

Conflicts arise in SECU Family House fundraising effort /6



CAROLINA JOURNAL

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North Carolina	2
Education	10
Higher Education	13
Local Government	16
Books & the Arts	20
Opinion	24
Parting Shot	28

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STATEWIDE EDITION

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Justice Department overrules Kinston voters on elections

By LEE RAYNOR
Contributor

City leaders appear unwilling to challenge a U.S. Department of Justice ruling that overturned a citizen vote changing municipal elections from partisan to nonpartisan. The DOJ vetoed the change, saying its effect would be "strictly racial."



Acting Assistant Attorney General Loretta King wrote in a letter to Kinston officials that, "Removing the partisan cue in municipal elections will, in all likelihood, eliminate the single factor that allows black candidates to be elected to office." She is the same DOJ official who recommended that the federal government "drop voter intimidation charges against members of the mili-

Continued as "Justice," Page 3

Biotech Incentives Bill Called Wasteful

Measure also raises concerns about constitutionality

By DAVID N. BASS
Associate Editor

An economic incentives bill eligible for consideration in the General Assembly's short session next year would waste taxpayer dollars on risky investments and run afoul of the state constitution, lawmakers and constitutional experts say.

Even some legislators who normally support economic incentives to businesses are leery of the proposal.

The measure, known as the Life Sciences Development Act, would establish a private company to make taxpayer-funded loans of up to \$30 million apiece to biotechnology and pharmacy startups in North Carolina. The Golden LEAF Foundation, a nonprofit created in 1999 to distribute the



Under the proposed legislation, the president of the N.C. Biotechnology Center, Norris Tolson, would serve as chair of the board of directors for a nonprofit responsible for administering the incentives. (CJ photo by David N. Bass)

proceeds of the state's tobacco settlement, would bankroll the project initially.

To fund the loans, the company would sell equity certificates (similar to shares of ownership) to investors. The goal: spur economic growth and create jobs in a down economy.

But critics say the bill gives taxpayers the short end of the stick by using public money to offer wealthy venture capitalists a risk-free outlay with a hefty upside.

"I really think that this so-called

public-private partnership is nothing but a giveaway to venture capitalists ... and taxpayers are going to get stuck with the bill," said Rep. George Cleveland, an Onslow County Republican, during debate Aug. 10 on the House floor.

"The bottom line is we'd be better off spending that money on other things, such as reducing taxes for businesses and individuals as opposed to giving breaks to various sundry indus-

Continued as "Biotech," Page 2

AARP Losing Members Over Health Care Debate

By KAREN McMAHAN
Contributor

The debate over health care reform has had an unexpected consequence for the nation's largest membership lobbying organization for seniors, AARP. People are quitting, believing the group has embraced a partisan, left-wing agenda. Officials with the organization deny AARP has taken sides. But those officials appear unconcerned about the defections.

In a recent phone interview with *Carolina Journal*, Bill Garner, communications director for the North Carolina office of AARP, confirmed recent reports that 60,000 to 70,000 seniors nationally had canceled their membership since July 1 over concerns about



the president's health care reform proposals.

"I don't have any specific numbers for North Carolina," Garner said, "but with 40 million members in the organization, the number of people leaving isn't that many. I don't mean to downplay it because we don't want to lose anyone, but I can tell you that the number of renewals is outpacing people leaving by 40-to-1, and new memberships are 8-to-1."

When asked what reasons seniors are giving for leaving AARP, Garner said he personally reads and answers the e-mails and that "the only issue is health care."

Garner summarized the responses as ranging "from polite to obscene. Most of the drops are coming more from the very conservative side, the ultraconservative membership. They are racist. It seems to me they are mostly the ones who are sore that the election didn't turn out their way."

"A lot of these people [dropping out] just aren't very sophisticated about what they understand," Garner added. "They just sound like what they hear on talk radio."

Continued as "AARP," Page 4

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Biotech Incentives Bill Called Wasteful, Risky

Continued from Page 1

tries," said Sen. Neal Hunt, R-Wake, in a telephone interview. Hunt was one of only six lawmakers to vote against the measure in the Senate.

The provision that has stoked the ire of opponents would give private investors a taxpayer-funded credit if their investment in a biotech startup didn't perform as well as expected. Foes of the proposal say the credits would have taxpayers assume at least part of the venture capitalists' risk.

"We're pretending to be the credit default swap agency, and it's bad business," said House Minority Leader Paul Stam, a Wake County Republican. He compared the legislation to federal bailouts of the auto industry.

Supporters, however, say biotech incentives are a good way to stimulate North Carolina's economy, create new employment, and expand the tax base — and that the bill would do all three.

"This bill is exactly what we need to be doing in this time when we so badly need jobs across this state," said House Majority Leader Hugh Holliman, a Davidson County Democrat.

Sponsors saw any chance of passing the bill this year evaporate in the waning hours of the General Assembly's session. The House passed an earlier version of the measure in April overwhelmingly; the Senate altered the bill and followed suit in early August.

But lawmakers, washed out from six weeks of tough budget negotiations and tense negotiations with Gov. Beverly Perdue over spending priorities, couldn't reach a compromise on the House and Senate versions, and opted to put off a vote until next year.

A recurring theme during a half-hour of debate in the House Aug. 10 was whether the bill infringed on the state constitution. That question has drawn scrutiny from legal experts.

"The problem with the bill from a constitutional perspective is the very point of the bill," said Jason Kay, a senior staff attorney with the N.C. Institute for Constitutional Law, in a telephone interview. "It's not like they've chosen to do something constitutional in an unconstitutional way. What they are trying to do is itself unconstitutional."

The bill goes too far even for some long-time supporters of economic incentives. Rep. Rick Glazier, D-Cumberland, told *Carolina Journal* that he had "real concerns" with the measure's constitutionality, particularly "the lack of oversight" and the delegation of authority for issuing tax credits to a private entity.

Constitutional hurdles

The system authorized by the legislation would pose "glaring problems" and violate several provisions of the constitution, Kay wrote in a memo



The N.C. Biotechnology Center (above), headquartered in Durham, has received \$200 million from taxpayers since 1984. (CJ photo by David N. Bass)

requested by a bipartisan group of legislators.

"It says explicitly in the constitution that the power of taxation will never be contracted away, but they've empowered this company to issue tax credits in a way that's binding on the state," Kay told *CJ*.

Kay also said the constitution "flatly prohibits" lawmakers from granting legislative power to a private entity, and that it requires a vote of the people if the General Assembly tries to grant its credit to private entities.

Sponsors tried to bypass that snag by inserting a provision specifying that neither the private company nor a qualifying biotech startup "has any power to pledge the credit or taxing power" of the state. But that addition is meaningless since it contradicts "the whole purpose of the bill," which is to lend the credit of the state, Kay said.

Transparency is another problem for critics. The private company authorized by the legislature would have disclosure requirements not "quite as robust or expansive as the disclosure requirements would be if it were government," Kay said.

Attempts to reach supporters of the measure for comment were unsuccessful, but several lawmakers defended the bill during debate on the House floor.

"This is indeed new territory for North Carolina ... but it's time for us to do some bold, innovative things," said Rep. Pryor Gibson, an Anson County Democrat.

Rep. Earl Jones, D-Guilford, said the bill would increase North Carolina's competitiveness and help move the state into the 21st century, while Holliman argued that supporting the incentives would be beneficial over time.

"Yes, it's a new idea. Yes, it does require a public-private partnership," he said. "But the life sciences industry is a big industry in this state — it requires some out-of-the-box thinking."

Biotech performance

During debate, several legislators touted the track record of biotech incentives, pointing to the N.C. Biotechnology Center, which is headquartered in Durham but has offices across the state, as evidence of state funding paying off.

"I think the track record of our Biotechnology Center is one that we should be proud of," Holliman said.

The Biotechnology Center, created in 1984, is a nonprofit organization that's received more than \$200 million from taxpayers to fund biotech projects in the state.

The center claims to have created 55,000 jobs at 500 companies, but *Triangle Business Journal* reported in 2005 that the center's biotech investment portfolio had lost 41 percent of its value over the previous two years. The value of its investments had fallen by \$11.23 million since 2002, the newspaper reported.

In 2007, the *Journal* also reported that a \$10 million investment by the Biotechnology Center in a venture capital fund was worth only \$1.3 million when the fund closed down.

Regardless of the center's track record, though, some see incentives as a distortion of the marketplace.

"The government should not be engaged in the business of financing or operating entrepreneurial endeavors," said Bob Luddy, a Raleigh businessman.

Even some legislators who have traditionally supported incentives, such as Glazier, don't see them as a long-term solution.

"In the short term, for economically hard-hit regions and until we're able to do a more comprehensive recovery in this state, I have been in favor of targeted incentives," the Fayetteville Democrat said, "but I think it's time to seriously examine whether they are producing what we said they would." *CJ*

Justice Department Overrules Kinston Nonpartisan-Election Vote

Continued from Page 1

tant New Black Panthers" in Philadelphia during the 2008 presidential election, according to *The Washington Times*.

Sixty-four percent of Kinston voters said "yes" to a November ballot initiative that would have switched city elections from partisan to nonpartisan. The measure passed by a 4,977 to 2,819 margin, with seven of nine precincts approving the change. The DOJ decision leaves the city as one of five municipalities in North Carolina to hold partisan elections, and the only one east of Charlotte.

King, in her letter, said the city did not meet its burden of proof that the change "has neither a discriminatory purpose nor a discriminatory effect." King's letter went on to declare, "In Kinston elections, voters base their choice more on the race of a candidate than his or her political affiliation, and without either the appeal to party loyalty or the ability to vote a straight ticket, the limited support from white voters for a black Democratic candidate will diminish even more. And given that the city's electorate is overwhelmingly Democratic, while the motivating factor for this change may be partisan, the effect will be strictly racial."

The letter cited voter statistics as of Oct. 31, 2008: "... 14,799 registered voters, of whom 9,996 (64.6%) are African-American."

President Obama appointed King, a career lawyer in the department, to her post in January.

In the Philadelphia incident, several New Black Panther Party members in paramilitary clothing were filmed at a polling place wielding nightsticks and taunting white voters with racial epithets. *The Times* reported in July that



The citizens of Kinston (downtown shown above) voted to switch to nonpartisan elections, but the U.S. Department of Justice decided the effects of the change would be "racial" and overturned the vote. (Photo courtesy of the City of Kinston)

King recommended dropping a civil case against two of three Philadelphia suspects and that her boss, Associate Attorney General Thomas Perrelli, went along. The Justice Department opened an internal inquiry of the agency's dismissal of the case in September.

Kinston has a five-person city council. Two of the five members are black. The city's mayor, "Buddy" Ritch, a white male, defeated a two-term black mayor, Johnnie Mosley. Mosley won his first term by a margin of fewer than a dozen votes in a race against a white Republican. A black mayoral candidate was defeated in the September Democratic primary, leaving only white mayoral candidates.

Nonpartisan elections eliminate

the need for party primaries. The city would have saved about \$20,000 if a primary had not been necessary in September.

Edward Blum, director of the Washington-based Project on Fair Representation, said the DOJ's decision is "very unusual," but not without precedent. Blum could recall only one or two similar rulings in the last five years. One involved a Florida decision.

Project on Fair Representation describes itself on its Web site as a "not-for-profit legal defense fund designed to support litigation that challenges racial and ethnic classifications and preferences in state and federal courts."

Several legal scholars have told Blum that only the city would have standing to appeal the decision in federal court, he said. Neither individuals nor groups could appeal it. "If every person in Kinston were to sign on [to the appeal], they still could not sue," Blum said. "We're always anxious to help individuals and jurisdictions in legal matters in which we feel the law has been misapplied. I'm not positive we would make a firm offer [to Kinston], but we would entertain one, if asked."

The work would be pro bono or at a greatly reduced charge.

Council members, in their first meeting after the decision, tabled a motion to pursue the DOJ ruling.

"I would like to be able to explain to voters who talk to me why, when we voted for it, we didn't get it," two-

term council member Jimmy Cousins said. "Does the government have more authority than the voter? How much power does the Department of Justice have? How much power is there in a vote? Is voting not any good any more?"

Cousins believes certain people pressured the department when they realized the possible results from nonpartisan voting.

"To be sure, they had to get something from somebody, or they wouldn't have changed the ruling of the voters," he said.

Democrats have held a lock on power in Kinston for more than a century. Neither a Republican nor an unaffiliated candidate has won a city office since Reconstruction.

The city is on a DOJ "watch list" following the Voting Rights Act of 1965. The legislation was designed to overcome actions in some states that were deemed to practice voter discrimination. The act has been renewed in various forms since its passage. The latest renewal, in 2006, extends the provisions to 2031. Some voting jurisdictions have been removed from the original list, but Kinston and portions of North Carolina and other states remain on the list, and must have DOJ approval to change election procedures.

The partisan system requires candidates without a party affiliation to collect about 600 signatures, or 4 percent of registered voters, to get their names on the ballot. It was just such an incident two years ago

that prompted former state Rep. Stephen LaRoque to initiate the fight for change.

Hilary Greene, a black teacher, ran for Kinston City Council as an unaffiliated candidate two years ago. She lost the race.

"[She] was the impetus for the action," LaRoque said. "I thought it was ridiculous to have to get nearly 600 signatures to run on the ballot. It was something I'd thought about for years and discussed with others."

LaRoque and other volunteers collected 1,430 signatures, or 10 percent of registered voters. The City Council refused to place the initiative on the ballot, but the signed petitions overrode the council's decision. The signatures were from whites, blacks, old, young, men, and women, as was demonstrated when the county Board of Elections verified the petitions, LaRoque said.

The city has decided not to appeal the Justice Department decision

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AARP Support for Obama's Health Care Plan Costing Members

Continued from Page 1

Videos from health care forums aired on Fox News, YouTube, and other sources show seniors ripping up their AARP cards in angry protest over President Obama's proposals. Seniors have said that the reported end-of-life counseling provisions originally in H.R. 3200 — the main House health care legislation — might emerge in a final bill. They're also concerned that cuts in Medicare touted by Obama and Democratic leaders might limit access to physicians or services.

