them, who would like to see negotiations work, but who are very skeptical that they will work. I look at the internal dynamics in Iran, and I think it's very unlikely that the regime is going to be in a position to engage in a long-term negotiation. If negotiations are not going to be the way out of this problem, the question is: Is military force going to be the way out? And if military force is going to be deployed, will it be Israeli military force, or would it be American military force? Or in the best-case scenario, would it be military

force by an international coalition ... ?

Kokai: During the last portion of your Pope Lecture, you outlined several steps of things that the United States could, should, ought to do in dealing with the Middle East. What are some of those?

O'Sullivan: One of the things I was trying to get at is going back to the beginning of our conversation about this — fatigue, American fatigue with the Middle East, and I think you combine that American fatigue with suspicion on the part of a lot of Arab states and Arab people about the United States. A lot of people look at the U.S., and they say, "Well, for decades the United States really propped up these authoritarian, kind of corrupt dictators." And so a lot of people are nervous about what role America might play in the Middle East. I'm afraid that that will lead to a situation where America and the Middle East part ways, and, in fact, as I mentioned at the beginning, I believe the United States has a lot of enduring interests in the Middle East, and I would also say it has a lot of ability to help countries successfully make this transition.

Now, the issue is, how do we do that in a way that is welcome and constructive? And it means playing a very different role in the Middle East than we have in the last decade. And it involves things like negotiating a new relationship with the people of these countries. We primarily dealt with the Mubaraks, with the Salehs, with their governments. We really need to focus on the people in these countries and on building enduring relationships, weaving the fabric of long-term, bilateral relationships which have to do with civil society, have to do with defending institutions, have to do with educational exchanges, have to do with economics. CJ

Atlas Colloquium Targets Inertia of Bureaucracies

BY GEORGE LEEF
Contributor

One of the most famous thinkers of the 20th century, F.A. Hayek, was known for his observation that order can come not only from deliberate actions meant to create it, but also from the spontaneous, uncoordinated actions of many individuals. The latter sort of order is not imposed, but rather emerges. Hayek argued that humans usually find better results in the latter.

For the last 10 years, the Fund for the Study of Spontaneous Orders, a project of the Atlas Economic Research Foundation, has been holding colloquia exploring various aspects of spontaneous order. Its 2012 colloquium, directed by UNC-Charlotte emeritus professor Jack Sommer, focused on higher education. It brought together 22 individuals who have teaching experience and deep insights into higher education.

Most of the participants submitted papers, and the Pope Center now has collected final versions of most of them. Readers can access the papers on the Pope Center's website (popecenter.org).

The theme of "emerging orders" is derived from Hayek, so it was fitting that the opening presentation was by Duke University professor Bruce Caldwell, whose research has concentrated on Hayek's work. While Hayek wrote little directly about higher education, he expressed concern over government control of education generally and specifically that a "democratic broadening" of college could reduce learning and impede the discovery of knowledge.

Free institutions and unrestrained competition, Hayek argued, are essential to the greatest discovery, use, and sharing of knowledge. The trouble with government involvement in higher education, he perceived, is that it would lead to rigidity.

Several other papers elaborated on the problem of government as an impediment to the emergence of an optimal market for post-secondary education. David Parento, who works for the innovative StraighterLine — a company that offers students online courses at very low prices — focused

on obstacles that federal policy puts in the way of those who would challenge the status quo. Parento argued that if competition were unleashed, a host of new higher education options for students would emerge, less costly and more attuned to their needs.

George Mason Law School professor Todd Zywicki found that the current government structure of colleges and universities has a lot to do with their high cost and low quality. Zywicki, who served as a Dartmouth trustee for several years, notes that boards of trustees tend to be filled with people who don't want to "rock the boat" and shy away from getting involved with educational quality issues.

Peter Wood, president of the National Association of Scholars, saw "the advance of the state" as a reason why higher education today is largely dysfunctional. Unfortunately, we aren't getting more Americans with augmented "human capital," but instead many young people who graduate with "credentialized resentment" and big debts.

Another Hayekian theme was the prospect for improved higher education to emerge from competition.

Jeff Sandefer, who founded the innovative Acton MBA program, said that educational entrepreneurs would create radically new approaches to learning. Some of them will involve a return to the apprentice-master system. Others will be similar to the merit badges that kids earn in scouting — proof that the student has acquired a set of skills and can be trusted.

Andrew Kelly of the American Enterprise Institute also discussed ways technology would transform higher education. One trend he focused on was the "unbundling" of post-secondary education. Instead of following the traditional path of accumulating credits from one institution to satisfy its degree requirements, students will increasingly cobble together credits from different schools, doing most of their work online. College will become a "do it yourself" job. CJ

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



COMMENTARY

The Damage Done By Federal Student Aid

When the federal government's major student aid programs began in 1965, the theory was that college improved students' human capital, so making it more affordable would benefit the nation. We'd get a better-educated, more productive labor force.

Experience, however, teaches us that government programs never work out as well as expected and usually have harmful side effects.

If President Johnson had said, "Let's subsidize students to go to college so colleges can charge more and students can decrease their learning effort," he'd have gotten no support for the legislation. Nevertheless, we have achieved both of those undesirable outcomes.

Regarding cost, in 1987 then-Secretary of Education William Bennett argued that federal student aid programs were responsible for rising tuition. That came to be known as the Bennett hypothesis. Many defenders of the education status quo scoffed at it, while some economists and education analysts found it persuasive.

A new paper by the Center for College Affordability and Productivity gives the Bennett hypothesis a fresh look. Author Andrew Gillen writes that the original hypothesis largely was correct — federal aid does enable colleges to charge more.

Gillen argues that the nature of competition in higher education puts pressure on schools to raise tuition so they can "keep up with the Joneses." That is, they'll lose position in the pageant of prestige and student amenities that means so much when competing for students. Occasionally we hear of colleges lowering tuition to attract more students, but mostly the "Chivas Regal" effect holds: Colleges that cost more are regarded as being better.

What about the impact of federal student aid on learning?

There is reason to believe that college subsidies have had a negative impact on student effort. Just as individuals tend to take better care of property they have paid for than property they've been given, so with education. When people pay the cost of some educational

endeavor (whether just learning various "how to" manuals for your home, or undertaking a Ph.D.), they take it more seriously than if other people pay for it.

Aysegul Sahin, an economist with the Federal Reserve, came to that conclusion in a study on the incentive effects of government subsidies for higher education. "Subsidizing tuition," she wrote, "increases enrollment rates, however it also considerably reduces student effort." That isn't true only among weaker students, but "even the more highly motivated ones respond to lower tuition levels by decreasing their effort."

That dovetails with research by economists Philip Babcock and Mindy Marks. They found that the average amount of time college students devote to coursework fell from 24 hours per week in 1961 to 14 hours in 2010. They attribute the decline to falling standards, but standards have fallen precisely because

students aren't as willing to work, since other people are paying for it.

There's a strong analogy between the housing bubble and higher education. Prior to federal intervention to make home ownership "more affordable," people who wanted to buy a house had to work and save to accumulate the down payment. Credit was only allocated to those who had demonstrated their creditworthiness.

Government intervention in housing finance destroyed the old system and its virtues. By 2005, almost everyone could get a mortgage. That worked out disastrously.

Similarly, before federal intervention in student aid, high school students had strong incentives to excel so that they would have a chance at college if they wanted. And because they paid most of the (much lower) cost, they took college studies seriously if they enrolled.

Now we have far more students going to college, spending vastly more on it, but many learn little or nothing. CJ



GEORGE LEEF

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

Campus Briefs

Farming and gardening are becoming more popular at North Carolina's colleges and universities. Traditionally, gardens and farms have taught lessons about hard work, patience, thrift, and perseverance. No more! Instead of learning about soil, weeding, and growing zones, students at modern university farms and gardens learn about social activism.

The Carolina Campus Community Garden at UNC-Chapel Hill started as a way to grow vegetables and fruit so that all employees could have access to fresh produce — UNC housekeepers get free produce from the garden twice a week. Now, according to the project's website, the garden project has expanded to cover "issues pertaining to social justice, environmental sustainability, and public policy."

Meredith's community garden began in a similar way. The garden project began as a way to meet curricular needs in the nutrition and family and consumer sciences programs, but grew to address sustainability, organics, and the locavore movement.

The Duke Campus Farm is another example. Designed to be a fully functional and educational farm, it also "aspires to engage students with food issues, increase sustainability at Duke, and influence campus culture to reconnect students with their food."

Students at N.C. State University started the SOUL Community Garden near Lake Raleigh as part of the Office of Sustainability's 2010 "Think Outside the Brick" campaign to make the campus more sustainable, efficient, and environmentally responsible. SOUL stands for "Students for Organic, United Living."

The Elon Community Garden was started by students in an Environmental Ethics class in the fall of 2006 at Elon University to foster "education, spirituality, service, community discussion, and sustainability."

Other North Carolina universities with community garden projects dedicated to sustainability include UNC-Wilmington, UNC-Asheville, Appalachian State University, UNC-Greensboro, and Wake Forest University. An ECU sustainability student group is working on the designs to add a garden to campus soon. Campbell University also has a community garden. *CJ*

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

Report: Radical Politics Dominate UC Campuses

By JAY SCHALIN
Contributor

RALEIGH

A report presented to the regents of the University of California system suggests radical politics increasingly dominate UC campuses. That's the conclusion of "A Crisis of Competence: The Corrupting Effect of Political Activism in the University of California," prepared by the California Association of Scholars, a branch of the National Association of Scholars faculty organization.

Despite a clear legal mandate to keep partisan activities out of the public colleges, regents, administrators, legislators, and faculty either have turned a blind eye to the problem or even supported it.

"When individual faculty members and sometimes even whole departments decide that their aim is to advance social justice as they understand it rather than to teach the subject that they were hired to teach with all the analytical skill that they can muster, the quality of teaching and research is compromised," the authors wrote.

The CAS authors uncovered a mountain of evidence verifying the existence of the politicization problem, citing multiple examples of troublesome department mission statements, course descriptions, orientation programs, invited lecturers, student comments, required courses, and reading assignments.

Since course descriptions and syllabi must be "reviewed and approved by deans, department chairs, and academic senate committees," the open existence of partisan classes and other examples show that UC governance is letting politicization occur, the CAS authors say.

The authors of the CAS report cite numerous firsthand accounts by students who took classes expecting to study an objective body of knowledge, only to have experiences similar to the one described by this UC-Berkeley U.S. History student: "He [the professor] focused excessively on negative aspects of American history to portray a country of lies and contradictions, while applauding Socialists and Anarchists. ... He seemed to be more interested in creating Leftist activists than making sure students had an accurate grasp of U.S. History."

In another example, a student who signed up for Introduction to So-

ciology at UC-Santa Barbara was not taught the basics of sociology as expected, but instead received "10 weeks of anti-capitalist, anti-globalist rhetoric. We were shown several theories on globalization that portrayed Western civilization as almost demonic, heartless, and ruthless beasts that enslave the world for financial gain."

Voter registrations of academics show an obvious one-sidedness: In University of California humanities

departments in 2004, there were 17 registered Democrats for every Republican, and, in the social sciences, the imbalance was 21 to 1.

For instance, the syllabus of a political science course at UC-Santa Cruz asked: "How did Bush and Cheney build

the fiction that al-Qaida was a participant in the 9/11 attacks?" A UC-Berkeley Social Welfare course description stated the class "incorporates a social change and social justice perspective ... change-focused direct practice, community organizing, legislative action, and other activities designed to give expression to the professor's social justice commitments."

Just because the majority of professors have not yet turned their classrooms into indoctrination camps is no cause for celebration, say the CAS authors.

The authors also argue that this activity is undermining our country. Instead of passing on our national legacy to the next generation, "radicals tend to denigrate the past to make their case for the need to conduct the sweeping change" needed for a future Utopia, say the CAS authors. With required courses in U.S. History increasingly replaced by optional courses intended to instill "alienation, hostility, and cynicism" toward the American system, we are developing a "weakening sense of who we are and how we came to be."

Ideology aside, such politicization does not appear to encourage superior education. The authors included discussion of a study conducted by the federal National Center for Education Statistics that discovered that "only 31 percent of college graduates can be classified as proficient in reading" (defined as "the ability to read a complex book and extrapolate from it") as opposed to 1992, when 40 percent were proficient.

Furthermore, according to the authors, the absence of an objective dialogue promotes "shallow, superficial thinking" and "habits of mind" that are "in every respect the exact opposite of those we expect a college education to develop." Another study included in the report, introduced by the book *Academically Adrift*, found that 45 percent of the 2,300 students they tested showed "no statistically significant gains in thinking, complex reasoning, and writing skills" after their first two years of college. *CJ*

Jay Schalin is the director of state policy for the John W. Pope Center for Higher Education Policy (popecenter.org).



Looking for the perfect college?

The Pope Center for Higher Education Policy can assist you with its new, interactive website, NC College Finder.

Visit today!

NCCollegeFinder.org

Visit the Pope Center online at popecenter.org for higher education news.

Opinion

Political Science Course at N.C. State Displays Leftward Bias

One instructor at North Carolina State University has a rather peculiar approach to teaching his introductory political science class. Rather than introducing students to the thinking that went into the Constitution — via *The Federalist*, the writings of the anti-federalists, contemporary speeches, etc. — he has chosen reading selections with the apparent goal of imbuing his students with his own ideology.

John Strange, a graduate student who teaches PS 201: Introduction to American Government and Politics, has assigned readings for his class that argue two main themes: 1) conservatives are stupid, and 2) the Constitution sucks.

I recently obtained Strange's class syllabus via a concerned parent. I asked Strange to comment on the course reading list, but he hasn't responded. The articles mentioned below are not a complete list but are representative of the nontextbook readings that Strange assigned. The textbook, *The New American Democracy* by Morris Fiorina, et al., had only a few examples of leftward slant, such as referring to anti-gay marriage initiatives as anti-gay rights initiatives and including a brief attack on constitutional separation of powers. Perhaps believing that this book was too centrist, Strange has supplemented



DUKE CHESTON

it with numerous outside articles reflecting a liberal (if not radical) viewpoint.

The assigned readings outside the text come overwhelmingly from left-leaning outlets such as *The Nation*, *Vanity Fair*, and the *New York Times* op-ed page. One right-leaning source (the *Weekly Standard*) made the list, but the opinion expressed wasn't exactly conservative. (In a 2005 essay, Allison Hayward made the argument that voting should be mandatory.) I found only one conservative opinion articulated by a conservative, an article in which Dinesh D'Souza argued against affirmative action.

Overwhelmingly, the readings blamed Republicans and the Constitution for the country's problems.

The first article assigned for Strange's class is "Our Godless Constitution" by Brooke Allen. It opens with a swipe at George W. Bush's intelligence and character. "It is hard to believe that George Bush has ever read the works of George Orwell," Allen writes, "but he seems, somehow, to have grasped a few Orwellian precepts."

Allen goes on to discuss the Constitution, minimizing the influence of religion in the creation of the Constitution by taking a close look at the non-Christian pronouncements of four of our Founding Fathers: Thomas Paine, Benjamin Franklin, Thomas



Jefferson, and John Adams. She seems to be unaware that only one of the four (Franklin) actually attended the Constitutional Convention.

There were no alternative viewpoints in the assigned readings to demonstrate the profound effect religion had on early Americans.

Another reading is a long essay about the Senate published in *The New Yorker* in August 2010. Author George Packer attacks Republicans for blocking the progressive agenda over much of the 150-year period following the Civil War. Packer calls their obstructionism "an alliance of Southern racists and Republican corporate shells." In more recent times, Packer blames "the Senate's modern decline" on "the election of a new wave of anti-government conservatives" in 1978.

Conservative jurisprudence also takes a rhetorical beating in Strange's class. For instance, Stuart Taylor's essay in the *National Journal*, "Is Judicial Review Obsolete?" complains that conservative jurists who argue for judicial restraint are hypocritical. Although conservatives say they want judicial restraint, Taylor writes, "they have used highly debatable interpretations of original meaning to sweep aside a raft of democratically adopted laws." In a 2006 article for *Slate* magazine, Seth Rosenthal makes a similar point. He claims that conservative

jurists' restrictions on government involvement in people's lives are, in themselves, examples of intrusion in people's lives.

Neither author seems to understand that conservatives do not see judicial restraint as the same as doing nothing. When they oppose "judicial activism," they mean they want the courts to enforce the laws and limitations that are actually in the Constitution (as opposed to creating new ones, as in *Griswold v. Connecticut*). Doing so may mean striking down laws that are inconsistent with the Constitution.

Is that contradictory? From where I sit, no, but it's debatable. However, students in Strange's class are not able to participate in that debate. They are not offered any argument for judicial restraint from someone who actually favors it (or, it seems, even understands it). This is especially troublesome from an educational point of view because, as John Stuart Mill put it, "He who knows only his own side of the case, knows little of that."

With that in mind, schools should take at least minimal steps to ensure fairness, perhaps through greater departmental oversight — the course at N.C. State was taught by a grad student, after all. Otherwise, the nation will continue to produce graduates who believe their political opinions are well-informed when, having never encountered an opposing view, they are anything but. CJ

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

Do universities really make the local economy stronger?



Pope Center's senior writer, Jay Schalin, explores this topic in the report "**State Investment in Universities: Rethinking the Impact on Economic Growth.**"

Topics include SAS in Cary, Silicon Valley in CA, Route 128 corridor in MA, and Research Triangle Park in NC.

To receive a free copy, call **919.828.1400** or email info@popecenter.org.

The John William POPE CENTER
FOR HIGHER EDUCATION POLICY

A primer on how to donate wisely to your alma mater

Learn how to make your wishes known when you donate to your college by reading the Pope Center's latest report, "Games Universities Play: And How Donors Can Avoid Them," written by Martin Morse Wooster.

A fascinating report!

To request a free copy, call **919.828.1400** or email info@popecenter.org.

The John William POPE CENTER
FOR HIGHER EDUCATION POLICY



From the Liberty Library

• Academics, journalists, and popular historians agree: The chief executives celebrated in textbooks and placed in the top echelon of presidents in surveys of experts are the “bold” leaders — the Woodrow Wilsons and Franklin Roosevelts — who reshaped the United States in line with their grand vision for America.