Asked why seniors join AARP, Garner said "most join to get member discounts, services, and other benefits like our high-quality publications. Many aren't really interested in issues," he said.

Member comments on AARP's Web site tell a much different tale, showing many members are opposed to the president's health care objectives.

A message from AARP President Jennie Chin Hansen saying the group will not support any reform that would deny seniors freedom of choice and claiming AARP's policy agenda is driven by its members sparked outrage.

"So you act shocked and dumbfounded when a majority of your members believe AARP has become a mouthpiece for the Socialist Left?" responded one member, adding that "the only reason so many have left AARP is because AARP has left its members." One member even quoted passages from H.R. 3200 that counter Hansen's claims.

In a phone interview, Bonnie, an AARP member in Pinehurst, said she joined a couple of years ago but will not be renewing her membership. "I do not want Obamacare or socialized medicine. The AARP talks out of both sides of their mouth. They say they don't support it, but Obama says they do support his plan. They support other policies that have nothing to do with seniors, and I don't want my money supporting causes I don't agree with."

Still, Garner rejected the notion that AARP was picking sides in the debate. "We're nonpartisan," replied Garner, "and there is no Obama health care plan. That's left up to Congress. Any position you take, or people think

you take, you'll lose members."

Similarly on the AARP Web site, CEO Barry Rand wrote that "AARP has not endorsed any comprehensive health care reform bill."

But financial and lobbying reports paint a different picture. In 2008, AARP spent nearly \$30 million on lobbying activities, of which \$6.87 million was spent in the fourth quarter alone, according to lobbying disclosure reports obtained from the U.S. House of Representatives and the Senate.

AARP lobbied members of Congress on a wide range of issues, from fair pay, housing, and transportation to health care and climate change legislation.

AARP lobbied in favor of S. 3408, the Comparative Effectiveness Research Act, legislation that would create an independent, nonprofit institute to review

medical research and determine the cost-effectiveness of medical treatments, procedures, tests, and drugs.

The institute proposed in S. 3408 would be the American equivalent of Britain's National Institute for Health and Clinical Excellence (NICE) that advises the government-run National Health System, according to a July editorial in *The Wall Street Journal*.

"What NICE has become in practice is a rationing board," the

Journal said. In its effort to reduce burgeoning health care costs, NICE limits the treatments that Britain's 61 million citizens are allowed to receive.

Seniors and patients with life-threatening illness are the ones most at risk under this system because the board uses a mathematical formula to determine a "quality-adjusted life year." The board has determined that "Britain cannot afford to spend more than about \$22,000 to extend a life by six months," the *Journal* stated. As a result, survival rates for cancer patients are much lower in Britain than in the U.S.

Critics say AARP receives millions of dollars each year in grants from the federal government, which it gives to other organizations, including the AARP Foundation, to lobby for left-leaning issues.

According to its IRS Form 990, AARP awarded \$28.6 million in grants

to other governments and organizations in 2008 and \$21.6 million to the AARP Foundation.

For example, AARP gave \$10,000 to the Center for American Progress Action, a Washington-based progressive think tank headed by John Podesta, former chief of staff to former President Clinton. The center has lobbied for universal health care as well as the Employee Free Choice Act and granting amnesty to illegal immigrants.

The Washington, D.C.-based Independent Sector received \$15,000. This group supports the proposed health care "compromise" bill from Sen. Max Baucus, D-Mont. One provision would grant nonprofit employees equitable treatment by providing them the same health care benefits, options, and prices as federal employees receive.

The Republican Main Street Partnership, a coalition of mostly moderate Republicans, received \$25,000. Its elected members include Sens. Susan Collins and Olympia Snowe (Me.), and John McCain (Ariz.), along with Reps. Mary Bono Mack (Calif.) and Jim Gerlach (Pa.) and California Gov. Arnold Schwarzenegger.

Alternative group for seniors

Seniors seeking a conservative alternative to AARP are finding one in the American Seniors Association. The organization's Web site reports more than 10,000 new members have joined since Aug. 1. Many of these new members, wrote President Stuart Barton, were "disgusted former members of the American Association of Retired Persons (AARP)."

"At one recent AARP meeting, the moderator shut off the microphone to stifle Obamacare questions and concerns," Barton said. "That speaks volumes. It underscores why the AARP is losing so many members, why ASA is getting so many torn-up AARP cards in our mail, and why our new group's membership is growing every day."

Phil Kent, a spokesperson for ASA, said in a phone interview that his group has seen a big spike in membership, especially in the Southeast, though he didn't have specific numbers for North Carolina. "ASA offers the same benefits as the AARP. Seniors can go to our Web site (www.americanseniors.org) and compare what we offer versus the AARP." CJ

The loss of membership in AARP seems directly tied to the group's support for President Obama's health care plan, though AARP leadership claims not to have endorsed the plan

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New Term Limits Group Hopes to Get Pols to Take the Pledge

By KAREN WELSH
Contributor

RALEIGH
How to make a politician's word his bond: Force candidates to have a financial stake in the process. That's the idea behind the North Carolina-based Alliance for Bonded Term Limits (bondedtermlimits.org), the brainchild of Pinehurst resident John Skvarla.

His new organization, which is filing for status as a tax-exempt, 501(c)3 nonprofit, is designed to make those seeking office in the U.S. Senate and House of Representatives put their money where their mouths are when it comes to tenure in office.

To get the endorsement of the nonpartisan group, a candidate would make a commitment to retire from office after a specified, limited number of terms. The pledge would be backed by a bond dedicating a portion of the candidate's assets. If the candidate is elected and does not retire at the end of the set period, the assets would be donated to charity.

Skvarla thinks his is an idea whose time has come. A Public Opinion Strategies poll conducted in October 2008 showed a record 83 percent of

likely voters backing term limits. Real Clear Politics' most recent polling average shows only 28 percent of Americans holding a favorable view of Congress (with 63.5 percent disapproving).

The concept came to Skvarla, he said, when he was seeking a bond for his own wetlands-restoration business.

"I just had this 'eureka' moment," he said. "I said to myself, 'There's the

solution. Just combine term limits with performance bonds. This puts some skin in the game.' The bond not only shows the world they are serious, but it assures their constituency that [politicians are] willing to take

their personal assets and put [them] aside in a trust. That way, if they break their promise, they are going to have to pay. Their bond is a verification of their intent."

Skvarla says the political class has become enamored of its grandiose surroundings and positions of authority.

"It's a very sad situation," Skvarla said. "They will do or say anything to stay in power — to stay there forever. It's just bad. Absolute power is corrupting absolutely. They are out of touch with reality, and they really believe they are gods. I say to them, 'It's OK. Go to Washington, D.C., and do that for six years, but then go back and live in the real world that you created for everyone else.'"

Steve Greene, associate professor of political science at N.C. State University, said he personally thinks bonded term limits are an "ingenious" idea. From an academic perspective, how-

ever, he said the plan simply wouldn't work.

"It's hard to get people to know about [the pledge of a bond] or care about it," Greene said. "The possibility for it to truly be effective is truly limited."

He also said bonded term limits aren't needed because he disagrees with the goals of the term-limits movement.

Greene says reducing the period of time elected officials serve would shift the balance of power from elected representatives to special-interest groups.

"The consensus is that term limits are not a good idea," he said. "Research shows legislators get better at it over time. Term limits allow lobbyists and unelected staff to run the show. It's difficult now to get good legislation through. We need politicians with

experience."

Philip Blumel, president of U.S. Term Limits, disagreed.

"Incumbency is one of the problems we have in Washington, D.C.," he said. "Being a senator is a nice job. Why would someone want to give it up?"

Blumel and his organization say the best way to limit the damage done by career politicians is through a congressional resolution to limit terms to a fixed number of years. But he does not dismiss Skvarla's alternative.

"Any effort by citizens to bring term limits about is great by me," Blumel said. "If you have someone bonded on a term limit, the voters would believe them. It certainly wouldn't hurt. Term limits do sell to voters because they love term limits. It would be a way for politicians to distinguish themselves, to make a commitment and live up to it."

That's exactly what Skvarla said he is trying to achieve.

"We need accountability," he said. "Voters are getting tired of doublespeak. What [politicians] say and what they do are two different things. It's mind-boggling. It's just wrong, and we need to clean up the cesspool," he added.

Skvarla is hoping the movement toward bonded term limits will gain enough muscle to make a difference in the next major election.

"It's like starting an Olympic sprint from a dead standstill," he said. "This can gain speed. It can catch fire. This is a tea party. We could change the face of the 2010 election if we can get traction on this. The tipping point has been reached. If we don't do this, the political class will stay in power forever." CJ

Group feels politicians have become too enamored of themselves


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Fundraising Conflicts Surround Ousted Treasury Official

BY SARAH OKESON
Contributor

RALEIGH

Weeks after the state's chief investment officer was fired from her \$340,000 job, questions remain over potential conflicts involving charitable donations she solicited.

Patricia Gerrick, who was the deputy state treasurer before her September termination, served on the board of directors and a fundraising committee for the State Employees Credit Union Family House in Chapel Hill. According to the Family House Web site and newsletters, at least 11 donations of \$1,000 or more were given to Family House in Gerrick's honor.

The state's \$60 billion pension fund either has investments in or does business with companies that are connected to at least half of those donors.

Unlike other states, the North Carolina Office of State Treasurer does not have a formal policy on charitable contributions solicited by employees.

Gerrick, who was recruited to the SECU Family House board after she was treated for leukemia, said she didn't ask potential donors for money or suggest donors to the nonprofit.

"I specifically requested that any donations that would come in I would have no knowledge of in any form or fashion," she said in a phone interview.

But Greg Kirkpatrick, the executive director of Family House, said Gerrick suggested potential donors and helped raise \$75,000 to \$100,000. He said she served on the Family House board from 2006 to 2008.

"She helped us raise a good amount of money in her role on the board by putting us in touch with some people," Kirkpatrick said. "She provided me some names of people she thought would be helpful. That's what you need in this business."

Kirkpatrick said Gerrick brought potential donors to a fundraiser at the Carolina Inn in downtown Chapel Hill about two years ago.

"She had about 30 friends with her, and a larger group of 60 friends had been at her house the night before writing checks," he said.

Gerrick said she did not suggest potential donors to Kirkpatrick.

"I did not give him [Kirkpatrick] names of people," she said. "He may have met people by my participation. I didn't give him a list of names to ask for donations. If he told you that he was mistaken. I knew where I was working. I knew that could cause problems."

The revelations about donations on Gerrick's behalf come amid a widening multistate probe into pension fraud corruption. The investigation, which started in New York, has led to charges in that state against the former state chief investment officer and others who are accused of taking kick-



The State Employees Credit Union Family House in Chapel Hill (above) was the beneficiary of at least 11 donations of \$1,000 or more given in former deputy state treasurer Patricia Gerrick's honor. (CJ photo by Rick Henderson)

backs in return for pension fund business. More than 100 companies have been subpoenaed so far.

No public allegations of criminal wrongdoing have been made about the North Carolina Teachers' and State Employees' Retirement System.

The 40-room Family House

opened in March 2008 following a \$7.5 million capital and endowment campaign. It provides accommodations for people connected to patients at the nearby UNC Hospitals, such as bone marrow transplant recipients and their families. It also serves burn victims and people with eating disorders and

other diseases. The suggested donation is \$35 a night, but financial help is available.

Edwin Poston, a general partner at TrueBridge Capital Partners in Durham, said the company donated \$2,000 to Family House after he and partner Mel Williams and their wives attended a fundraiser for Family House at Gerrick's invitation.

"She invited us," Poston said. "I didn't know of the charity before Pat introduced us to it. This is something that's near and dear to Pat's heart, and we thought it would be nice to make a donation on her behalf."

The state invested \$50 million in TrueBridge's CVE Kauffman I fund in 2007 and paid the company \$537,857 in management fees last year.

Other donors to Family House in honor of Gerrick include:

- Michael and Stacie Arpey. Michael Arpey works for Credit Suisse. The pension fund has about \$500 million invested with Credit Suisse and paid the company about \$3.9 million in management fees last year. A subsidiary of the company, Credit Suisse Securities, has been a broker for the pension fund.

- Wendell McCain, one of the founders of Parish Capital Advisors of Chapel Hill, where the pension fund has invested about \$497 million since 2004. The company received almost \$3 million in management fees last year.

- Art and Karen Pappas. The state has invested \$55 million in three funds run by Pappas Capital Advisors and paid almost \$600,000 in management fees last year.

- Isaac and Pamela Green. He is the founder of Piedmont Investment Advisors of Durham. The state has more than \$301 million invested with Piedmont and paid the firm \$851,554 in management fees last year. Piedmont recently was hired by the U.S. Treasury to help manage investments in the Troubled Asset Relief Program.

- Nina LeSavoy. She currently works for Avec Capital in New York but previously worked for Cue Capital, which was an agent for a \$100 million investment the state made last year in Avista Capital Partners Equity. North Carolina paid \$767,123 in management fees to Avista last year.

Representatives of the other companies that do business with the pension fund declined to comment or did not return phone calls or e-mails.

Heather Franco, a spokeswoman for state Treasurer Janet Cowell, said the treasurer's office abides by the State Government Ethics Act. A Chicago firm is reviewing the business and investment practices of the treasurer's office.

In California, the State Teachers' Retirement System prohibits anyone who does business with CalSTRS from making charitable contributions

State Investment Fees Rose as Portfolio Tanked

North Carolina's pension fund paid about \$212 million in investment fees last year to outside fund managers, a 16 percent increase over the previous year, even as the pension's assets tanked.

Fees paid to managers of private equity — investments in companies that aren't traded on a stock exchange — accounted for the biggest increase, going up about 51 percent to \$62 million. Fees paid for real estate investments went up 18 percent to \$65 million.

In comparison, the pension fund's assets dropped last year by almost 20 percent, to \$60 billion.