Unfortunately, along the way, these “great” presidents inevitably expanded government — and shrunk our liberties.

As the 20th century presidency has grown far beyond the bounds the Founders established for the office, the idea that our chief executive is responsible to “preserve, protect, and defend the Constitution of the United States” has become a distant memory.

Now, in his new book, *The Politically Incorrect Guide to the Presidents*, historian and celebrated Reagan biographer Steven F. Hayward reminds us that the Founders had an entirely different idea of greatness in the presidential office. More at www.regnery.com.

• After 150 years, the Civil War still holds a central place in American history and self-understanding. It is our greatest national drama, at once heroic, tragic, and epic — our *Iliad*, but also our Bible, a story of sin and judgment, suffering and despair, death, and resurrection in a “new birth of freedom.”

Drawn from letters, diaries, speeches, articles, poems, songs, military reports, legal opinions, and memoirs, *The Civil War: The First Year Told by Those Who Lived It*, edited by Brooks D. Simpson, brings together over 120 pieces by more than 60 participants to create a unique firsthand narrative of this great historical crisis. Learn more at www.loa.org.

• Everyone in every time and place is interested in sex. Our own time is obsessed by it. One would think that a society obsessed by sex would understand it very well. But the truth is that obsession drives out understanding. We no longer understand even the common sense of sexuality, the things that were common knowledge in supposedly less enlightened times.

Acclaimed philosopher J. Budziszewski remedies this problem. *On the Meaning of Sex* corrects the most prevalent errors about sex, particularly the errors of the sexual revolution, which by mistaking pleasure for a good in itself has caused untold pain and suffering. More at www.isi.org. CJ

Movie review

‘Hunger Games’ Artistically Excellent, But Disappointing

• “The Hunger Games,” directed by Gary Ross, Lionsgate Films, 142 minutes, released April 6.

By MATTHEW HENRY YOUNG
Contributor

If no one watches, then they don’t have a game,” muses a young man at the beginning of Lionsgate Films’ blockbuster adaptation of “The Hunger Games,” which paints a dystopian, distant, depraved future that the author would have us believe may not be so far-fetched. As punishment for an attempted revolution many years before, the tyrannical government of post-apocalyptic nation Panem hosts the annual Hunger Games, a nationally televised spectacle pitting 24 teenagers in combat to the death for the entertainment of the jaded denizens of the Capitol.

When a young girl named Primrose Everdeen is chosen by lottery as the female Tribute from District 12, her devoted older sister Katniss steps forward and volunteers to take her place in the contest. Katniss, portrayed by Jennifer Lawrence, is joined by baker’s son Peeta Mellark (Josh Hutcherson) for the trip to the Capitol. In stark contrast to the impoverished District 12, filmed at a long-abandoned mill town in western North Carolina, the Capitol is a futuristic city. Even so, the culture’s materialism hearkens to the fall of Rome. This comparison is intentional. As we meet television host Caesar Flickerman and President Seneca Crane, the Romanesque allusions insinuate that technological advances do not always prevent a culture from returning to barbarism.

The period of training prior to the games offers many moments of clarity. The grossly impersonal attitude of the trainers toward these innocents condemned to a future of kill-or-be-killed warfare — and the audience’s voracious appetite for pain and suffering — are eerily congruent with the manner in which reality TV shows focus on the heartbroken losers, not the victors. Peeta’s confession that he has loved Katniss since he first saw her creates an uncomfortable love triangle between the two Tributes and Gale (Liam Hemsworth), a longtime male friend left behind. A comment made by perpetually drunken mentor Haymitch Abernathy — “It’s a television show, and being in love with that boy ... might just save your life” — is disturbing in its similarity to the darkest corners of corporate politics, where virtue often is traded for advancement.

However dark it may seem, the film is not without its bright spots. After witnessing firsthand the Capitol’s insatiable bloodlust, Peeta voices his determination to avoid becoming a pawn of the system. “I don’t want them to change me, turn me into something I’m not,” he vows. “If I’m gonna die, I want to still be me.” Peeta challenges us to make a difference by standing against the perverted entertainments prominent in our culture.

Director Gary Ross (“Seabiscuit,” “The Tale of Despereaux”) weaves a captivating tale that is supported by its production values; professional, yet not overly inventive camera angles mirror those used in cable television shows,

while jerky, hand-held movements conjure the raw realism of an indie documentary.

Short vignettes, while seemingly unrelated to the topic at hand, help drive home the moral. One scene shows cold assessments of each Tribute’s skills, as analyzed by oddsmakers while children pretend to kill each other in the background. This makes the point that if the entertainment world romanticizes violence, then our children will lose their moral objections to murder and mayhem, so long as it supports their goals.

“The Hunger Games” is excellent in execution of its story, and remains mostly faithful to Suzanne Collins’ 2008 novel. There were inspiring points and thought-provoking ones, yet there are notable disappointments. There are instances when the filmmakers seemingly condoned incredible violence and celebrated human suffering by focusing on dying and mutilated Tributes. They also place the protagonist Katniss in situations in which the viewer fully expects, even encourages, her to take another teenager’s life, supports her threatened suicide in a Romeo-and-Juliet-style plot twist, and judges a killing as “merciful.”

We spend the entire film disgusted by the cold, cruel way highly trained “Career” Tributes kill less fortunate combatants. Yet in the final moments, viewers are treated to a climactic struggle culminating in Katniss “mercifully” killing a Tribute in pain. All the other murders are portrayed as barbaric and evil, yet Katniss’ deed somehow does not warrant the same judgment because the victim was “going to die anyway.”

The future that “The Hunger Games” warns against is less frightening than the future derived from accepting its world-view. If killing is justified under those terms, how long will it take before euthanizing elderly citizens or performing partial-birth abortions on “handicapped” babies also is justified? How long until the accepted treatment for any terminal illness is a lethal injection?

“The Hunger Games” is an experiment in revulsion therapy that falls short of its lofty goal. It shows the evil inherent in being entertained by pain and death. When the educational publisher Scholastic Inc. asked Collins about the popular appeal of reality TV, she said, “Then there’s the voyeuristic thrill — watching people being humiliated, or brought to tears, or suffering physically — which I find very disturbing. There’s also the potential for desensitizing the audience, so that when they see real tragedy playing out on, say, the news, it doesn’t have the impact it should.”

Sadly, “The Hunger Games” displays that “voyeuristic thrill.” While we are lectured for 142 minutes about the dangers of violent entertainment, the fact remains: “The Hunger Games” is a violent movie. While it makes powerful points through satire, I question its effectiveness. If our nation is headed for a two-week-long celebration of brutal murder — as suggested by the filmmakers — do we really need a Hollywood paean to teenage violence under the guise of “awareness”?

Only time will tell whether films such as “The Hunger Games” will convince our society of its erroneous ways, or further desensitize us to atrocities by barraging our senses with a hearty helping of innocent blood spilled, graphic slayings, and the cruel, scolding laugh of killers. CJ



Freedmen's Bank Allowed Former Slaves Access to Marketplace

Once the Civil War ended in 1865 and for several years after, emancipated slaves were encouraged to participate in a free-labor economy. But the South lay in ruins. Former slaves had difficulty finding work, much less starting enterprising careers.

To encourage freedmen to save money, the Freedmen's Savings and Trust Company, commonly known as the Freedmen's Bank, was formed. With the help of Sen. Charles Sumner of Massachusetts, an act to incorporate the Freedmen's Bank was enacted March 3, 1865.

In the beginning, the bank had a simple purpose: a place to deposit and save money and invest safely. The deposited money was to be invested in stocks, bonds, and other similar securities of the United States. No provision was provided for loan disbursements. Legislators initially ensured



**TROY
KICKLER**

that deposits were not lost because of risky ventures.

Although never part of the Freedmen's Bureau, the bank served a complementary mission. For that reason, many freedmen perceived the bank and the bureau to be one and believed the government backed their deposits. It is not difficult to understand why. Agents from both institutions often cooperated, and bureau agents distributed bank literature as they encouraged freedmen to build capital. Bank pamphlets often contained drawings of Abraham Lincoln, American flags, and bald eagles. Some top officials in the bureau, such as John W. Alvord, the national school superintendent, were top officials in the bank.

Even the lifespans of the organizations were similar. Both were formed legally on March 3, 1865. Although the bank lasted longer than the bureau, both organizations' effectiveness decreased considerably after 1870.

In hopes of restoring the bank's credibility and popularity among African-Americans, trustees elected former abolitionist Frederick Douglass

as chief officer. Once assuming the helm, Douglass figured out that the bank was sinking in a sea of debt. The mismanagement of former trustees and chief officers had doomed, in the words of historian Walter L. Fleming, the "most promising plan to aid" the freedmen. After an 1870 charter amendment allowed loans, top management issued a series of questionable loans. The economic depression of 1873 further sealed the bank's fate. On June 28, 1874, all branches closed their doors.

Branches were in every former slaveholding state of the Confederacy, along with West Virginia, Maryland, and Missouri. In North Carolina, Freedmen's Bank branches were located at New Bern and Raleigh. Bank trustees quickly established the New Bern branch, as many freedmen lived in the town's vicinity. Advocates of a Raleigh branch lobbied unsuccessfully for two years. The persistence of assistant commissioner of the North Carolina Freedmen's Bureau Nelson A. Miles, however, played an integral role in convincing national trustees to establish a Raleigh branch. A branch in Salisbury was discussed but never opened.

Although reports listed the New

Bern branch as unproductive, many North Carolina freedmen deposited considerable sums of money for the day. If North Carolina freedmen's statistics are similar to those across the South, the average freedman deposited \$50. When the banks closed, the deposits in New Bern totaled \$40,621 and in Raleigh, \$26,703. If regional statistics once again hold true for North Carolina, freedmen received approximately 62 percent of their dividend payments (an average of \$31 per depositor).

The reasons for the bank's failure have been debated. Some scholars, such as Carl R. Osthaus, argue that the government forgot about the freedmen and made little effort to relieve their economic plight. Other historians, including Walter L. Fleming, contend that government officials and bankers colluded to profit at the freedmen's expense.

One point is not debated: Freedmen wanted to improve their lives and participate in markets during Reconstruction. CJ

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

MORE RESEARCH AT YOUR FINGERTIPS

at the redesigned JohnLocke Foundation home page

You can now search for research by John Locke Foundation policy analysts much easier than before. Our new web page design allows you to search more efficiently by topic, author, issue, and keyword.

Pick an issue and give it a try. Or choose one of our policy analysts and browse through all of their research. Either way, we think you'll find the information presented helpful and enlightening.



<http://www.johnlocke.org>

Short Takes on Culture

'Lorax' is Pure Propaganda

• "Dr. Seuss' The Lorax"
Directed by Chris Renaud
Universal Pictures

One of the most on-message films ever brought to the screen for young audiences, "The Lorax" is a masterful piece of anti-business propaganda. Artistically excellent, it conveys an insidious message.

The film is set in and around Thneedville, a completely artificial city reminiscent of a Fisher-Price playset, and we soon discover that the outside is a devastated wasteland. Ted, the 10-year-old hero, in a bid to find a real tree for a girl, escapes the city, finds the hermit Once-ler, and draws from him the story. It's all his fault.

Once-ler was once an inventor and entrepreneur, who, desiring to find fiber to knit, cuts down a tree. The heavens open and lightning crashes all around him with the wrath of God — or the Lorax, the guardian of the forest.

The imagery is no mistake as we later witness his ascension and second coming. Even Once-ler's tent is somehow an offense to nature; how much more so his family's RV when they join him in business. This film is extremist environmentalism.

Nearly every line contributes to this brilliantly executed screed against family, the free market, and entrepreneurship. Not satisfied with the usual attack on big business, even small family businesses are targeted here. Although it's sure to be a favorite of young children, wise parents will keep their progeny far away from bilge water like this.

— MELANIE YOUNG

• "Awake"
Created by Kyle Killen
20th Century Fox Television

Combining elements of "Lost" with "CSI," "Awake" looks to be one of the most gripping, cerebral new shows on television.

Airing on NBC at 10 p.m. on Thursdays, "Awake" follows the bifurcated life of detective Michael Britten, played by Jason Isaacs (Lucius Malfoy in the Harry Potter movies).

After a terrible car crash with his wife and son, Britten finds his life separated into two realities. In one, his son survived the accident. In the other, his wife did. The catch is that whenever he goes to sleep in one reality, he wakes up in the other, and both seem perfectly real to him.

At first, he is content to live in both realities, but when aspects

from the other reality began to bleed through, he is left trying to juggle two lives, two jobs, and an increasing suspicion that everything is not quite as it seems.

Through the first six episodes, it's safe to say that "Awake" is one of the better psychological dramas on TV now. It's also much easier to get into and wrap your head around, as opposed to something like "Lost."

For a late night show, it's also remarkably clean, though I don't recommend it to younger audiences, as it does deal with police and crime themes.

— SHANE WILLIAMS

• *The Autobiography of a Wanderer in England & Burma: The Memoirs of a former Mayor of Rangoon*
Edited by Sandra Carney
Lulu

Sometimes the best books come from unexpected sources. When Sandra Carney sent me the book containing the memoirs of her grandfather, Charles Haswell Campagnac, I had no idea what to expect.

Born in 1886 in Burma, Campagnac lived to age 84, allowing him to witness a multitude of eras. He lived through two world wars and the occupation of Burma by Japan in World War II. History buffs will love his memoirs because of the wonderful past of Burma, Campagnac's life, and his conversations with Gandhi.

Campagnac's memoirs begin with his childhood in Burma. His mother died when he was a young child. After his stepmother also died, Campagnac's father took him and his sister to England, leaving them in the care of relatives to be educated. Campagnac would not see his father again for 13 years.

When Campagnac had almost completed his law education, his father wrote, telling him that he could no longer finance his education because all of his money would be needed for his sister's medical education in America.

Favoring a woman's education over a man's was almost unheard of in the early 20th century, but there is no bitterness because of his father's choice. In fact, Campagnac's need to earn a living provides many humorous memories.

Campagnac does become a barrister and returns to Burma, where he eventually becomes the mayor of Rangoon. The *Autobiography of a Wanderer in England & Burma* are the memoirs of a truly unusual man.

— MELISSA MITCHELL CJ

DVD review

'Shadows' Revival Guilty Pleasure

• "Dark Shadows: The Revival," created by Dan Curtis, MGM DVD, three discs, 592 minutes, originally released 1991, \$19.98.

BY RICK HENDERSON
Managing Editor

Before "Twilight" or "True Blood," Lestat or Angel (but not before Dracula), there was "Dark Shadows" and its enigmatic undead protagonist Barnabas Collins. As you may know, the iconic daytime soap of the 1960s will be revived in film this summer by director Tim Burton, with his favorite collaborator Johnny Depp bringing Barnabas back to life, as it were, on the silver screen.

The movie's trailer makes it look as if Burton once again will produce a broad farce, utilizing Depp's eccentricities (and the director's own outsized imagination) for laughs. Think of the new "Dark Shadows" as a comic cinematic reboot of a dramatic TV series — perhaps not unlike, ironically, the recent "21 Jump Street" movie, which updated the two-decades-old Fox network show that starred ... Johnny Depp.

Any humor in the original "Dark Shadows" was unintentional, in part resulting from the perils of producing a low-budget, live-to-film program five days a week, with the scenes often done in a single take. (The effects were so cheap that Jonathan Frid, who played Barnabas, occasionally had to turn away from the camera and remove his fake fangs to deliver his lines.) Much remaining humor came from the outlandish premise of the program, which featured not only vampires, but also ghosts, werewolves, time and space travel, séances, and parallel universes. In a daytime soap opera, mind you.

The gothic melodrama ran for five years over more than 1,200 episodes. The Barnabas character was introduced nearly a year into production (episode 210, says Wikipedia) when ABC threatened to cancel the soap and creator Dan Curtis decided to take more chances with the story lines.

"Dark Shadows" developed a cult following and a fan base that appears quite unhappy with the liberties Burton will take with the franchise. If you'd like to see what the fuss is all about, don't sift through hundreds of hours of grainy footage from the origi-

nal soap: Rent or buy the DVD collection of "Dark Shadows: The Revival," a 12-episode NBC series from 1991 that was faithful in many ways to the original while adding greatly improved production values and a lot more sensuality and horror. The revival is a great guilty pleasure.

"Dark Shadows" is set in the isolated Maine village of Collinwood, where the wealthy Collins family had lived since Colonial days. An 18th-century witch turned Barnabas into a vampire. He was trapped in his coffin for more than two centuries until a klutzy handyman at Collinwood mistakenly released Barnabas from the grave.

Frid's Barnabas was a sensitive, tortured soul who at times appeared eager to have his humanity (and mortality) restored. His successor in the 1991 series, Ben Cross ("Chariots of Fire"), was much more ruthless. Both, however, had, er, long memories and enjoyed seeking revenge.

I never saw the original series until it appeared in reruns on what was the SciFi Channel. But I watched the 1991 revival when it aired initially and was hooked from the start. The writing (some by creator Curtis) and acting were ideal for a primetime soap, featuring an excellent cast — Cross, Jean Simmons, Roy Thinnes, Joanna Going, Barbara Steele, and a 10-year-old Joseph-Gordon Levitt.

The revival debuted quite successfully in mid-January, with the two-hour pilot drawing more than 20 million viewers. In less than a month, however, the first Gulf War began, and NBC pre-empted several episodes to cover the conflict. The series never regained its initial audience — it finished the season tied for 95th in the ratings — and, after airing 12 episodes, NBC did not renew it, leaving plenty of plot lines unresolved.

Don't expect Burton's movie to tie any loose ends. To his credit, though, Burton drew up a small role for Jonathan Frid, who was able to film the part before, sadly, he passed away in late April at age 87.

I expect plenty of high camp from the "Dark Shadows" movie, all of it intentional. But as with so many Hollywood projects these days, the idea behind the film is not original. You might find the inspiration for Burton's movie an unexpected joy.