The fees were paid under the watch of the state's former chief investment officer, Patricia Gerrick, who was fired in September. At press time, no reason had been given for her termination.

"In view of the returns it's extremely excessive," said Charles Heatherly, a former state deputy treasurer.

But the fees account for a lower percentage of the plan's assets than the average for public pension plans with more than \$5 billion in assets. The average percentage last year was 0.384 percent, according to Greenwich Associates, a Connecticut consulting firm. North Carolina's fees accounted for 0.33 percent of the fund's assets.

Heather Franco, a spokeswoman for Treasurer Janet Cowell, said the fees increased because former Treasurer Richard Moore added investments last year.

The pension fund committed to investing in six new real estate investments last year totaling about \$714 million and 24 new private equity investments totaling \$2.2 billion. Those investments will be made over several years.

The pension fund paid about \$12.8 million in management fees last year for the new investments.

Franco said Cowell has hired a firm to look at how reasonable the fees are as part of a review of the investment practices by the Chicago investment consulting firm EnnisKnupp.

Continued as "State," Page 7

Continued as "Fundraising," Page 7

State Investment Fees Rose as Portfolio Tanked

Continued from Page 6

"We expect to make these findings available publicly towards the end of the year," Franco said.

Some of the pension fund's investments are with companies that are being investigated in other states.

North Carolina paid \$302,158 last year in management fees for a \$29.3 million investment with Access Capital LP II, whose parent company, Access Capital Partners, was mentioned in a complaint filed in March in New York by the Securities and Exchange Commission.

The federal agency, which is investigating a kickback scandal, said that Access Capital Partners paid a sham "finder fee" to get business from the New York State Common Retirement Fund.

New York Attorney General Andrew Cuomo has organized a multi-state investigation into corruption in pension funds. North Carolina was part of a conference call of state AGs organized by Cuomo earlier this year, but a spokeswoman for North Carolina Attorney General Roy Cooper would not say if there is an investigation involving the North Carolina fund.

"In general, we're pretty limited in what we can say about any multi-state investigations," said spokeswoman Noelle Talley.

Cherokee Investment Partners, the Raleigh parent company of two limited partnerships to which North Carolina has committed an investment of \$150 million, is the subject of a federal probe in connection with failed golf and housing projects in New Jersey.

The New Jersey state inspector general issued a report last year finding that a company backed financially by one of the limited partnerships in North Carolina's pension fund mismanaged a project on a landfill site in Bergen County.

"Cherokee is cooperating fully with the process," said Thomas Darden, the CEO of Cherokee Investment Partners.

A former part-time contractor for the treasurer, Andrew Siltan, also did work for Cherokee Investment Partners. Siltan was the state's chief investment officer before Gerrick. — **Sarah Okeson**



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Fundraising Conflicts Arise

Continued from Page 6

of more than \$250 at the request of a board member, employee, or officer of the pension fund.

Franco said the state treasurer doesn't have a formal policy on charitable contributions but is reviewing current policies, including limitations on charitable donations.

The model code of ethics for the National Association of State Retirement Administrators calls for pension fund administrators to review trust and conflict-of-interest laws to ensure that "relationships with other parties are not incompatible with the duties to the system."

Officials at the State Ethics Commission did not return phone calls.

Former state Auditor Les Merritt said North Carolina's ethics law is murky and confusing but doesn't appear specifically to prohibit public officials from soliciting charitable contributions.

"There's always the potential of an appearance problem that they had the authority to demand contributions for future business," said Merritt, now the executive director of the Raleigh non-profit Foundation for Ethics in Public Service.

In 2005, then-state Treasurer Richard Moore was criticized for asking money managers who did business with the treasurer's office to contribute to a nonprofit foundation he started to help state residents better manage their finances. Moore said at the time that this wasn't a conflict of interest.

In late August, officials from the treasurer's office stated that Gerrick re-



Sign in Chapel Hill at the entrance of the SECU Family House. (CJ photo by Rick Henderson)

signed and did not offer a reason for her departure. They maintained that story until Sept. 24, when documents from a public records request made

California has strict regulations preventing contributions in the name of any retirement system employee

by *Carolina Journal* and other media organizations revealed that she was terminated Sept. 4 when she refused to quit. Again, no reason for the termination was given.

Gerrick also claimed she resigned when interviewed by *CJ* in mid-September, saying, "I serve at the pleasure of the sole fiduciary,"

meaning Cowell.

Gerrick was diagnosed with leukemia shortly after she was hired as the state's chief investment officer. She underwent a bone marrow transplant, sometimes working from her hospital bed.

"During my treatment there were people who were sleeping in their cars because they couldn't afford hotels," she said.

After her recovery, Dr. Thomas Shea, the director of bone marrow transplantation at UNC Hospitals, said he helped recruit her to the board of Family House.

Gerrick served on a fundraising committee for Family House but said her role on the committee was confined to trying to get some talent for a fundraiser.

"My role on that committee was to bring talent in," Gerrick said. "My job on that committee was not to get donations. I was successful in obtaining some access to talent. I have not asked anyone to make a contribution to Family House. Not one person did I ask."

CJ

Donors who gave between \$1,000 and \$5,000 to SECU Family House in honor of Patricia Gerrick

Michael and Stacie Arpey
Isaac and Pamela Green
Pamela Joyner
Nina LeSavoy
Wendell McCain
Teresa Myers
Art and Karen Pappas
Glen Sergeon
Ellen and Frank Sullivan
The Williams Family Fund
TrueBridge Capital Partners

Source: SECU Family House Web site, newsletters

McNeilly: Business 'Warfare' Encourages Strategic Creativity

BY CJ STAFF

RALEIGH

When looking for ways to improve your business, you might not think of turning toward an ancient Chinese military text for help. But Mark McNeilly has mined Sun Tzu's *The Art Of War* for lessons you can apply to the business world. McNeilly, executive director for brand management and strategic marketing at Lenovo, is author of *Sun Tzu and the Art of Business*. He discussed themes from that book with Mitch Kokai for Carolina Journal Radio. (Go to <http://www.carolinajournal.com/cjrдио/> to find a station near you or to learn about the weekly CJ Radio podcast.)

Kokai: Sun Tzu. People who know anything about military strategy have probably heard the name. Some in our audience may have read *The Art of War*.

McNeilly: Right.

Kokai: The principles in Sun Tzu can apply to business as well?

McNeilly: Yeah. There [are] 13 different chapters he wrote. He was an ancient Chinese general, ... but it has since become a classic on the military side as well as moved a lot into business, even being mentioned in the movie "Wall Street" and "The Sopranos," the series. But yeah, there are some specific principles that businesses can use from a strategic standpoint. Really his principles apply to any competitive situation, whether it be warfare, business, sports as well, any competitive situation.

Kokai: What are some of the main things a business person can learn from Sun Tzu?

McNeilly: One of the things is win all without fighting, that is one of his main principles. It is not necessary always to fight, but you might use a more indirect approach to achieve your objectives. Therefore, from a business standpoint, that means you not only want to get market share, but you want to get profitable market share. And you do that not by having price wars and attacking your competitors directly, but finding positions in the marketplace that you can defend and that it is very difficult for your competitors to attack you at.

Kokai: You mentioned that there are several different pieces to this as well. Beyond that basic one, what are some others?

McNeilly: Another one is avoiding strength and attacking weakness. Often in the West we have the view that we must directly attack our competitors, but unfortunately that is what competitors are expecting, and that

I think ... there are a lot of similarities between business and warfare. They are both competitive situations. You are trying to lead people. You've got morale to build. You've got contests of wills and egos. And so there [are] a lot of similarities.

Mark McNeilly
Author of

Sun Tzu and the Art of Business



meets the greatest resistance. So it is much better to take an indirect approach, to attack them in a different way, a subtle way that they may not expect. That ... gives you an advantage and avoids a competitive response from them.

Kokai: Now let's back up a bit and talk a little bit about Sun Tzu and how he came up with these ideas. These are not new. We mentioned this was an ancient text. So how long ago was this, and how often was it applied in his time?

McNeilly: It was about 500 B.C. He lived during a time called the "Age of the Warring States," which was a time of a lot of competition between seven different states in China, each trying to control China and survive. And each of these states would look for strategic consultants, if you will, to come around and help them build their strategies and lead their armies. And Sun Tzu was one of these traveling consultants. And it was at this time he was a general and he took his learnings and put them down in this book, *The Art of War*. Since then it has been used by Chinese emperors, everyone from the first emperor all the way up through Mao. It was used by Japanese samurai to win control of Japan. It came to the West in the 18th century from a Jesuit missionary. Some think Napoleon was influenced by his ideas. And then it had become more popular in the West, in the military circles, obviously in Asian military circles. And it has become much more known, again first starting in Asia, Japan, Singapore, China, as a, not just a military text, but a business text and very, very popular in the West as well.

Kokai: Why do you think that this eventually caught on in business? Obviously it has been around for roughly 2,500 years. Why did business people eventually say, "Wait a minute. We can apply this to what we are doing"?

McNeilly: I think ... there are a lot of similarities between business and warfare. They are both competitive situations. You are trying to lead

people. You've got morale to build. You've got contests of wills and egos. And so there [are] a lot of similarities, and there is a lot that businesses can learn from history and military warfare. A lot of people have seen those parallels and applied them.

I think the other thing that he offers is a different way of looking at strategy. Again, instead of this direct approach and attacking, you know, the enemy, you know, the two knights if you will jousting or the two cowboys shooting out at the O.K. Corral, he is much more about a subtle approach, understanding the enemy's weakness, trying to take advantage of that weakness, throw them off balance and win the victory.

Kokai: There are principles from Sun Tzu that can be applied to business. But we are talking about two different things here. Warfare is designed to break things and stop people and help one society defeat or vanquish another, whereas business is a little bit different. Are there some things from Sun Tzu that don't translate as well?

McNeilly: Yeah, I think one thing people make an error on is trying to apply everything directly. ... When I was talking to my publisher about the book, many people before had tried to take Sun Tzu's 13 chapters — his book is organized into 13 specific chapters, a lot of specific quotes — and apply it directly to business. The approach I took was very different. I went through his book, saw ... the quotes that kind of fell out that applied to business, and saw how they grouped together. They grouped into these six principles that I've got in the book and therefore are much more applicable to business. And in each chapter what I've got is a principle, followed by a quote that he has exemplifying that principle, followed by a military example, and then some business examples. So it is a good mix of his ideas organized well, illuminated with his quotes, and then followed by business and military examples.

Kokai: One of the other differences is that the ultimate winner, we hope, in the world of business is the

consumer, not necessarily the company. Does a company that applies Sun Tzu's principles lead to improvements that benefit the consumer?

McNeilly: Yes. I think one of the things that he is very keen on is strategic creativity. So the principles are not a cookbook. They are a framework to apply one's strategic creativity. And you have to be very creative in order to find these positions that differentiate you from the competition and provide you with a much stronger position. It takes a lot more thought to do that than it does to just attack the competitor on price, for example, or copying what they do and trying to do a little bit better.

Kokai: So applying these principles of Sun Tzu not only will help one company try to vanquish another in some certain market, but it should end up benefiting the consumer and society at large?

McNeilly: Yeah, because it forces again the strategic creativity that makes you come up with new ideas for new products or new services or new ways of doing business. So yeah, the ultimate winner in this is the consumer.

Kokai: You mentioned that this has caught fire to some extent in the business world. Would you have a sense of how many businesses or the types of businesses that have started to use these principles?

McNeilly: You'll see it more in the executive suite, in the people that do strategy, the people that do marketing. One thing that has made it difficult for it to catch on is it is written for warfare in ancient China, you know, in 500 B.C.

And it is a series of quotes, so it is not very easy to read. So ... one of the things that I tried to do in the book was make it more available to people and have it make more sense to modern-day business people.

But those are the areas you would probably find it in, CEOs, strategic people, marketing people, those kinds of folks. CJ

JLF Web Site Promoting Transparency

By KAREN McMAHAN
Contributor

RALEIGH

In the three months since the John Locke Foundation launched NCTransparency.com, a Web site connecting North Carolina citizens with information available online from state agencies, school systems, and municipalities, some governments concerned over their low grades have taken concrete steps to improve them, while others have simply complained.

"Even the media are using the site to retrieve data," said Joseph Coletti, fiscal and health care policy analyst for JLF. Coletti noted a recent complaint from someone at the Greensboro *News and Record* that the City of Greensboro's grade was "misleadingly high" because government officials too often have been unresponsive to the newspaper's requests for information.

With advanced communication technologies, individuals have grown accustomed to having all types of information available almost instantaneously. The idea for NCTransparency.com grew from the need for North Carolinians to have a single point of access to information on governmental entities, Coletti said.

"The report we did last year on transparency in government, where we examined the availability of information online as well as the ease and speed of retrieving information through government and school Web sites, highlighted the need for this Web site as an important first step in improving transparency," Coletti said.

Instead of calling or e-mailing state agencies, schools or other government agencies to request specific information, North Carolinians can now use the Web site to download documents and link to other available resources on the departments and agencies that interest them.

Defining and measuring

When applied to government, JLF defines transparency on the Web site as meaning "citizens should be able to see how their tax money is used by elected representatives and what bureaucrats are doing with the tax money they take from citizens."

JLF scholars have created a scoring mechanism that assigns points to entities based on the availability of 24 important baseline documents or reports. While some resources apply only to certain governmental entities, every department is expected to provide their budgets, capital improvement plans, and employee salaries, for example.

Two of the most important grading criteria, Coletti said, are whether a document or report is available online and if it is in a usable format. A local government might receive one point for having a particular item available online and an additional point if that document or report is in an easily searchable format.

"If, for example, a budget is available online, the entity receives a full point but would not receive an additional full point if the budget is available only as a picture instead of a searchable word-processing or PDF file," Coletti explained, "because the deeper and easier one can drill down into the data, the better." And some items are weighted differently according to importance.

The transparency Web site also recalculates an agency's score as documents or reports are added.

Making or missing the grade

Of North Carolina's 100 counties, top-scoring governments include Wake and Mecklenburg, with an "A." While no county government is graded "F," many are rated "D," including Ashe, Avery, Caswell, Lenoir, and Vance.

None of the 115 public school systems listed has a grade of either an A or an F. Wake County Schools is the top-scoring system, the only one to receive a B. Some of the school systems graded D are Gaston, Johnston, and Harnett County Schools.

Among the 22 state government entities listed, none has an A or a B, and only the Department of Public Instruction has a C. Most state government entities are graded D. The worst-performing with a grade of F are Judiciary, the Office of State Auditor, the Office of State Controller, and the State Health Plan.

Of the 549 local governments listed, only Columbus (population 992) earned an A but that was not initially the case. When Tim Holloman, the town's mayor, first learned Columbus had been awarded a D, he and other members of the town council began working with JLF to improve the grade.

Responding to JLF's recommendations, the town has since revised its Web site (<http://www.columbusnc.com>), sporting a "Transparency Initiative" section. With just the click of a mouse, citizens and visitors alike can review documents detailing expenditures, revenues, contracts, number of

employees and their salaries, transportation improvement plan, employee health care liabilities, audited financial statements, and other items.

In his newsletter to Columbus residents, Holloman wrote: "The John Locke Foundation, a Raleigh think tank and government watchdog, has rightly identified that in the age of the Internet and digital technology, citizens have an increased expectation for transparency in government."

Wake County improved its grade by adding a Web site to show expenditures by category, and New Hanover County's school district and municipalities have improved their grades by adding a new salary database, said Coletti.

In contrast, Mayor Keith Weatherly of the Town of Apex expressed concern about making the salaries of town employees available online. In a phone interview with *CJ*, Weatherly stressed that he and other town employees are responsive to any request for information, but they prefer that people ask rather than have it online. Apex is rated D.

"I also take issue with the criteria they [JLF] are using to grade us. Take salary. Yes, that's public information, but I just don't think it does justice to an employee to have salary information online," Weatherly said, "nor did they ask for our input. Our town manager confirms that residents rarely ask for the types of information being used to grade governments."

"We're not trying to hide things. We do intend to reconsider the issue, but we have other priorities," Weatherly added.

In the meantime, the Apex Town Council has formed a task force to examine how to redesign the town's Web site to include transparency as a feature.

Coletti reports that a Wake County commissioner also objected, saying that posting some of the recommended documents online would make it too easy for the public to request more detailed information. *CJ*



State Briefs

Air quality improves

North Carolina could tally in 2009 the lowest number of high-ozone days of any year on record if current trends continue, according to a new John Locke Foundation Spotlight report.

Report author Dr. Roy Cordato, JLF vice president for research and resident scholar, analyzed state numbers from the past 10 years for ground-level ozone, often called smog. The state's 2009 data showed signs of continued improvement, Cordato said.

"As of September 1, the entire state of North Carolina had reported only nine high-ozone days," he said. "And we should be clear about what that means. It does not mean the entire state suffered through nine days of high ozone."

The data actually present an even better picture, Cordato said.

"Those nine 'high-ozone days' were recorded on only four distinct days," he said. "In addition, they were recorded on just five of the 41 ozone monitors the government maintains across North Carolina. In other words, this means that 36 of the 41 monitors across the state have not registered a single instance of high ozone so far in 2009."

JLF blasts Perdue trip

As North Carolina struggles with one of the nation's worst unemployment rates, Gov. Bev Perdue plans an Asian trip based on the same misguided economic development policies that contributed to the state's current economic woes. That's the assessment of the John Locke Foundation's chief budget analyst.

The N.C. Employment Security Commission's latest report lists the state's unemployment rate at 10.8 percent for August, down slightly from the adjusted July rate of 10.9 percent. The state has had double-digit unemployment for seven months and reached a peak of 11.1 percent in May.

"With more evidence of the state's economic struggles, it's especially disturbing to remember that the governor and her commerce secretary plan a two-week trip to Japan and China next month," said Joseph Coletti, JLF Fiscal Policy Analyst.

"Promoting trade is fine, but this type of junket fits with the ineffective policies that have helped lead to North Carolina's ongoing economic slump," he said. "By chasing individual companies with sweetheart deals, the state's leaders make North Carolina less competitive overall." *CJ*

COMMENTARY

Obama's School Speech

Critics of President Obama's Sept. 8 address to schoolchildren should have avoided exaggerated claims that the speech was a form of indoctrination. More sinister forms of indoctrination occur in public school classrooms every day. Yet concerned citizens voiced a number of legitimate complaints about the address that the Obama administration and the mainstream media largely chose to ignore.

Rather than engage in civil debate, Obama administration officials and their apologists demeaned critics of the speech. Secretary of Education Arne Duncan dismissed opposition to the speech as "just silly." White House spokesman Robert Gibbs took it several steps further and compared the controversy to "an 'Animal House' food fight." Many of those who posted comments on popular liberal blogs like Daily Kos and Huffington Post used language that any respectable publication would refuse to print.

The Left also suffered from selective amnesia. The National Education Association (NEA) called Obama's speech "a historic address," which is quite a sea change from their denunciation of a nationally televised speech to schoolchildren delivered by President George H. W. Bush in October 1991. The NEA was not the only group that radically changed its tune. After the Bush speech, according to *The New York Times*, Democratic leaders insisted that the Bush administration reimburse taxpayers for the \$26,750 used to hire a production company for the telecast. Rep. William Ford, D-Mich., demanded that then-Education Secretary Lamar Alexander appear before the House Education and Labor Committee to defend his "spending scarce education dollars to produce a media event." The House majority leader, Richard Gephardt, D-Mo., added, "The Department of Education should not be producing paid political advertising for the President."

Because President Bush's speech occurred about a month before fall elections, some Obama supporters claimed that Bush had much more to gain from his nationally televised address to schoolchildren than Obama did. There is no evidence that the Bush administration

sought to use the speech to advance Republican causes nationwide.

After all, there was very little at stake in the 1991 election cycle. The only races of consequence were gubernatorial elections in Kentucky, Louisiana, and Mississippi. The Republicans were outmatched in Kentucky. Bush clearly did not want to support the candidacy of the Republican gubernatorial candidate in Louisiana, white supremacist David Duke. Only Mississippi had a competitive election.

Moreover, Bush maintained respectable approval ratings. An October 1991 Harris poll found

that 57 percent of respondents approved of Bush's performance as president. A May 1991 Gallup poll found that 68 percent of respondents favored the Bush administration's major educational initiative, a plan to administer a voluntary achievement test to school districts across the country. While Bush's popularity was on the decline, he had very little to gain politically.

Of course, the fundamental difference between the Bush and Obama speeches is that, unlike the Bush address, the Obama speech included administration-approved lesson plans. Parents objected to lesson plans because they directed children to consider ways that they could help the president. The Obama administration eventually neutered a handful of these activities, but many leading questions remained.

In the final version, the lesson plans suggested that students answer questions like: Why does President Obama want to speak with us today? How will he inspire us? What resonated with you from President Obama's speech? Why is it important that we listen to the President? What other historic moments do you remember when the President spoke to the nation? These questions were hardly neutral, let alone educational. Instead, they focused on self-awareness and personal reflection, rather than the accumulation of knowledge. Ironically, Obama decried that very tendency in his "historic" speech. *CJ*

Terry L. Stoops is education policy analyst at the John Locke Foundation.



TERRY STOOPS

Congress Leaves School-Lunch Questions Unaddressed in Bills

By DAVID N. BASS
Associate Editor

RALEIGH

Congress might consider a package of bills that would expand the federal government's role in providing free or reduced-price meals to public school students, but noticeably absent so far is any legislation addressing fraud in the entitlement programs.

The federal law currently governing school meal subsidies — the Child Nutrition Act — expired Sept. 30. At press time, lawmakers were set to approve a temporary deadline extension; permanent reauthorization might not come until next year.

But Congress could act soon on bills that would devote more taxpayer funds to the programs and expand eligibility for students — even while questions about the reliability of one entitlement, the free and reduced-price lunch program, remain.

The school lunch program is meant for families at or below 185 percent of the federal poverty level, but parents are required only to self-report household income on applications, leading critics to wonder whether some families are gaming the system.

A *Carolina Journal* investigation last year revealed that over half of a 3 percent pool of applicants in North Carolina couldn't prove eligibility to participate. The numbers this year are similar.

"If you look at any district in America, you would find similar abuse," said Lisa Snell, director of education and child welfare at the Reason Foundation, a libertarian think tank.

Nevertheless, lawmakers have focused on pumping more money into the programs and trying to get more students to participate.

In a letter signed by a bipartisan group of 40 senators in January, Sen. Tom Harkin, an Iowa Democrat and chairman of the Senate Agriculture Committee, said that child nutrition programs "play a critical role in preventing hunger and promoting healthy diets among children from birth until the end of secondary school."

More funding, higher eligibility

Earlier this year, President Obama proposed a \$1 billion increase

for school nutrition programs. He included \$100 million in additional funding for the programs in his economic stimulus bill, passed by Congress in February.

About a half-dozen bills have been introduced in Congress that would expand or revise the programs, although none has been brought up in committee.

One bill, sponsored by Ohio Democratic Sen. Sherrod Brown, would allow high-poverty schools to enroll all students in free breakfast and lunch programs, bypassing the application process altogether.

Another measure, sponsored by Sen. Bob Casey, a Pennsylvania Democrat, would allow qualifying school districts to convert to a paperless system.

Rather than have parents self-report income on applications, districts would gauge the number of students eligible by relying on income and poverty statistics from the U.S. Census Bureau or participation rates for food stamps and Medicaid.

Those bills don't go far enough for some child nutrition advocates, who suggest scrapping the income threshold limits altogether, meaning that all students, regardless of income, would be eligible for free breakfasts and lunches.

The New York City Coalition Against Hunger, for example, recommends that Congress reauthorize the school meals program to provide "universal in-classroom breakfast and universal lunch for every student, regardless of their household's income."

Potential fraud remains

The latest data on free and reduced-price lunch verification in North Carolina show that potential fraud continues unchecked.

Federal law requires school districts each year to verify the incomes of 3 percent (or 3,000, whichever is less) of participants considered "error prone," meaning households whose reported earnings are within \$100 monthly, or \$1,200 yearly, of the income eligibility limitation.

If applicants fail to respond, or respond with evidence that shows too high an income, officials reduce or terminate their benefits. *CJ*



School Choice in N.C. Takes a Small Step Forward in 2009

By HAL YOUNG
Contributor

RALEIGH

The movement to allow greater access to educational alternatives and programs, by expanding charter schools, providing tax credits for educational expenses, and giving homeschooled students more opportunities to participate in public school sports, did not advance this year.

However, says House Republican Leader Paul "Skip" Stam, R-Wake, for the first time in many years, some of these proposals made it out of committee, and one had an up-or-down vote on the House floor. It's a small step for a big concept, but it's a start.

Public school sports

One of the more dramatic proposals was House Bill 1116, "Home Schoolers Participate in School Sports." H.B. 1116 would have opened public school athletics to homeschooled students, though final decisions on access would be left with the local principals. Currently the N.C. High School Athletic Association bars students from playing on the teams of any school but their own.

Both private- and homeschooled students are shut out of public school programs, which has led them to develop leagues for nonpublic school students.

Even so, nonpublic school sports are less available in rural than in urban and suburban areas, and the collegiate success of Heisman Trophy winner Tim Tebow, a graduate of homeschooling in Florida, has continued to stoke interest in several states.

The NCHSAA has long op-

posed any broadening of eligibility in this way, partly to prevent sports recruiting across school district lines, but also because of the documentation load that would inevitably result.

NCHSAA officials told *Carolina Journal* this summer that the constant checking and reporting of students' academic status and eligibility is a burden even when the students' records are filed in the same district with their team. Accessing records from other districts, private schools, or from homeschooling parents, they said, would further complicate a thankless task for athletic directors.

The bill narrowly lost in the House Education Committee, 16-17, with 23 members absent. Both Republican and Democratic representatives sponsored the bill, but members of both parties also voted to defeat it.

More charters in the future

House Bill 486, "Modify Charter School Law," was sponsored almost entirely by Democrats, including Reps. Marvin Lucas, D-Cumberland, Larry Bell, D-Sampson, and Douglas Yongue, D-Scotland; Republican Laura Wiley, R-Guilford, also joined the proposal.

This bill would have raised the state's cap on the number of charter schools from 100 to 106. It passed the House May 13 with 102 in favor and



University of Florida Heisman Trophy winner Tim Tebow is sports' most famous homeschooler.

only 6 opposed. The bill never was considered by the Senate, so it died this session.

There are deeper undertones in this issue, though. The federal stimulus package includes a \$4 billion "Race to the Top" initiative led by Secretary of Education Arne Duncan and President Obama; they have indicated that states imposing barriers against the expansion of charter

schools may find money from the program delayed or withheld. Gov. Beverly Perdue has criticized the federal guidelines.

Credit for their choice

Two other bills sought to give tax credits to families whose educational choices would save fellow taxpayers money. House Bill 687, "Tax Credits for Children with Disabilities," sponsored by Stam, and Rep. Shirley Randleman, R-Wilkes, would have given a credit of up to \$3,000 per semester, or \$6,000 per year, to families whose special-needs children were taken out of the public school system and educated at home or in private school.

To be eligible, a student must have spent at least two semesters in the public schools and been diagnosed with a learning disability. A student who had always been homeschooled

or attended a private school would not qualify.

The analysis from the legislature's Fiscal Research Division said nearly 180,000 North Carolina students have diagnosable learning disabilities, and even discounting the startup costs of the first year of the program, taxpayers could potentially save as much as \$5 million annually at the state level with similar savings possible for local school districts.

Even so, the House Education Committee divided along party lines and defeated the bill 21-26.