Book review

Shaxson's Tome Against Offshore Banking Revealing But Naïve

• Nicholas Shaxson, *Treasure Islands: Uncovering the Damage of Offshore Banking and Tax Havens*, New York: Palgrave Macmillan, 272 pages, 2011, \$27.

BY JOHN STADDON
Contributor

Nicholas Shaxson is a well-traveled British investigative writer who specializes in international business. *Treasure Islands* is an investigation of the many ways that criminals and multinationals contrive to evade taxes by setting up "special purpose vehicles" and other kinds of shell entities in lenient tax jurisdictions like Switzerland, the Cayman Islands, and — so Shaxson claims — even the financial centers of the United States (Wall Street) and the United Kingdom (the City of London). The book exemplifies views of *bien pensants* Europeans. Taxes are good, and government is always beneficent.

I read *Treasure Islands* with interest but some puzzlement. Shaxson does indeed provide a fascinating description of the grotesquely complicated network of locations and dodges that makes up the offshore network. But I'm puzzled because he seems extraordinarily naïve about the nature of competitive commerce. He clearly thinks that when multinationals take steps to minimize taxes by putting assets offshore, mispricing intra-company transactions and the like — that these guys are morally defective: "Irresponsible players treat tax as a cost to be minimized, to boost short-term shareholder value alone. ..."

Er, yes. But morality is irrelevant if survival is at stake. If these companies are competing (which to some

extent they surely are), then as soon as one company figures out how to reduce its costs through offshoring, the others must follow suit or die. In any case, what's so bad about (legally) minimizing one's taxes? Should these companies be expected to impoverish their shareholders (not to mention their officers, who are always the real winners) voluntarily by in effect donating money to the IRS?

My other beef is that Shaxson never seems to question the legitimacy of taxation. To him, all tax avoidance, legal or not, is wrong. Yet almost everyone agrees that the present U.S. tax structure is indefensible, though there is little agreement on what exactly should replace it. The feedbacks in our democratic system clearly drive it in the direction of ever-increasing taxation.

High taxes are bad for many reasons. But the main one is that the money taken from citizens is to a large extent returned to them — with conditions. High taxes thus go along with high dependence of the citizens on the state.

As a practical matter, taxing companies, as opposed to individuals, obviously doesn't work very well: "corporations paid about two-fifths of all U.S. income taxes in the 1950s; that share has fallen to a fifth," Shaxson writes. So why do we tax them at all? The answer, of course, is the Colbert principle — not Stephen, but Jean-Baptiste (1619–83): "The art of taxation consists in so plucking the goose as

to obtain the largest possible amount of feathers with the smallest possible amount of hissing."

This principle says you should tax as many different things as mildly as possible so as to get the fewest complaints. So why not add corporate profits to the mix? Unfortunately, because, in the United States, corporations (but not individuals) are *not* liable for profits kept abroad, they have every inducement to juggle things so that much of their wealth is kept out of the U.S. Well done, Washington!

On the other hand, offshoring clearly is a problem if only because it wastes resources, makes the accounts of businesses harder to figure out (think of ENRON and WorldCom as examples) and surely impairs overall efficiency. Shaxson writes: "The Big Four accounting firms — PricewaterhouseCoopers (PWC), Ernst & Young, KPMG, and Deloitte Touche — are giants: PWC employed over 146,000 people and generated \$28 billion in revenues in 2008, making it the world's largest professional services firm." This is ridiculous in the modern era when computers should be used to speed up and make traditional accounting less, not more, people-intensive. Obviously, what's going on is the opposite: technology in the service of increased financial complexity.

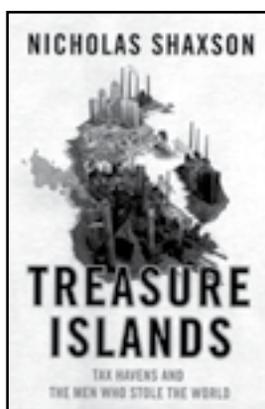
What is the solution? We might start by asking: Why tax businesses at all? The taxes are hard to figure out, hard to collect, and costly and confusing to avoid.

Why not set the business tax to zero? This would completely wipe out the incentive for offshoring, reduce the unfair competitive tax advantage big, multinational — hence offshoring — companies have over intranational, small companies, and simplify the tax system quite a bit. (Recall that Mitt Romney's 2009 tax returns, which he made public earlier this year, were 500 pages long, including stuff on his accounts in the Cayman Islands. Rich as he is, that still strikes me as absurd.)

The shortfall in total tax revenue caused by abolishing corporate taxes (assuming, as some do, that reduced tax revenues are a bad thing!) could be made up by increasing individual income taxes, which can't be sheltered offshore legally and involve no new collection bureaucracy. The rates presumably would be adjusted to be revenue-neutral.

But of course much hissing would ensue! The populace probably would not accept the substantial increase in individual taxes that would be necessary to offset the loss of corporate taxes, even though they are already paying the corporate taxes indirectly anyway: They are passed on by companies in the price of goods and services. (I'm betting that relatively little comes out of the compensation of their employees.) And the increased efficiency of the whole economy caused by tax simplification surely would increase total wealth. So the problem is basically political rather than economic.

On one point that Shaxson makes, all should agree: "The latest crisis has made clear that much financial services activity is actually harmful. So if certain parts of the financial industry leave town — so much the better." That view will get few cheers from Wall Street, but it's probably correct. *CJ*



BOOKS AUTHORED BY JLF STAFFERS



By John Hood
President of the
John Locke Foundation

Selling the Dream

Why Advertising is Good Business



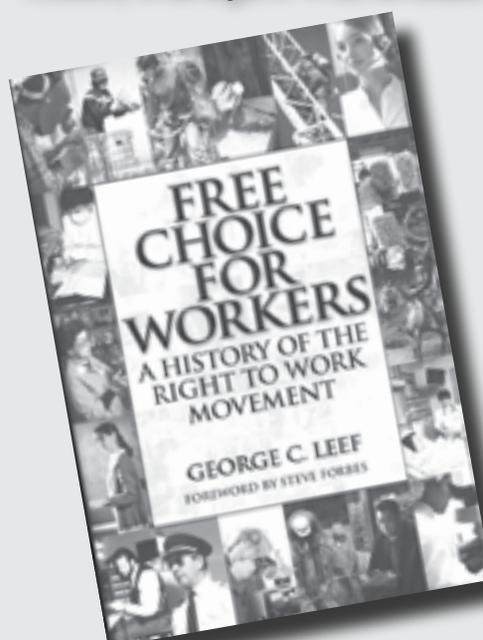
"[Selling the Dream] provides a fascinating look into the world of advertising and beyond ... Highly recommended."

Choice
April 2006

www.praeger.com

Free Choice for Workers:

A History of the Right to Work Movement



By George C. Leef
Vice President for Research at the
John William Pope Center for Higher
Education Policy

"He writes like a buccaneer... recording episodes of bravery, treachery, commitment and vacillation."

Robert Huberty
Capital Research Center

(Call Jameson Books, 1-800-426-1357, to order)

COMMENTARY

Plastic Bags And Other Evils

The first time I heard about recycling, I was in about the fifth grade, and there was one kid in my class whose family sorted their trash. My teacher asked her how it worked and why they did it. I remember thinking that it sounded onerous and slightly gross. However, at that time, you could get paid for your recyclables, so it wasn't long before my mother had me crushing cans at her office and toting them down to the recycling center with her. We started sorting trash at home, just like everyone else.

Well, everyone except my grandparents. They continued to throw all their trash away in a single trash can that got taken to the landfill once a week. I was appalled, and I laid into them about the vital importance of recycling. To this day, my grandmother still recycles.

The environmental movement has moved forward by leaps and bounds, but one thing remains the same. Schools still spend lots of time indoctrinating kids on environmental issues, and they still send kids home to win over their parents.

I saw this happen recently when I ate lunch at school with my favorite third-grader. As we ate our lunches, she told me about the Earth Day picnic planned

for the following day. The kids had been encouraged to pack lunches such that they would throw nothing away. Being particularly astute, the kids already could see difficulties.

We examined the table in front of us and found all kinds of great sins. We had paper bags, paper napkins, and plastic forks. There were several plastic sandwich bags. I'm pretty sure I remember seeing a juice box. There was environmental carnage everywhere.

The kids were convinced this was a problem. They were going to go home and reprimand their parents, insisting that they pack lunches in more environmentally friendly ways.

There are lots of things about

all of this that concern me. Is it really worse to throw away a juice box than to buy a large bottle of juice (a plastic bottle that will have to be thrown away itself) and fill a reusable bottle that will go through the dishwasher, using water and energy and soap? I don't know. What about hygiene? Plastic packaging does help keep food clean. Surely a real education would teach kids to think about trade-offs and the complicated nature of these issues rather than just feeding them a simplistic, "create no trash" message.

But there are far more fundamental issues that I find even more worrying.

First, I'm concerned about a school system that attempts to make kids into environmental zealots critical of their parents. The kids with whom I was eating lunch last week have good, responsible

parents. They pack healthy lunches and make sure their kids get to bed on time. They are also busy, so for all sorts of reasons, fruit cups and juice boxes make sense for these

families. I don't like that these kids are being fed the notion that they know better than the adults in their lives.