Finally, Stam, along with Reps. Danny McComas, R-New Hanover, Ric Killian, R-Mecklenburg, and Jeff Barnhart, R-Cabarrus, introduced a bill to bring "Tax Fairness in Education." House Bill 335 would have provided a tax credit of \$1,250 per semester and \$2,500 per year to families who withdrew their children from public schools in favor of a private option; like H.B. 687, students now homeschooled or enrolled in private schools could not take part.

The official estimate found that state and local governments could save as much as \$60 million annually after the program started, but again, the measure failed in the education committee on a party-line vote, 13 Republicans in favor and 16 Democrats opposed.

Stam said these bills should return to the legislative calendar soon. Although the sports access and charter cap bills are likely gone for the remainder of the 2009-10 session, the tax credit bills — both of which have been introduced before — are revenue-related and may be reintroduced in next year's short session. *CJ*

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Even in difficult budget year

GCS Finds Funds to Reinstate Administrative Positions

BY SAM A. HIEB
Contributor

GREENSBORO

For North Carolina's school systems, there's apparently never a bad time to fill administrative positions.

In a difficult budget year where a doomsday scenario of massive budget cuts, massive layoffs, and compromised educational standards was constantly being painted for the public, Guilford County Schools found the funding to reinstate several administrative positions as staff put the finishing touches on its \$590 million budget.

Included in the final budget revisions were a chief student services officer position at a salary of \$165,000, a human resources director at a salary of \$87,000, and two project manager positions at salaries of \$71,000 each.

The Board of Education put up some resistance, but it was weak, and the proposal passed by a vote of 9-2, with board members Garth Hebert and Darlene Garrett voting against it. Incredibly, board members asked for job descriptions of a couple of positions, leaving the impression they weren't clear exactly what functions the new hires would be performing.

"We could provide a job description for board members if that would be helpful," said Superintendent Mo Green after he was asked about the chief student services officer.

Green defended the positions, saying they were part of the original budget he presented earlier in the year. But he also conceded that schools are still suffering from the effect of \$22 million in budget cuts.

"Schools certainly aren't being

made whole — I certainly don't want to give anyone that impression," Green said. "But they certainly have gotten additional dollars."

Garrett asked questions about the chief student services officer, which was reclassified from a supervisor's position to a director's position with a \$6,000 increase in salary.

Beth Fogler, GCS' chief academic officer, explained that the position was part of Green's regionalization plan, which includes several new initiatives within student services, one of which is character education.

"The response we've received from the community and internally is that we need to put much more effort into that initiative," Fogler said. "We need someone to supervise and lead that charge."

Board member Sandra Alexander asked staff to explain adequately to taxpayers how it's possible to hire new administrators when the district faces such daunting fiscal challenges.

"If I were sitting in that audience watching this meeting, the first thing I would say is this budget is too heavy with staff personnel, and that wouldn't sit too well," Alexander said. "What can you say to the audience that we're not being extravagant in that area?"

Chief Financial Officer Sharon Ozment responded that although the positions were technically administrative, they directly support academic

instruction.

Ozment also noted a study that was conducted several years ago comparing GCS to comparable school systems such as Wake County Schools and Charlotte-Mecklenburg Schools. The study showed that GCS was "very lean in comparison to those districts," Ozment said.

The reinstatement of administrative positions, even in the most difficult of budget years, follows a trend in North Carolina that has gone on for almost a decade now. A 2009 John Locke Foundation report titled "No Bureaucrat Left Behind" found that North Carolina's public schools "continue to add administrative, noninstructional and instructional support positions at rates that far exceed enrollment growth."

The report broke down statistics using various ratios, including students per guidance counselor, students per teacher, students per principal, and students per administrative position.

According to the report, GCS had 119 students per administrative position, second only to Winston-Salem/Forsyth County Schools, which had 104 students per administrative position. Wake and Charlotte-Mecklenburg — much larger school systems — had 227 and 154 students per administrative position, respectively.

The report states that "since 2000, school districts received signifi-

cant funding increases from federal, state, and local governments, allowing school administrators to hire specialty and noninstructional personnel."

Furthermore, school systems "should pay special attention to spending on personnel because salary and benefits represent the largest single category of expenditure for public education in North Carolina."

This has been far from a normal budget year for any school system. GCS initially thought it would have to contend with as much as \$38 million in budget cuts from the state. Making matters worse, Guilford County commissioners, on their own mission to streamline their budget radically, provided practically no relief, granting the school system the same operating budget as last fiscal year.

But the state ended up cutting only \$21 million from GCS' budget, and salaries for the administrative positions were part of the final \$4.9 million left over after several revisions. Of the \$4.9 million, \$3 million was held in reserve for operational expenses or — in a worst-case scenario — if the state ordered the school system to return funds.

Hebert supported that plan, saying the "sky's going to continue to fall," referring to the state's budget situation. But Hebert's support for reserving \$3 million didn't keep him from casting a "no" vote to reinstate the administrative positions, a decision that ran counter to the vast majority of his fellow board members.

Before casting her "no" vote, Garrett stated her views succinctly. "I just think this money needs to go back to the schools," she said. CJ

GCS cites community needs to justify reinstating positions

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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.

Study of Military History Making a Comeback

By DAVID J. KOON
Contributor

RALEIGH
Outside academia, military history appears alive and well. The shelves of Barnes and Noble and Borders are lined with books about wars. Military movies, television channels, and documentaries are immensely popular. Even on college campuses, students snatch up military history courses as soon as they become available.

But until recently, the field was marching into scholarly obscurity. In 2006, John J. Miller wrote in *National Review* that military history was nearly "dead." Other publications echoed that sentiment.

Military history is a sub-discipline of history that focuses on the strategy, tactics, methods, and operations of combatants in armed conflicts throughout human history. To Miller and other conservative writers, the decline of military history reflects the rise of "tenured radicals" in universities. Student rebels of the 1960s became professors and found the study of war objectionable.

An alternate view is that military history's popularity simply waned in favor of other topics. Beginning in the 1970s, historians became more interested in social history, such as African-American history, women's history, and immigrant history — all of which had been largely neglected.

Data from the *American Historical Review* support the idea that a shift occurred. In 1975, 2.4 percent of college history departments listed a military history specialist, while only 1.1 percent had a specialist in women's studies. By 2005, 8.9 percent of history departments listed a women's studies



Gen. Dwight D. Eisenhower speaks to troops before the D-Day invasion.

specialist, while the percentage of departments that had a military history expert shrank to 1.9 percent.

And military history itself changed, encompassing topics tangential to the battlefield. "Military history," explains Andrew Weist, a military historian at the University of Southern Mississippi, "began to include examining conflicts from new perspectives and historiographies."

But the decline of military history may at last be ending.

One change can be found in leading historical journals, where over the past 30 years military history largely has been absent. John Lynn, a military historian at Northwestern University, says that during that period the *American Historical Review* "did not publish a single article focused on the conduct of the Hundred Years' War, the Thirty Years' War, the War of Louis XIV, the War of American Independence, the Revolutionary and Napoleonic War, or World War II." It did print a handful of articles about the atrocities of wars, but not about their execution.

But in March 2007, the *Review*

published a 50-page roundtable discussion of American military history that dealt with war in the context of its society. It has since published articles directly and indirectly related to war, and other journals such as the *Journal of American History* are also including more articles on the subject.

Other trends, too, hint that a corner has been turned.

In April, the long-empty professorial chair in military history at the University of Wisconsin at Madison was finally filled. Stephen E. Ambrose, the late historian and best-selling author, had donated \$250,000 to his alma mater to commemorate his mentor, William Hestline. Before he died in 2002, Ambrose had doubled his initial contribution and pressured others, too, to support that professorship. Ambrose was one of the most popular military historians of his generation. But the chair he supported sat vacant for years.

Now the University of Wisconsin has hired the respected West Point graduate and professor John W. Hall, a specialist in unconventional warfare — wars that involve forces other than governmental armies. (Hall received his Ph.D. from the University of North Carolina.) The University of North Carolina at Chapel Hill's Peace, War, and Defense program, or PWAD, as it's known on campus, also has hired new faculty over the past three years and experienced enormous enrollment growth.

Duke University, Cornell University, Notre Dame University, and Sam Houston State University are also searching for military specialists. By and large, however, lesser-known universities such as the University of Southern Mississippi and the University of North Texas are filling the vacuum left by Ivy League and elite schools.

Why is military history more popular? "The past decade has been a decade of war," says Frederick Schneid, a military historian at High Point University. "Historians are products of their environment, so the war has, in a way, helped the profession."

In a similar vein, Lynn points out that "the world has simply gotten nastier." Terrorism, three wars, and international violence are all "staring you in the face" and "even humanists have to pay attention."

This violence has translated into increased interest in military history. That and the success of a few universities that have jumped into the breach may allow military history to regain the field. CJ

David J. Koon is a research associate with the John W. Pope Center for Higher Education Policy (popecenter.org).

Campus Briefs

As the academic year moved into full swing, a variety of speakers turned up on Triangle campuses: Jonah Goldberg, Ron Woodard, and Angela Davis.

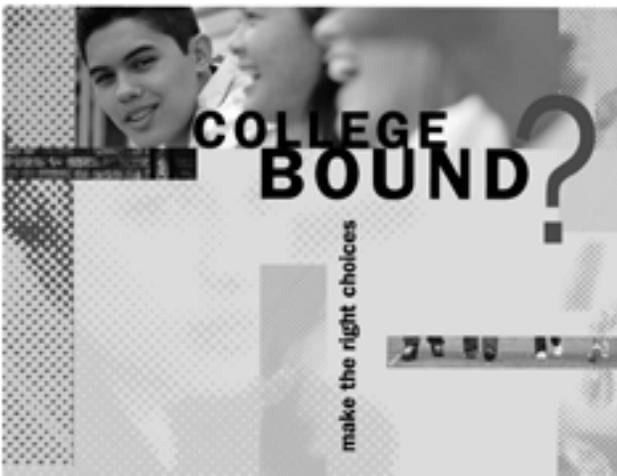
- Jonah Goldberg, author of the *New York Times* best seller, *Liberal Fascism: The Secret History of the American Left from Mussolini to the Politics of Meaning*, spoke at UNC-Chapel Hill on Sept. 28. His talk on "Liberal Fascism" was co-sponsored by the UNC College Republicans and the UNC Federalist Society for Law & Public Policy Studies. Goldberg is the founding editor of *National Review Online* and currently NRO's editor-at-large.

- Should illegal immigrants have access to higher education in North Carolina? There were no protests or disruptions when that topic was discussed on Sept. 10 at UNC-Chapel Hill, as there were when former Colorado U.S. Rep. Tom Tancredo and Virginia U.S. Rep. Virgil Goode addressed the issue this summer (see article on page 14). But of nine panelists, only one, Ron Woodard of NC Listen, argued against admitting illegal immigrants. (Bob Luebke of the Civitas Institute did not participate due to a death in his family). Even so, the discussion was calm and contemplative, partly because the chief sponsor was the Parr Center for Ethics; its goal is to grapple with complex issues. In addition, the first speaker, Noah Pickus, a professor at Duke's Kenan Institute for Ethics, emphasized the intractability of the problem. He framed the discussion by saying that there is "no good answer" to this question.

- On Sept. 17, North Carolina State University's "Issues and Ideas Committee" showcased former Black Panther Angela Davis and her thoughts on civil rights. A former member of the U.S. Communist Party, she was invited "to shed light on the social injustices of the day" and because of her work on "race, gender, and economic circumstance." The Issues and Ideas Committee is a part of the Union Activities Board, and its activities are paid with student fees. CJ

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

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COMMENTARY

My Climb Up The Learning Curve

When I joined the Pope Center three years ago, I thought I knew a fair bit about higher education. In addition to reading widely to prepare for the job, I'd spent more than 20 years as an editor working with academic scholars — and I am married to an emeritus professor and former department head.

But I had a lot to learn. The Pope Center's goal is to help correct the problems facing academia — such as rising costs, left-wing ideologies, slipping academic standards, and the loss of a common curriculum. To be effective, I had to expand my knowledge. Let me share with you some of the curious things I learned, good and bad.

My first discovery: Many academics have a lot of time on their hands. Why else would the leading news journals for higher education, the *Chronicle of Higher Education* and *Inside Higher Ed*, publish lengthy commentary, analysis, and, well, chitchat, ranging from the arcane ("Empathy in the Virtual World") to the popular ("Why We Love 'Mad Men'")? For people in the "real world" — and indeed for the most productive academics — time to write such commentary is hard to come by.

People in academia (including administrators) can be nasty. In 2007, I wrote an article in *Inside Higher Ed*, defending regional accreditors against more government intrusion. My article may have been a little naive, but it wasn't "strewn with factual errors" as one commentator blithely claimed. I had expected more decorum.

When aroused, faculty can respond like Furies. In late 2006, a group of humanities faculty at North Carolina State University heard that a dean was interested in obtaining a grant from the Pope Foundation (not the Pope Center). Because the Pope Foundation is considered a conservative organization, left-wing activist faculty members abhorred the thought. (They probably also sensed that they were unlikely to be recipients.) Their virulent reaction hit the papers.

Such reactions have occurred around the country. An alumnus at

a small school in New York state, Hamilton College, donated \$3.6 million to build a center for the study of Western civilization. Once an angry wing of the faculty spoke up, the school rejected it. The list continued. Even the University of Chicago was attacked from within for proposing an institute named for Milton Friedman.

And then there's tenure. Barring extreme dereliction of duty, tenure gives faculty members job security for life. This security is costly to universities and creates disincentives for productivity, so administrations (especially public ones) are slowly cutting it (in some cases piling on administrative jobs at the same time).

But that leaves a privileged, tenured elite at the top of the faculty pyramid. Just how cushy the life of the elite faculty can be was revealed at N.C. State this year.

It was bad enough that the chancellor and provost had agreed to

short-circuit normal channels to hire the wife of North Carolina's governor and later to pay her lavishly. The arrangement (when revealed) led to their resignations. But then the perquisites associated with the two administrators' "retreat rights" became known.