The other major problem I see is that the school seems to teach kids about the evils

of sandwich bags very effectively, while demonstrating considerably less success with multiplication tables. It seems that fundamentals are being ignored so that schools can advance a political agenda. The fact that my 9-year-old buddy has to count on her fingers to figure out 6x5 is a problem, and it's one the school should be addressing. My taxes pay her teachers to educate her in math and reading and history. They should do a better job with those things, and leave plastic bags and other decisions about lifestyle to parents. CJ

Julie Gilstrap is research publications coordinator for the John Locke Foundation.



**JULIE
GILSTRAP**

**The kids were
going to go
home and
reprimand
their parents**

BOKELUSTER.COM



EDITORIAL

Drilling Through The Dental Debate

North Carolina ranks 47th nationally in the number of dentists per capita, and a bill before this year's short session of the General Assembly could make matters worse.

Senate Bill 655 would set into law restrictive regulations controlling the financing and operation of dental practices, while adding others. The backers of the bill include the North Carolina Dental Society and some current practitioners who say "corporate dentistry" (whatever that is) will drive small practices out of business. The bill passed the Senate last year and could go before the House in May.

Opponents say the bill would unravel existing dental practices operated by "dental service organizations" — businesses that resemble managed-care medical companies — and make it even tougher for patients to find dentists.

The opponents of S.B. 655 have the better argument. Bills like S.B. 655 limit competition, protect incumbent practitioners, and harm consumers, who care more about being able to see a dentist they trust than they do about who sends the bills to their insurance company.

A recent dental school graduate may need more than a license from the state's Board of Dental Examiners to practice in North Carolina. Unless the graduate goes to work for an existing dentist, opening an independent practice can require roughly \$500,000 in cash (or credit) to secure a location and the necessary equipment.

That's where DSOs step in. These companies enter into a business partnership with a dentist; the DSO might purchase equipment, lease office space, arrange advertising, and provide back-office services such a

payroll and billing. The dentist and the staff take care of patients.

An example of this, cited in a report by WRAL.com, is Kinston-based Affordable Care, which runs 182 Affordable Dentures offices in 38 states. A dentist owns each Affordable Dentures location, but as Affordable Care CEO Doug Brown told WRAL.com, "We do the accounting, the marketing, manage their payroll, provide the capital. We do the things [dentists] don't want to do."

Many established dentists and the state's dental board don't like this. They claim the DSOs can place investors' profits over the quality of care. They also say dentists become de facto employees of the DSOs, which they say can push dentists to give better treatment to patients with insurance coverage or force them to work longer hours than they would if they "really" owned their practices.

The dental board and other regulatory agencies should prevent such shenanigans, and DSO officials who spoke to WRAL.com called those charges hogwash.

Meantime, Alliance for Access to Dental Care, a group opposing the measure, has found 31 provisions of S.B. 655 that would make regulations controlling dental management groups more restrictive in North Carolina than they are in neighboring states.

In fact, Affordable Care's Brown said his company might stop doing business in the state if S.B. 655 or something like it became law.

State officials should remove barriers preventing entrepreneurs from providing services to consumers. By all accounts, S.B. 655 would erect unnecessary new ones CJ

EDITORIALS

Quit Making It Worse

Total government debt keeps growing

The next time you hear a North Carolina politician talk about the “need” to use tax dollars or public debt to build a new ballpark, convention center, rail line, or similar luxury, ask this simple question: How much more do you think we can afford?

North Carolina used to be known for its cautious approach to government debt, but in recent years the situation has changed. In 2012 the cost of servicing state debt will be nearly \$900 million — an amount larger than the annual budgets of many of the state’s best-known agencies and departments. Add the rising obligations of many cities and counties, and you find that North Carolina’s total government debt exceeds \$53 billion.

Furthermore, an increasing share of it never was approved by voter referendum. Policymakers have evaded the state constitution’s referendum requirement by issuing certificates of participation and other “special obligations” that technically do not pledge government’s full faith and credit, but in practice offer an implicit promise to tap general revenues. Special-obligation debt now far exceeds general-obligation debt on North Carolina’s balance sheet.

Unfortunately, even this official balance sheet understates govern-

ment liabilities. Consider the state’s promise to provide health benefits for retired public employees, a promise for which legislators have set aside no assets. According to a 2010 estimate, this one unfunded liability exceeded \$33 billion.

There are other liabilities. Most analysts now rate North Carolina’s pension fund for teachers and public employees as underfunded, although they differ widely about the extent of the problem. While the official estimate is only a few billion dollars, two other studies using lower projections of future investment returns pegged the unfunded liability at \$12 billion and a staggering \$58 billion.

Nor is the problem limited to financial liabilities. About 30 percent of North Carolina’s bridges are structurally deficient or functionally obsolete. More than a quarter of our major roads are in poor or mediocre condition. The liability for deferred maintenance in North Carolina’s transportation assets alone exceeds \$1 billion.

At the very least, North Carolina policymakers need to stop making the problem worse by issuing new debt for low priorities, such as entertainment and passenger rail, while failing to devote sufficient attention to fulfilling the promises and maintaining the critical public assets already on the government’s books. *CJ*

Truth Lost Its Temper

The Left is relying on fear and exaggeration

If Gov. Bev Perdue and liberal activists want to know why their Educare campaign against the Republican-led General Assembly hasn’t worked, they need only to consider the insight of essayist Khalil Gibran, who once wrote that “an exaggeration is a truth that has lost its temper.”

Yes, because Republican lawmakers decided last year to balance North Carolina’s budget without a tax increase, their budget spent less money than Perdue had proposed. And this lower spending level brought with it a lower number of government jobs.

But the differences between the two budgets — both in spending levels and government positions — were modest. The GOP budget spent about 2 percent less than the governor’s General Fund budget, and about 1 percent less on education.

As for positions, the difference is only a few thousand overall, including a few hundred teaching positions.

Just to put these numbers in perspective, North Carolina employed some 180,000 people in public schools alone in 2010-11, including about 95,000 teachers, and tens of thousands more in other state departments.

These facts were unlikely to move average voters. So the Left collectively lost its temper. Truth became exaggeration, and exaggeration became embarrassment.

The Left’s latest claim is that the Republican budget constituted the largest decrease in education funding in North Carolina history. Again, this undeniable truth — total per-pupil spending did go down — was exaggerated into an untruth.

Due to the recession, North Carolina’s real per-pupil spending dropped about 3 percent in 2009-10. It dropped about 2 percent in 2010-11. Democrats were in charge then. And what was the drop in real per-pupil spending in 2011-12, under the GOP budget? Just over 1 percent. *CJ*

COMMENTARY

North Carolina’s Climate Improves

Progressives make a point that conservatives ought to take to heart: Taxes are far from the only factors that households and businesses take into consideration when deciding where to live, work, invest, shop, or create new businesses.

In other words, you can’t explain the performance of any economy simply on the basis of the prevailing tax rate. Some states and nations with above-average taxes have above-average growth rates. Some states and nations with below-average taxes have below-average growth rates.

However, progressives need to take something to heart, as well: Raising the cost of doing business rarely results in more business being done.

Tax rates, energy prices, transportation costs, commodity prices, labor costs — these all can be critical factors in deciding where and how specific firms operate, depending on what they produce and for which markets.

Many on the Left dismiss business cost as an outdated concern. What matters now, they say, isn’t the cost of doing business in a community but the availability of amenities such as arts and entertainment, restaurants, recreational facilities, and educational institutions.

Sure, these factors can be important, again depending on specific cases. But as a whole, you will predict economic performance more successfully with business-cost measures than with quality-of-life measures. That’s largely because higher-cost places aren’t necessarily higher-value places. They don’t get enough bang to justify the extra buck.

Aside from fiscal policy, state government affects the cost of doing business in many ways. The new leaders of the North Carolina General Assembly understand this, which is why they addressed several pressing issues during the 2011 legislative session, including:

- Tort reform. The legislature enacted two bills to reduce the cost of frivolous litigation in North Carolina, including a rewrite of the state’s medical-malpractice laws. The state’s second-largest insurer

of medical practices has just announced a 7.4 percent reduction in premiums for 2012, attributing part of the rate drop to the malpractice reforms. More generally, it is likely that these changes will reduce legal, insurance, and medical expenses in North Carolina, improving our climate for business starts and expansions.

- Workers’ compensation.

Premiums for insuring employees against injury can be a major driver of labor costs, particularly in industries with higher-than-average accident rates such as construction and distribution. Last year Rep. Dale Folwell, a Forsyth County Republican, was the primary sponsor of a bill that strengthened relationships between employers and medical providers, adjusted ben-

efit formulas, and increased protection against fraudulent claims, among other provisions. It passed both chambers overwhelmingly and was signed into law by Gov. Beverly Perdue last summer. During the subsequent six months, workers’ comp claims were down 9 percent versus the same period in 2010, although it would be premature to attribute all of that to the new law. Still, it is likely that workers’ comp premiums, and thus the cost of hiring new workers, will decline as a result.