The chancellor was given a six-month leave at his full pay of \$420,000 — to prepare for the teaching job to which he would retreat, which was going to earn him \$252,000. The provost's initial deal was even more generous. (Both were rescinded after heavy publicity.)

Such tales of real academic life notwithstanding, I've learned positive things, too. I have met wonderful teachers. In fact, the Pope Center honors North Carolina professors with our annual Spirit of Inquiry Award (watch for our report in the next month or two).

The world of higher education is an exotic one — too exotic when you consider that the taxpayer pays for so much of it — but it is never boring. CJ

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



JANE SHAW

Leftist Group Tries to Squelch Differing Opinions at UNC-CH

By JAY SCHALIN
Contributor

Will UNC-Chapel Hill let left-wing groups silence a legitimate college organization through a campaign of intimidation?

That is the key question raised by the most recent incident involving the UNC-Chapel Hill student organization Youth for Western Civilization (YWC) and a coalition of leftist groups. The coalition includes student groups such as the Students for a Democratic Society (SDS) and nonstudents.

According to a Sept. 19 *Raleigh News & Observer* report, anonymous fliers appeared on the Chapel Hill campus providing the name, photograph, phone number, and home address of the YWC's faculty adviser, emeritus professor Elliot Cramer. The fliers asked, "Why is your professor supporting white supremacy?"

YWC president Nikhil Patel perceived an implied threat in the flier. It was not the first time similar tactics have been used against YWC. At an April YWC event, protesters chanted in reference to YWC's president at the time, Riley Matheson: "Against racists, we will fight. We know where you sleep at night."

After Patel informed Cramer of the potential threat posed by the flier, Cramer replied in an e-mail that "I have a Colt .45, and I know how to use it." Cramer said this was a joke, and he copied the e-mail to school Chancellor Holden Thorp and Haley Koch, a leader of the protesters who was arrested at an earlier meeting.

Thorp responded by asking for Cramer's resignation as the group's adviser. While Cramer told the *Durham Herald-Sun* that he thought Thorp had "overreacted," he also understood Thorp's concerns that "Haley [Koch] or these other people would use [the e-mail] against me or the university." Cramer tendered his resignation.

Thorp briefly shut down YWC, since it had no faculty adviser. But by Sept. 21, three other faculty members — including astronomy and physics professor Chris Clemens, the group's original adviser — had stepped forward to advise YWC.

The anonymous flier is part of a long series of events of intimidation, including:

- In April, protesters turned violent and chased YWC's invited speaker, former U.S. Rep. Tom Tancredo, from the campus. This is the event at which the threat was chanted to Matheson, and at which Koch was arrested.

- Protesters tried to disrupt a speech by former U.S. Rep. Virgil Goode, but failed due to a much stronger police presence. Six nonstudents were arrested for disorderly conduct. After the speech, one protester shouted at Matheson, "We know where you live." Matheson responded, "... just stop by my house ... since you already know where I live. I've got a 12-gauge."

- A week or so later, campus political groups met to clear the air. An SDS representative rejected the right of "racists" like the YWC to exist on campus. Matheson ignored the provocation to turn the meeting into a shouting match.

The controversy caused Clemens to step down as YWC's adviser in June. Clemens said of YWC's public image, "It's a magnet for the radical left to come shut you down." Cramer stepped into the breach in September to enable YWC to continue.

The trial for Koch and the six protesters arrested at the Goode speech was Sept. 14. Two pleaded guilty, one was declared not guilty, and the others had their charges dropped. According to *The News & Observer*, supporters of the defendants outside the courthouse "called on Thorp to dissolve Youth for Western Civilization."

The court's leniency appears to have emboldened the radicals. Not only did the intimidating flier appear, but Koch quickly declared that the group would continue its campaign against YWC — including taking action against the group's next scheduled speaker, Bay Buchanan, Koch said. She added that Clemens' resignation shows that "sometimes protest and 'controversy' are necessary to create social change."

By appointing the three new YWC advisers, Thorp has allowed the group to continue on the Chapel Hill campus. But the leftists are likely to remain disruptive in their attempts to silence conservative voices at UNC-Chapel Hill. CJ

Jay Schalin is senior writer at the John W. Pope Center for Higher Education Policy (popecenter.org).

The court's leniency seems to have emboldened protesters

Opinion

No Clue State U's 'Beer in Hell' Puts University on the Hot Seat

North Carolina State University seems to like learning the hard way. It is almost as if NCSU stands for "No Clue State U."

The university's 2008-09 school year was dominated by the Mary Easley case. The complicity and subsequent cover-up attempts of a sweetheart employment deal given to the former governor's wife by the school's top administrators revealed an elitist sense of entitlement run amok.

The new school year started off with another example of how academic administrators universally fail to grasp their proper roles. On Aug. 25, N.C. State's Campus Cinema held a preview showing of the movie "I Hope They Serve Beer in Hell." Tickets to the performance at the 460-seat Witherspoon Student Center quickly sold out.

"... Beer in Hell" is the creation primarily of Tucker Max, a Duke Law School graduate who first started blogging in explicit detail about his out-of-control sexual exploits and general all-around bad behavior in 2002. He then turned some of the more outrageous blog entries into a best-selling book and now movie.

The movie and Max's personal appearance on campus for a question-and-answer session and autograph signing drew an outraged reaction from the campus's feminist com-

munity. Not only were they aghast at Max's disparagement of women ("all women are whores," he once wrote), they felt that Max promotes rape, in the sense that deliberately trying to seduce women who are too drunk to make good judgments constitutes rape.

Between 50 and 100 protesters lined the sidewalk before the performance, with signs suggesting that Max promotes a "culture of rape." On his Web site, Max emphatically denied that any of his actions constitute rape: "I have never in my life forced myself on any woman in any way nor been accused of rape by anyone...."

While the protesters probably missed the mark in their depiction of Max as a rapist, it is not hard to see why he galls them. After the movie, he mocked them, saying that one of his new goals in life was to "hook up with a protester ... only if she's sober, and I'm drunk. Then I'll accuse her of rape."

His fans wholeheartedly agreed with his opinion of the protest. Brooks Hester, a sophomore engineering major, said that the protesters were "overreacting." He also said that Max's behavior was not that unusual:



"The thing about Tucker is that he was smart enough to write it down. If he can make a living at it, all power to him."

There is a deeper undercurrent to Max, according to senior film studies major Andrew Johnson. He said that Max's popularity is a reaction to the radical feminism that often receives official support. "Without events like this, there wouldn't be any dialogue about manhood on campus."

He may very well be right. After decades of feminists' chipping away at the traditional concept of masculinity — such as men's natural inclinations to take the lead and to be protective — masculinity for college males is now somewhat defined by Tucker Max's hyperaggressive "narcissism" (his own term).

It also appears that many young women are buying into this new masculinity as well. There were far more women in the audience — many dressed for attention — than there were protesters on the sidewalk.

The adulation shown him makes another criticism by Shannon Johnson, director of the campus Women's Center, carry more weight than the ac-

cusations of rape — that his personal appearance makes him appear to be "a role model on our campus."

He does indeed promote a culture of anti-social drunken behavior. He declared that "at 25 I was an unguided missile of debauchery" and advised the audience that they should also "have as much fun as possible" while young.

It may be hard to fathom why a university would invite somebody who promotes such a lifestyle. Statistics of college-age alcohol abuse are appalling — according to a Harvard University study, 44 percent of U.S. college students participate in binge drinking in an average two-week period.

The answer is that N.C. State, like many colleges, has abdicated its role to provide moral guidance and to serve as the arbiter of taste and culture. Instead, the school contributed to its students' coarsening by bringing Max onto campus (one movie scene featured him suffering diarrhea and fouling himself in graphic detail).

Just as N.C. State must now undergo a re-evaluation after the Mary Easley incident exposed a campus culture that encouraged corruption, perhaps, given the issues raised by this movie, it also should examine what its true relationship to students is. It is not the school's job to encourage the pursuit of drunken debauchery — the school's role is to limit it and to guide students past it to maturity. CJ

Jay Schalin is a senior writer at the John W. Pope Center for Higher Education Policy (popecenter.org).



JAY SCHALIN

Universities have abdicated their role of providing moral guidance to students

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Town and County

Urban deer hunts

In 2007, the General Assembly allowed municipalities to hold a special season for bow hunters to help control urban deer populations. Few towns have decided to do so, reports the *Raleigh News & Observer*.

Currently, deer are common in many suburban areas, where they have no predators to fear and find gardens as a source of food. But deer pose a hazard to drivers.

"What urban deer season does, in addition to taking out that 10 to 15 percent of the population, is reintroduce a predator, and that knowledge alone moves them back out to areas where they can be legally hunted," said Ramon Bell, president of the N.C. Bowhunters Association.

"Without hunting, everything overgrazes, and then [deer] come up into town and eat everything in sight, including your hostas and your roses."

Greg Batts, a biologist with the N.C. Wildlife Resources Commission, notes that while there are legitimate concerns about urban bow hunting, other methods of controlling deer populations are not as cost-effective as hunting.

In 2008, only 16 of the state's 540 municipalities held an urban bow hunting season, which runs for about a month after regular deer season ends in January.

Buncombe slope regs

Buncombe County has restricted construction on steeper slopes for some time but is looking at fine-tuning its regulations, using Jackson County's ordinance as a model, reports the *Asheville Citizen-Times*.

Among the changes being considered are requiring geothermal engineers to design and approve road and grading plans for future subdivisions.

Buncombe also is considering even larger minimum lot sizes for areas with steep slopes and restricting the slope of roads leading to ridge-top developments.

The local homebuilders association prefers local rules to state-wide regulation.

"It is hard to build in the mountains, but we do support regulation," said K.C. Hart of the Asheville Home Builders Association.

It may take some time before any changes have any real impact. Any new construction regulations would apply only to future subdivision plans. *CJ*

Suburban Traffic Improvement Best Bet

By SARAH OKESON
Contributor

CHARLOTTE

Clearing up the Charlotte area's suburban traffic congestion could boost the area's economy by \$22.5 billion a year and increase worker productivity by about 31 percent, according to a study by the Reason Foundation.

Removing congestion in other areas, such as Uptown and Charlotte Douglas International Airport, would lead to smaller gains for the area's economy and worker productivity. An airport free of traffic hassles would lead to a gain of \$1.5 billion a year for the region and a 2-percent gain in worker productivity.

David Hartgen, the emeritus professor of transportation studies at the University of North Carolina at Charlotte who did the study, said transportation planners need to look more at commuting by suburban residents instead of focusing on access to downtown business districts.

"Reducing traffic congestion by 10 percent improves productivity by over 1 percent," Hartgen said. "One percent may sound small, but in a city like Charlotte, it can mean tens of billions of dollars in economic gains."

Hartgen is also an adjunct policy analyst for the John Locke Foundation, which publishes *Carolina Journal*. The Reason Foundation is a libertarian nonprofit based in Los Angeles.

The study found that, overall, the largest economic gains came from improving access to the suburbs, malls, and universities. This could increase the number of jobs within easy driving distance and the number of customers businesses could attract.

Randal O'Toole, a senior fellow at the Washington, D.C.-based Cato Institute, said the Reason Foundation study is the first study in the United States that's looked at how productivity could grow in various cities if more jobs were accessible. A similar study has been done in France.

"That's something that hasn't been done before," O'Toole said. "When cities try to reduce driving by increasing congestion, they're reducing productivity in that city. That's really new information."

O'Toole said that the study shows that building ring roads to make the suburbs more accessible would promote economic growth and that it contradicts some ideas about the importance of downtowns held by advocates of Smart Growth.

"Sprawl increases productivity," O'Toole said.

But Todd Litman, founder of the Victoria Transport Policy Institute in Victoria, B.C., said the claim that there is a direct connection between economic development and reducing congestion is outdated.

"If this were true, cities with the most highways per capita and the lowest congestion would be most economically successful," Litman said. "The results are actually just the opposite: the most congested cities also tend to be most economically productive."

Danny Pleasant, Charlotte's transportation director, said the recommendations of the study would be expensive to implement and could worsen sprawl and air pollution.

"Traditionally, studies like that focus on one dimension to demonstrate how congestion is bad and no conges-

tion is good," Pleasant said. "In an urban environment, congestion is a byproduct. The most vibrant economic places on the planet tend to be very busy and have traffic."

Samuel Staley, the director of urban and land use policy for the Reason Foundation, said dense urban areas are more productive despite congestion, not because of it. He said road capacity needs to be expanded and managed more effectively.

The study said Charlotte needs to spend about \$3 billion to eliminate severe traffic congestion by 2030, less than a third of what the region plans to spend on transportation in its current long-range plans.

"It's not as expensive as a lot of people would think," Staley said. "I think there's this ideological opposition to expanding capacity because they don't want people in cars."

Too often local transportation planners are looking only at their budget and see it as a zero-sum game."

The study looked at traffic and its impact on regional economic performance in Charlotte and seven other cities, including Denver, Seattle, and Dallas-Fort Worth.

Hartgen looked at how accessible five destinations in each region were — the central business district, a major mall, suburb, university, and airport. In the Charlotte area, those points were Trade and Tryon streets; UNC-Charlotte; the Concord Mills Mall; Fort Mill, S.C.; and Charlotte Douglas International Airport.

He used computer modeling to map how much of the area was within a 25-minute drive of these points with and without congestion. The study looked at congestion now and in 2030.

"These increases could (in theory) improve regional performance by reducing travel time and increasing the jobs available to res-

idents, the workers and customers available to employers," the study said.