- Regulatory reform. After lawmakers introduced several bills to alleviate North Carolina’s regulatory burden, the General Assembly ended up with a compromise, the Regulatory Reform Act, that Perdue vetoed on spurious constitutional grounds. A bipartisan coalition overrode her veto in both chambers, creating a new process that promises to limit future rule making to high-priority threats to public health and safety while junking outdated regulations that bring far more costs than benefits.

These initiatives will make North Carolina more competitive. Progressives either don’t understand or don’t like them. Conservatives ought to be talking about them a lot more — and planning to build on them in future sessions. *CJ*

John Hood is president of the John Locke Foundation.



JOHN HOOD

EDITORIAL BRIEFS

Privatizing
USPS

The U.S. Postal Service is expected to lose \$14 billion for the fiscal year ending Sept. 30. The USPS has come up with a plan to overhaul its operations, but portions require congressional approval, which is unlikely in an election year. A better option would be to privatize the post office, says Adam Summers of the Reason Foundation.

First-class mail volume has dropped by one-quarter since 2006 and even greater reductions are expected in the future. To make up for this, the USPS has proposed closing 3,800 post offices and 223 mail-processing centers. Saturday delivery also would be eliminated, and mail delivery would be slowed. First-class postage rates would increase from 45 cents to 50 cents while the USPS recruits more junk mail clients.

Whether Congress will accept all of these proposed reforms remains to be seen.

Summers argues that delivering information and products is not a core government function, and the USPS suffers from an obsolete business model and unsustainable personnel costs.

"The truth is, however, that because the Postal Service has a monopoly on delivering mail, there is no way to know whether a five-days-per-week or six-days-per-week delivery schedule is ideal, or even how much should be charged to deliver a letter," says Summers.

"Matters such as prices, service speed, frequency of delivery, and additional mail products and services should be determined by competition and consumer preferences, not arbitrarily by politicians and postal regulators."

Hospital quality incentives

A key element of federal Medicare reform efforts — paying hospitals more based on the quality of care patients receive — has proved unsuccessful in practice, reports *Kaiser Health News*.

From 2003 to 2009, 252 hospitals participated in the Medicare Premier Hospital Quality Incentive Demonstration project. Hospitals were graded on 36 performance measures. These included mortality rates for heart attacks and heart bypass surgery. Hospitals that did the best got extra money while those with the worst outcomes had funding reduced.

A study published in the *New England Journal of Medicine* found that mortality rates at HQUID hospitals differed little from mortality rates at the 3,363 hospitals nationwide that weren't part of HQUID.

"Pay for performance is really important," said Ashish Jha, a professor at the Harvard School of Public Health and lead author of the study. "This says to me that we haven't figured out the pay part, or the performance part."

Jha warned against holding hospitals accountable for too many performance measures.

"And if you give them 18 different metrics and some are easy but not that important, and some are hard but important, people are going to naturally gravitate toward what's easy, and you're not going to have meaningful impact," he said. *CJ*



Economics and Elections

The presidential election is still months away, but this hasn't prevented people from trying to predict the outcome. Someone who has tried to use economics to predict elections is professor Ray Fair of Yale University, and his updated book on this work, simply titled *Predicting Presidential Elections*, just hit the bookstands.

Fair doesn't claim that only economics matters in how we vote. But he does argue that economics is very, very important, and he has put his "model" of presidential elections to the test for almost a century of contests.

Fair thinks there are two economic "biggies" when we pull the election lever (or connect the lines on North Carolina's ballot): growth and inflation.

For growth he uses two specific measures: how much the economy has grown, on a per-person basis, in the first nine months of the election year, and in how many of the 15 quarters (three-month periods) of the presidential term up to the election has the national economic growth rate per person exceeded 3.2 percent.

Fair found these two growth measures to be the most predictive and reliable among many he tested. Yet some may question why job market data, like the unemployment rate or speed of job growth, weren't included. Again, Fair found the two broader economic growth measures to be better at forecasting. Also, job growth and broader economic growth are related highly.

For inflation, Fair reasoned that most people like price stability. We don't like prices rising rapidly, but we also don't like them falling fast because price drops usually are related to lower pay. So Fair used the average rate of price change (without distinguishing between price rises or price drops) for the 15 quarters of the presidential term up to the election.

Professor Fair also included a couple of non-economic factors related to the person and party holding the presidency. First, a sitting president has an enormous amount of power, and Fair's statistical analysis found that an incumbent president running

for re-election is a plus for that person in receiving another term.

But second, people may become tired of the same party holding the presidency. Fair's work found that the number of terms the incumbent party has held the presidential office was related to lower chances of that party continuing in office.

So how good has Ray Fair's model of predicting presidential elections been? Very, very good! In the 24 elections from 1916 to 2008, his model predicted 21 of the contests correctly and predicted three incorrectly. The three bad calls were 1960, when John Kennedy defeated Richard Nixon; 1992, when Bill Clinton beat George H.W. Bush; and 2000, when George W. Bush won over Al Gore.

However, it can be argued that all three of those elections had special circumstances. In 1960, the margin between Kennedy and Nixon was razor thin. A strong third-party challenge by Ross Perot made the 1992 election difficult to predict. And in 2000 Al Gore won the popular vote, but George W. Bush prevailed in electoral votes.

So what can the Fair presidential election predictor tell us about the 2012 outcome? Incumbency gives President Obama an advantage, as does the fact his party has held the presidency for only one term.

So far, the president also holds an advantage on inflation, with the average rate for his first three years being a modest 1.5 percent. But recently the rate has been ticking higher, and if gas prices continue to soar, by election day people may perceive inflation to be much higher — and this would favor the challenger.

The real wild card is economic growth. Average economic growth per person for the first three years of the president's term has been very slow, as a result of the deep recession and slow recovery. But growth appears to be picking up in 2012, and if it accelerates voters could enter the election booth with more optimism about their economic future.

So, at this point, Fair's model is pointing to a close election, which seems right in line with the calls of many pundits! *CJ*

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



MICHAEL
WALDEN

Romney's Challenge

Now that Mitt Romney effectively has secured his party's presidential nomination, Republicans are starting to focus on the general election and the task of unseating Barack Obama. This won't be easy, but given the poor economy and the president's low approval ratings, Romney must have a realistic chance.

One important question mark hanging over the Romney campaign is the candidate's capacity to energize conservatives. One thing we learned from the primaries was that Romney is not a particular favorite

of those on the right-hand side of his party's median member. Over the past nine months, conservatives have sought desperately for a standard-bearer and alternative to Romney, rotating from Michele Bachmann, to Herman Cain, to Rick Perry, to Newt Gingrich before finally lining up behind Rick Santorum. In national polls, Romney's support among partisans never exceeded 40 percent. During the competitive primaries of this campaign — that is those prior to Santorum's exit — Romney won a smaller proportion of the vote than any other



ANDY
TAYLOR

Republican nominee in modern history.

Economic conservatives worried he would replicate the policies he implemented as governor of Massachusetts, particularly the health care law that has been compared to ObamaCare. Social and religious conservatives were concerned about Romney's tendency to shift positions. Their skepticism of the presumptive nominee is much deeper. Some evangelical Christian leaders, critical of Mormonism, have suggested their followers will be reluctant to vote for him. A Langer Research Study reveals that through the end of March, Romney had won the votes of 49 percent of the primary participants who did not consider themselves evangelical, but only 30 percent of those who did. Polls repeatedly demonstrated that Romney won a greater share of the vote of economic and fiscal conservatives than he did those who consider themselves "values voters."

The doubt surely remains. Social and religious conservatives tend to be less affluent and from smaller towns and more rural areas than Republicans who consider themselves primarily economic conservatives. They distrust Romney's background in finance and the fact that he was elected to statewide office in a place like Massachusetts. They detect an authenticity gap and an inability to connect with their lives and values. In the Ohio

primary, only 22 percent of voters said Romney was the candidate who "best understands average Americans' problems." Given how numerous religious conservatives are in the GOP "base" — between one-third and one-half by most accounts — Romney cannot afford them to be unenthused. If they stay home in November, critical swing states with large numbers of Christian conservatives — like North Carolina, Ohio, and Florida — might go to Obama.

But there are also signs Romney could pull conservatives together. A major theme of GOP primary exit polls has been Republicans' deep desire to defeat the president this fall. By a ratio of 9-to-1, they disapprove of Obama's job performance. Repeatedly, these surveys have shown the most important quality in a nominee should be that he "can defeat Obama," not that he be a "true conservative," demonstrate a "strong moral character," or have the "right experience." Around one-third to one-half of respondents picked this as the most important attribute. Although he has a long way to go, Romney has begun to collect full-throated endorsements from prominent conservatives in Washington and groups like the American Conservative Union, the National Right to Life Committee, and numerous Tea Party chapters.

Romney's campaign strategy will help galvanize the party's con-

servative wing. Like any challenger would, he will spend more time talking about his opponent than himself. So will Obama. The president has pivoted from a "Romney-as-flip-flopper" to "Romney-as-extremist" message. What is more, issues that will be foremost in the campaign, like the state of the general economy and the country's fiscal health, fit nicely with Romney's resume. His management style and focus on American strength tend to transcend ideology.