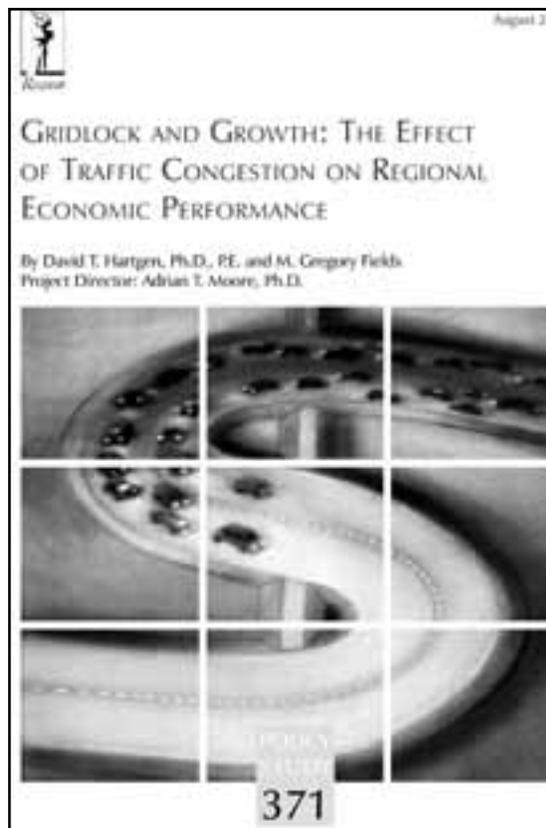
In the Charlotte area, about 446,000 jobs, about 49 percent of all jobs in the region, were within 25 minutes of Uptown. In comparison, about 150,000 jobs, or 16.6 percent of the region's jobs, were within 25 minutes of Fort Mill.

The study said that transportation planners may be focusing too much on the central business district.

"In midsized cities where car use is overwhelmingly predominant, the impact of suburban transportation improvements will be particularly effective in spurring regional economic performance," Hartgen wrote. "Clearly, the role of suburbs, malls, and universities in regional economic performance needs to be more fully explored."

Hartgen looked at traffic congestion with a measurement called the "Travel Time Index." Charlotte's index number is 1.31, meaning that driving during the rush hour takes 31 percent longer than driving at off-peak times. Delays caused by congestion are expected to double by 2030.

"Unless there is significant investment in transportation infrastructure in Charlotte and in North Carolina, we are going to have very serious economic development consequences," said Brad Wilson, the chief operating officer of Blue Cross Blue Shield of North Carolina and the chairman of the N.C. 21st Century Transportation Committee. "Companies aren't going to want to locate where you have underinvested in your infrastructure, including transportation." *CJ*



Court: A School Board Can Indeed Sue a County

By MICHAEL LOWREY
Associate Editor

RALEIGH

School finance can be a divisive issue. But rarely is it as divisive as was the case in Beaufort County three years ago when the local school board sued the county commission for more money.

In an Aug. 28 decision, the N.C. Supreme Court held that under the state constitution the school board could indeed sue the county, though it ordered a new trial as to whether the county commission actually was obligated to provide additional funding to the schools.

The Beaufort County school board requested \$12,106,304 from the Beaufort County Commission in operating funds for the 2006-07 fiscal year. The commission thought the request was excessive and appropriated only \$9,434,217. After attempts at mediation failed, the school board sued the county, seeking the full amount requested. A jury found that the county should have appropriated \$10.2 million to the school system, and Superior Court Judge William C. Griffin Jr. ordered the county to approve that amount.

The county appealed the award, contending it violated the state constitution. The N.C. Supreme Court opted to hear the case.

Before the high court, the county commission argued that the statutory framework allowing the courts to determine the amount of school funding the county had to provide was unconstitutional and that the courts should have no role in the matter. The Supreme Court, however, was not persuaded by this argument, as the requirement that counties provide "a system of free public schools" had been spelled out in great detail by the state.

"Since the General Assembly has so exhaustively defined its desired system, the [procedure] does no more than invite the courts to adjudicate a disputed fact: the annual cost of providing a countywide system of education under the policies chosen by the legislature and the State Board [of Education]," wrote Justice Mark Martin for the high court.

Beaufort County also contended that having courts determine the funding a county must provide for education effectively eliminates a county's

discretion to provide more than the bare minimum needed. Article IX, Section 2(2) of the N.C. Constitution provides that:

"[The] General Assembly may assign to units of local government such responsibility for the financial support of the free public schools as it may deem appropriate. The governing boards of units of local government with financial responsibility for public education may use local revenues to add to or supplement any public school or post-secondary school program."

The Supreme Court agreed that there was a danger that a trial court could wrongly define

"necessary" or "needed" and award more than the minimum amount the General Assembly had made a county responsible for funding.

"Accordingly, in order to reconcile the statute with Article IX, Section 2(2), we accord a restrictive interpretation to the terms 'necessary' and 'needed,'" wrote Martin.

The county commission had not argued, however, that an improper definition of "needed" had been used at trial. Even so, a majority of the justices took the unusual step of examining whether the proper definition of "needed" had been used.

At trial, Griffin instructed the jury that "needed" means "that which is reasonable and useful and proper or conducive to the end sought."

"Rather than conveying a restrictive definition of 'needed,' which is necessary to preserve the discretionary authority of county commissions under Article IX, Section 2(2), the instruction conveyed an impermissible, expansive definition of this statutory term," wrote Martin.

"Because the instruction was in error, we must remand for a new trial."

Justices Robin Hudson and Patricia Timmons-Goodson agreed with Martin's analysis of the constitutional issue. But they would not have examined whether the instructions at trial were proper, as the county commission had not challenged them.

"To step in and set aside a jury verdict that has not been challenged is indeed to 'frustrate the adversarial process' through this decision," wrote Hudson.

The case is *Beaufort County Board of Education v. Beaufort Board of Commissioners* (106PA08). CJ



COMMENTARY

Let Them Come, Then Build it

August is a popular month to take a vacation. This year it was also a popular month for local governments to engage in some economic development activity involving vacationing and travel: Government-sponsored hotel deals made the news in Fayetteville and Wilmington. In both cases, citizens could use an extended holiday from this sort of questionable dealmaking.

Fayetteville is largely a one-industry town, and that industry is the military. And the community has not been particularly vibrant in recent years. Cumberland County's population is up by only 3.5 percent from 2000 to 2007. By comparison, North Carolina's population as a whole grew by 12.7 percent over the same period.

The area, though, is poised for a significant boost over the next few years. As a result of the most recent round of base realignments and closings (BRAC), Fort Bragg will gain two major Army commands and thousands of net jobs in 2011. This has caused visions of sugar plums and other delights to dance in the heads of local government and business leaders. It's possible Fresh Market and the Bonefish Grill could come to town. And, yes, be joined by nicer hotels.

AAA rates hotels on a diamond scale ranging from one (lowest) to five (highest). Fayetteville has about a dozen three-diamond hotels but nothing rated higher than that. This upsets the local powers that be.

The *Fayetteville Observer* noted that four- and five-diamond hotels get that rating by offering more amenities, including "spas, laundry service, thicker sheets and towels, room service and catering — the kind of service the generals relocating to Fort Bragg from Atlanta will expect, according to a BRAC Regional Task Force report last year that says additional full-service hotels and convention space are needed."

Generals demand spas? Who knew! Armed with that information, the local chamber of commerce spent \$50,000 drafting an incentives

policy for high-end hotels. The idea, which local governments seem inclined to go along with, would offer government assistance to developers willing to put up at least \$20 million for a high-end facility. Possible help would include rebates on property taxes, subsidized loans, waived fees, and site improvements.

Meantime in Wilmington, construction is progressing on a new convention center. The project would be a better deal for the city if a hotel, preferably a ritzy one, were next door.

And that's the problem. The city tried for some time to attract a big name, high-end chain but came up empty. It settled for a Hotel Indigo, an up-and-coming midline chain. Then that plan fell apart in September when the developer, after six extensions from the city, couldn't submit an acceptable letter of credit. It's back to the drawing board for Wilmington.

Even if you're a fan of direct government incentives to businesses, some ideas are beyond the pale. Like giving incentives to retail stores and hotels.

The success of a retailer, especially a large chain store, depends largely on local demographics — population and per capita income. Either you have them, or you don't. Incentives won't change those factors.

As a community's population and income increase, high-end retail stores will inevitably follow.

The same is true with hotels. Either your community has the amenities to attract enough big-spending visitors to support luxury hotels, or it does not. If a hotel chain thinks there's a viable market, it will step in to serve it. It's that simple.

Unfortunately, some local government and chamber of commerce types have difficulty accepting this reality. They think taxpayers should subsidize hotels catering to wealthy visitors. That's an unnecessary side trip, especially in a soft economy. CJ



MICHAEL LOWREY

Michael Lowrey is an associate editor of Carolina Journal.

Local Innovation Bulletin Board

A Florida Exodus

While times are tough all over, some areas of the country are suffering more than others. Among those is Florida in general, and the Miami area in particular, which are now losing population. Poor public policy is to blame, writes Tim Padgett for *Time*.

Florida's population decreased by 58,000 over the past year. South Florida — Miami-Dade, Broward, and Palm Beach counties — lost 27,400 residents alone over that period. It's the first time Florida has lost population since World War II.

The reasons people are leaving South Florida are easy enough to understand. Homeowners in Broward and Miami-Dade counties are facing 15-percent increases in their property taxes. That's a big bite considering that the median property tax bill in the region is already about \$3,000 and property values have dropped by about one-fourth.

Hurricane-insurance premiums, which already are around \$5,000 for the typical South Florida house, will be going up by 10 percent a year for the next three years. The local utility, Florida Power & Light, is asking the state for a 30-percent rate hike.

While Florida doesn't have an income tax, the double whammy of high property taxes and hurricane insurance premiums can force residents to pay more toward those expenses than those in other states pay in state income tax.

"It's difficult for the working middle class to justify living here," said Mike Jones, president of the Palm Beach County Economic Council, to the *South Florida Sun-Sentinel*. "As much as they may love the sunshine, as you squeeze them out, they may find it in their best interests to move."

More reluctant landlords

Depressed home prices have forced many homeowners into becoming landlords, reports *The Wall Street Journal*. Whether that's really a desirable or sustainable situation for many individuals is questionable.

Some people are becoming landlords because they've relocated for job-related reasons and simply can't sell their old houses. Others are hoping property values recover before they sell and are renting the property in the meantime. Either way, many homeowners are finding that the rents they are receiving don't cover their mortgages and expenses.

"The number of rental homes available is greater today than it was a year ago due to the foreclosure crisis," said Mike Nelson, president of Rental Home Professionals Inc.

Allstate, the country's second largest home insurer, reports a 27-percent increase in the number of customers converting their homeowners insurance policies into landlord policies in the first quarter of 2009 as compared to the previous year.

More properties available translates into lower rents. But finding a reliable renter can be a challenge. Renting a house also brings with it a range of additional costs. Landlord insurance costs about 25 percent more than a homeowners policy. Property management companies typically keep between 3 percent and 12 percent of monthly rent. There are also significant tax consequences and additional local regulations apply.

Unintended injury deaths up

A new study in the *American Journal of Preventive Medicine* shows an increase in unintended injury death rates by 11 percent between 1999 and 2005.

Several population subgroups, however, saw much larger increases in mortality rates. Almost all (89 percent) of this increase comes from a greater number of deaths from poisonings among those age 15 to 64 and deaths from falls among those age 45 and older.

The analysis by researchers at the Johns Hopkins Bloomberg School of Public Health's Center for Injury Research and Policy found that poisoning deaths for white women between 45 and 64 increased by 230 percent. For white men in the same age bracket, the rate of poisoning mortality increased 137 percent.

The death rate from falls increased 38 percent for white men and 48 percent for white women 65 and older. The mortality rate for older blacks from falls, however, did not go up.

"The large increases in the number of deaths attributable to poisoning and falls underscore the need for more research on the specific circumstances involved," said study co-author Susan P. Baker to *Science Daily*.

"While we don't know the cause behind the recent increase in falls mortality, it appears that the increase in poisonings is largely due to prescription drugs." CJ

Paper's Efforts Force Changes In Wilmington E-Mail Policies

By MICHAEL LOWREY
Associate Editor

RALEIGH
The city of Wilmington is changing its e-mail policies in response to a public records request by the *Wilmington Star-News*. A review determined that many messages were being classified as exempt from disclosure under the state's public records law when in fact they weren't.

City policy had allowed employees to classify e-mail correspondence as being exempt from disclosure simply by typing "private" in the subject line. And many officials made liberal use of that classification. Eighteen top city employees received more than 36,000 "private" e-mails over a one-year period.

In a test to see the accuracy of this classification system, the *Star-News* requested the text of 296 randomly selected "private" e-mails. After review, city officials determined that 259, or 88 percent, in fact qualified as public records. Among the issues that the misclassified e-mails covered were the controversial annexation of Monkey Junction, the city's new convention center, and the police helicopter.

"As a city, we take very seriously our responsibility to be open and accessible to our citizens," said City Manager Sterling Cheatham. "We have learned from this experience that we need to do a better job and make improvements to our system."

Wilmington now will require employees to cite a reason why an e-mail is exempt from disclosure under the public records law. It will also periodically audit e-mails classified as "private" to ensure city officials are following the law.

Fayetteville hotel incentives?

Fayetteville is considering offering incentives to lure hotels to the city. But not just any hotel would be eligible — only high-end hotels need apply, reports the *Fayetteville Observer*.

The AAA auto club ranks hotels on a rating scale from one (lowest) to five (highest) diamonds. While Fayetteville has about a dozen hotels that rate three diamonds, it has no four- or five-diamond hotels. Hotels with these higher rankings typically offer greater amenities, such as spa services, room service, and thicker sheets.

Local business and government

leaders have attached a high priority on attracting higher-end hotels for a number of years. The announcement that a number of major Army commands would be relocated to Fort Bragg has only strengthened the desire to attract such a lodging facility.

"We have been aware of that need for a long time, and I would anticipate that our board would be open to the concept," said Jeannette Council, chairwoman of the Cumberland County Board of Commissioners.

The Fayetteville-Cumberland County Chamber of Commerce is spending \$50,000 on a consultant to draw up a proposed incentives policy. A draft

version would require applicants to invest at least \$20 million in a facility offering the appropriate amenities.

"We don't want to waste any time," said chamber President Doug Peters. "We want this to be in place. We have some potential projects in that area, and we want to take advantage of them."