Early polling tends to show Romney is down in many key states. He needs to win about half of the electoral votes from roughly 18 battlegrounds, and currently he is behind in important contests like Ohio, Michigan, and Pennsylvania and at best only tied in Florida, North Carolina, and Virginia. Romney's unfavorables are also a little elevated for a challenger at this point in a campaign; they approach 50 percent in some polls. But victory is not out of his reach. The time before the Republican convention late this summer in Tampa will be crucial. He must get conservatives on board before he goes wooing independents this fall. *CJ*

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

Short Session Will Emphasize 'Short'

The General Assembly reconvenes May 16 for the 2011-12 short session. Traditionally, the short session is used to make adjustments to the two-year budget passed during the long session and address any pressing or unfinished business.

With runoff elections in July and majority control at stake in legislative races, lawmakers will get in and out of Raleigh without stirring up any controversial issues and back on the campaign trail as quickly as possible.

The leadership has said it will be a very short short session, adjourning between mid-June and July 4. That leaves fewer than 30 legislative days to tend to the people's business.

There will be budget adjustments. There will be no tax increases. The economy is still struggling, and money will continue to be tight. Any extra dollars may allow state employees to get a small raise and lawmakers to set aside more money in reserve.



BECKI
GRAY

Some state parks and attractions may be closed during off-peak hours to save money. Any cuts Gov. Bev Perdue includes in her budget will be considered; her tax increase proposals will not. Overall, government will get smaller.

Bills the governor vetoed that have not been overridden remain eligible for an override. They include the Energy Jobs Act, repealing the Racial Justice Act, and requiring voters to provide photo ID at the polls.

Two hundred eighty-five bills passed one body and crossed over to the other to remain eligible for consideration during the short session. They include setting up a health exchange to administer ObamaCare (if it survives U.S. Supreme Court review), establishing nutrition standards for foods sold at schools, increasing accountability for publicly funded nonprofits, shortening the early voting period, restoring partisan labels in judicial elections, and analyzing and assessing economic development subsidies (i.e., crony capitalism programs).

In 2011, forced annexation laws were amended to give citizens a voice through a petition process. Several cities circumvented the authority of

the legislature, filed a lawsuit, and got a Superior Court decision saying a petition of property owners was not allowed. In the short session, expect pending annexations to be declared invalid, and the petition process changed to a simple majority election, giving property owners a voice in annexation.

North Carolina's ban on natural gas exploration may be lifted, but in its place lawmakers may impose a moratorium to continue studying of whether North Carolina is ready for hydraulic fracturing. A recent study by the Department of Environment and Natural Resources and the Department of Commerce indicated fracking could be done safely and with positive economic impact. Jobs, energy independence, and economic recovery seem to be good reasons to proceed.

A dental management bill that passed the Senate may get some consideration from the House. It would place additional restrictions on contracts between dentists and dental management organizations. Opponents claim the bill is an overreach and would impose so many regulations few management companies would be interested in coming here. Proponents claim the dental industry

needs protection against corporations' interests in maximizing profits and to protect patients' interests.

Education will focus on kids and classrooms with less attention to the demands of the teachers' union. Issues on the table include providing tax credits for companies that underwrite scholarships for K-12 students, eliminating tenure for teachers, and stopping social promotions for kids who aren't ready for the next grade.

With nine new charter schools opening in August, 61 new applications for the following year, and record numbers of families applying for the few openings that are available, look for more talk about the value of school choice and less on the (unfounded) argument that choice destroys public education.

Heavy lifting on issues like tax reform, natural gas exploration, unemployment insurance debt repayment, state government restructuring, the sale of public assets, and additional regulatory reform will wait until 2013. The short session should be noncontroversial and, well, short. *CJ*

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

State Puts Tourism Hopes On 'Blazing Saddles' Sequel (a CJ Parody)

By HOWARD JOHNSON
Tourism Correspondent

RALEIGH

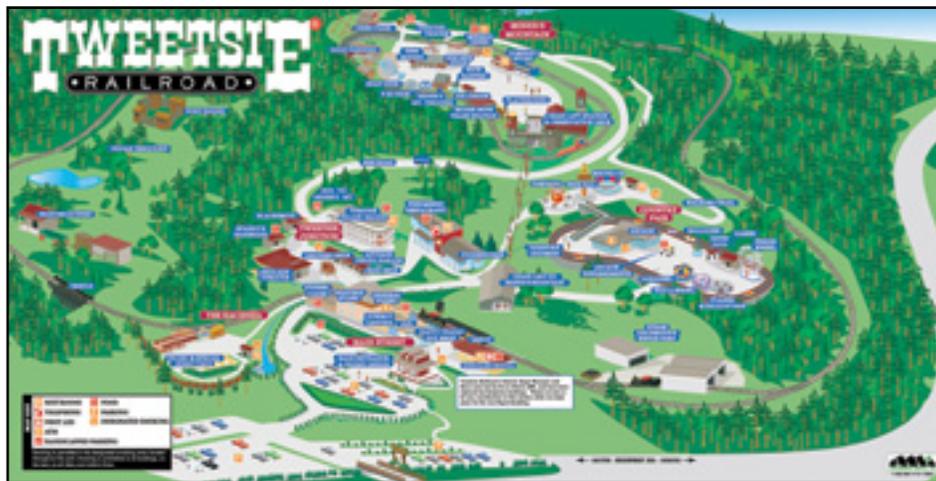
State officials acknowledge that their projections for significant tourism generated by the "Hunger Games" movie have not materialized. The problem is that there really isn't much to see at the locations where the movie was filmed.

"We hope to do better with the next project," Commerce Secretary Keith Crisco told *Carolina Journal*. He said state officials are trying to persuade a Hollywood producer to film a sequel to the 1974 movie "Blazing Saddles" at the Tweetsie Railroad theme park near Blowing Rock.

"As we envision it, most of the Tweetsie Railroad infrastructure will be intact after the movie filming, and what is blown up for the movie will be rebuilt," Crisco said. "Unlike 'Hunger Games,' there will be much more to see and connect with after the movie debuts."

In addition, Tweetsie Railroad already has a cadre of gunslingers who perform daily for passengers on the famous railroad that runs around the property.

"These guys could easily play the parts of the scoundrels and ne'er-do-wells who are hired by the governor to run the law-abiding citizens out of



North Carolina's tourism officials say the Tweetsie Railroad complex in Blowing Rock offers a perfect Old West backdrop for a sequel to "Blazing Saddles," and would give tourists an actual recognizable place to visit after seeing the movie. (Map courtesy of Tweetsie Railroad)

town," Crisco said. "It's a natural fit. And, this being a right-to-work state, they wouldn't have to join the Screen Actors Guild."

The original "Blazing Saddles" is a wildly satirical Western film directed by Mel Brooks and starring Cleavon Little and Gene Wilder. It centers on a black sheriff who is hired to save an all-white town from being destroyed by the construction of a new railroad.

Crisco said Perdue has taken a keen interest in the "Blazing Saddles" sequel project and has been consulted on the script. She hosted a gathering at the Executive Mansion of select state

officials to screen the original.

One of the original's most memorable and outrageous scenes is a group of cowboys sitting around a campfire consuming large quantities of beans, followed by 35 seconds of extreme group flatulence.

Some state officials see a reprise of this scene as absolutely necessary in the sequel, but Gov. Bev Perdue isn't convinced it should be included.

"Bev has some issues with having a campfire scene in the sequel, but I told her it was essential," said Crisco. "And besides, it's not as bad as teenagers killing each other for entertain-

ment, like in 'Hunger Games,'" he said.

"Hunger Games" depicts a future scenario in which the central government selects teenagers to participate in an annual competition in which they kill each other until only one is standing. The games are broadcast on live television, letting everyone view the action.

Released in March, the movie is turning out to be a huge commercial and artistic success. The N.C. Commerce Department predicted that "Hunger Games" fans would flock to various North Carolina locations where the movie was filmed, and developed a four-day itinerary for "Hunger Games"-related tourism.

Instead, the privately owned village where some scenes were shot plays only a tiny role in the film and is marked with "No Trespassing" signs. The lake setting is not accessible to the public. The Dupont State Recreational Forest, featured in many scenes, is accessible, but it lacks distinguishing features that might attract tourists.

Crisco said another movie project that should generate a lot of tourism is "Plain Crazy: The True Story of the Randy Parton Theatre."

"We know that will work, 'cause we'll count all the traffic on I-95 as tourist traffic, even if the cars don't stop in Roanoke Rapids," Crisco said. CJ

Visit the John Locke Foundation's Regional Blogs

In addition to our statewide blog, The Locker Room, the John Locke Foundation has five regional blogs that keep an eye on local officeholders, watch for waste of taxpayers' money, and search for incidents of public information being kept from the public's eye. Be sure to visit the one that covers your region.

RIGHT ANGLES

The Triangle Blog: <http://triangle.johnlocke.org/blog>

The Meck Deck

The Charlotte Blog: <http://charlotte.johnlocke.org/blog>

Piedmont Publius

The Triad Blog: <http://triad.johnlocke.org/blog>



THE WILD WEST

The Western N.C. Blog: <http://western.johnlocke.org/blog>

Squall Lines

The Wilmington Blog: <http://wilmington.johnlocke.org/blog>