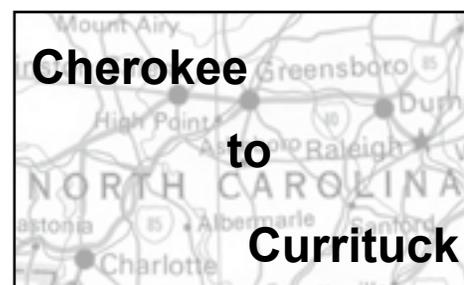
Smog and Charlotte roads

Federal environmental rules require that road building plans complement efforts to reduce air pollution. This requirement is more of a theoretical than a practical constraint, says *The Charlotte Observer*, as the provision contains numerous loopholes.

Charlotte's primary air pollution problem is smog, ozone at ground level, which comes from a combination of nitrogen oxide and sunlight. Vehicle exhausts account for as much as 70 percent of Charlotte's nitrogen oxide emissions.

The good news is that newer cars and trucks emit far less nitrogen oxide than older vehicles do. As a result, air quality has improved substantially over time. These gains are tempered by population growth and increases in miles driven.

Federal air quality rules are getting tougher, and Charlotte may not be in compliance in the future. Major road projects require a showing that they won't make the air quality worse. To make that case, city road planners have argued that major projects such as the Garden Parkway, a toll loop around the south of Gastonia, will result in fewer traffic jams and fewer miles driven. Proponents of the road, however, are making just the opposite argument, that it will encourage growth. CJ



N.C. Supreme Court Rules Against Gun Prohibition for All Felons

By MICHAEL LOWREY
Associate Editor

RALEIGH

In 2004, the General Assembly passed legislation prohibiting convicted felons from possessing guns under any circumstances. In doing so, it took away the longstanding right of felons to hunt and to have handguns in their homes and businesses.

In an Aug. 28 ruling, the N.C. Supreme Court held this new prohibition was “unreasonable” at least as applied to the particular circumstances of one ex-con.

In 1979, Barney Britt pleaded guilty to felony charges of possession with intent to sell and deliver Quaaludes. He was sentenced to four months in prison followed by two years of supervised probation. Five years after that, his civil rights were restored by operation of law.

Limited restriction

North Carolina first limited convicted felons’ ability to possess legally “any handgun or other firearm with a barrel length of less than 18 inches or an overall length of less than 26 inches” in 1975 as General Statute § 14-451.1. This restriction, however, applied only for five years from release from prison, or completion of parole or probation — and only to those convicted of certain violent felonies.

In 1995, the General Assembly extended this prohibition on handgun possession to all felons, regardless of when they completed their sentence. Like the 1975 law, it contained a significant exception: felons still could possess handguns in their homes or businesses.

Then in 2004, the legislature banned all gun ownership by all con-

victed felons, including rifles used for hunting and handguns kept at home. After consulting with his local sheriff, Britt got rid of the guns he owned, including rifles used to hunt on his own land. He then challenged the constitutionality of the 2004 law. The issue eventually came before the state’s highest court.

Specifically at issue is Article I, Section 30 of the North Carolina Constitution, which provides that:

“A well regulated militia being necessary to the security of a free State, the right of the people to keep and bear arms shall not be infringed.”

In a 1921 ruling, the N.C. Supreme Court held that the General Assembly can regulate gun ownership, but that such legislation must be “reasonable and not prohibitive, and must bear a fair relation to the preservation of the public peace and safety.”

The high court held that the 2004 changes were not reasonable as applied to Britt.

“Based on the facts of plaintiff’s crime, his long post-conviction history of respect for the law, the absence of any evidence of violence by plaintiff, and the lack of any exception or possible relief from the statute’s operation, as applied to plaintiff, the 2004 version

of N.C.G.S. § 14-451.1 is an unreasonable regulation, not fairly related to the preservation of public peace and safety,” wrote Justice Edward Brady for the high court.

“In particular, it is unreasonable

to assert that a nonviolent citizen who has responsibly, safely, and legally owned and used firearms for 17 years is in reality so dangerous that any possession at all of a firearm would pose a significant threat to public safety.”

Justices Mark Martin, Robert Edmunds, and Paul Newby joined in Brady’s opinion. Justice Robin Hudson agreed in the lead opinion. Chief Justice Sarah

Parker dissented without comment.

Justice Patricia Timmons-Goodson also disagreed from the majority holding and penned a written dissent explaining her opposition to the majority holding.

“Because the majority has crafted an individualized exception for a sympathetic plaintiff, thereby placing North Carolina in the unique position of being the first jurisdiction, either federal or state, to hold that the inherent police power of the State must yield to a convicted felon’s right to own a firearm, I respectfully dissent.”

Timmons-Goodson found that

the prohibition on felons owning guns was both reasonable and related to preserving public peace and safety.

She also thought the issue was not one the courts should address.

“Although the majority stands up for Mr. Britt and other convicted felons who will now undoubtedly seek judicial exemption from N.C.G.S. § 14-415.1, this is a policy matter and determination best left to the executive or legislative branches,” she wrote.

Uncertain impact

The Supreme Court ruling grants gun ownership rights only to Barney Britt. Certainly Timmons-Goodson is correct, thought, that other felons will now go to court to seek the restoration of their gun ownership rights. Whether they will be successful is a different matter.

John Locke Foundation legal policy analyst and attorney Daren Bakst notes that the ruling doesn’t really establish guidelines for which felons might be allowed to, say, have guns at home. Britt’s situation was highly favorable, being convicted of a single nonviolent felony long ago and having legally owned guns for 17 years. At what point — how many years in the past, and for what exact crimes — prohibiting all gun ownership would be considered unreasonable under the state constitution is unclear.

Bakst expects the General Assembly to re-examine the issue and draw up conditions under which certain felons may have limited gun ownership rights.

“If we don’t want a barrage on the courts, the legislature needs to take action,” he says.

The case is *Britt v. State* (488A07). CJ

The court found it unreasonable that a nonviolent citizen who has responsibly owned firearms for years should suddenly be considered dangerous for owning guns.

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From the Liberty Library

• The average American professional wakes up in the morning, goes to work, comes home, eats dinner, and then goes to sleep, unaware that he or she has likely committed several federal crimes that day. Why? The answer lies in the very nature of modern federal criminal laws, which have exploded in number but also have become impossibly broad and vague.

In *Three Felonies a Day*, Harvey Silverglate reveals how federal criminal laws have become dangerously disconnected from the English common-law tradition and how prosecutors can pin arguable federal crimes on any one of us, even for the most seemingly innocuous behavior.

The dangers spelled out by Silverglate do not apply solely to "white-collar criminals," state and local politicians, and professionals. No social class or profession is safe from this troubling form of social control by the executive branch. Visit www.encounterbooks.com to learn more.

• Appeals to "human dignity" are at the core of many of the most contentious social and political issues of our time. But these appeals suggest different and at times even contradictory ways of understanding the term.

Is dignity something we all share equally and therefore the reason we all ought to be treated as equals? Or is dignity what distinguishes some greater and more admirable human beings from the rest? What notion of human dignity should inform our private judgments and our public life?

In *Neither Beast Nor God*, Gilbert Meilaender elaborates the philosophical, social, theological, and political implications of the question of dignity, and suggests a path through the thicket. More at www.encounterbooks.com.

• Most people think of the Fed as an indispensable institution without which the country's economy could not function properly. But in *End the Fed*, Ron Paul draws on American history, economics, and fascinating stories from his own long political life to argue that the Fed is both corrupt and unconstitutional. It is inflating currency today at nearly a Weimar or Zimbabwe level, a practice that threatens to put us into an inflationary depression in which \$100 bills would be worthless. Learn more at www.hachettebookgroup.com. CJ

Book review

Second Reagan Volume an Appreciation of his Vision

• Steven F. Hayward, *The Age of Reagan: The Conservative Counterrevolution, 1980-1989*, New York: Crown Forum, 2009, 639 pages, \$35.00

BY RICK HENDERSON
Managing Editor

RALEIGH

A new president with celebrity appeal takes office as America faces its worst economic crisis in decades. He's greeted by a nation both sharply divided on economic and foreign policy and lacking confidence in the direction of the country.

This isn't 2009. It was 1981. But the publication of Steven Hayward's delightful *The Age of Reagan: The Conservative Counterrevolution, 1980-1989* is at an ideal time for readers to compare the challenges facing Ronald Reagan and Barack Obama during their early days in office — and how each incoming chief executive confronted them. Two figures who hoped to be transformative leaders approached somewhat similar circumstances in very different ways.

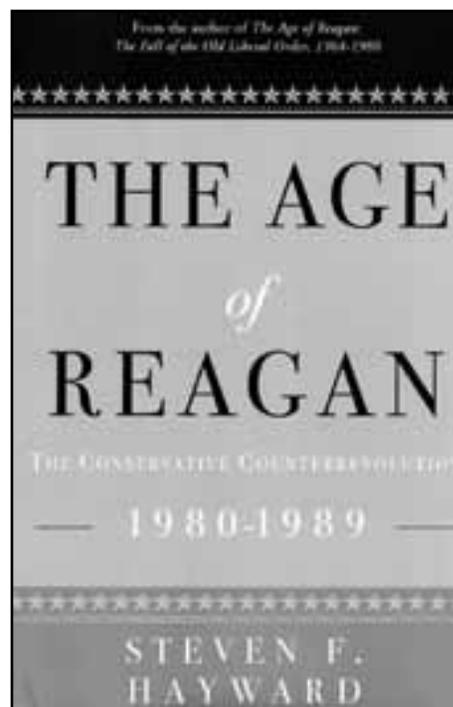
For his part, Obama seems to be channeling the president Reagan replaced, Jimmy Carter. Obama has dramatically expanded government power at home while vacillating against foreign rivals. (As I write this, Obama has just announced that the United States will cede to objections from Russia and abandon a plan to place a missile-defense site in Poland.)

Reagan, as we all know, did things differently. The main lesson from *The Conservative Counterrevolution* is that the 40th president truly believed that the fight against Big Government at home and Soviet Communism abroad were two battles in the same campaign. For the American experiment in self-government to succeed, it was necessary to honor the Founders by both reversing domestic policies fed by high taxes, inflation, and stifling bureaucracies, and humbling the Soviet empire.

Linking the Founders to victory in the Cold War may sound like a stretch, especially to those conservatives and libertarians who are skittish about U.S. interventions abroad. But in Reagan's view, Hayward writes, "unlimited government is inimical to liberty, certainly in its vicious forms such as Communism or socialism, but also in its supposedly benign forms, such as bureaucracy."

So long as the Soviets remained committed to defeating the West — and had the means of doing so — the Founders would have expected a nation dedicated to liberty to fight back.

In retrospect, Hayward argues, Reagan succeeded on both foreign and domestic fronts. But he got more credit for his accomplishments from



the American people than he did from a media and a political establishment that to this day are indifferent if not hostile to his vision of limited government and individual freedom.

The Conservative Counterrevolution (I'll call it Reagan II) is the second volume of political biography from Hayward, a scholar at the American Enterprise Institute and the Pacific Research Institute. In *The Age of Reagan: The Fall of the Old Liberal Order, 1964-1980* (Reagan I), published in 2001, the man who would become our 40th president is at times relegated to a supporting role; Hayward focuses as much on the political and social upheaval that took place from the time Reagan entered the public stage as a political figure until his election in 1980.

In Reagan II, however, the Gipper takes top billing.

Both volumes are political histories. There's no armchair psychoanalysis or Bob Woodward-style role-playing here. If you want to learn about Nancy's astrology, go somewhere else.

Reagan II, in particular, leans heavily on the man's own words, relying on texts from speeches, transcripts, and extensive excerpts from Reagan's detailed diaries and correspondence. There's also a wealth of information from contemporaneous journalism and analysis from other presidential historians.

In domestic affairs, Reagan understood the essential lesson of supply-side economics. Cutting marginal tax rates allowed individuals to enjoy more of the fruits of their labors. Free people create more abundance than government planners can.

In foreign policy, Reagan took the Soviets at their word. When Soviet military planners said at Communist Party conferences that their eventual goal was global domination, why not

believe them?

The Soviets were on track to overtake the U.S. in strategic nuclear capability by the end of Reagan's first term, and the Soviets tried to establish a massive, permanent military presence in the Western Hemisphere. The Soviets had planned to finance a 600,000-man force in Central America under Sandinista command by the early 1990s.

Reagan directly tackled both challenges, even though, as Hayward writes, "the central story of the entire Reagan presidency might be said to be how he managed to keep to his purposes and principles in the face of an unremitting onslaught from every side — often including from his own political party, White House staff, and his family."

Reagan II is an appreciation of the 40th president's vision written by an unapologetic conservative. That said, Hayward does not gloss over Reagan's shortcomings. Indeed, he highlights several serious mistakes that prevented the president from effecting enduring reforms in government.

Three big ones: First, Reagan stumbled initially by filling several key executive-branch positions badly (think Alexander Haig as secretary of state, David Stockman as budget director, and Richard Darman, in many unfortunate roles).

A second error was Reagan's 1984 re-election campaign. The theme "It's morning in America again" was free of any policy substance. With the economy booming and the Democrats nominating unabashed New Dealer Walter Mondale, had Reagan gone partisan, the campaign could have realigned American politics toward conservative governance. He didn't, and once those "Reagan Democrats" were safely re-elected, they had no trouble undermining Reagan's policy agenda.

Even a Republican Congress, however, might not have saved Reagan from another huge blunder: Iran-Contra. Reagan never made his Nicaragua policy clear. Did he want the Contras to put pressure on the Sandinista government without overthrowing it, or did the U.S. expect the rebels to supplant the Soviet-backed regime?

Finally, Oliver North was convinced that a moderate government could soon take over in Iran and that the U.S. might have influence with the new rulers. North's amateurism and Reagan's lack of clarity ensured that a foreign policy gamble came up snake eyes.

In the end, Reagan posed a dilemma. One person can make a difference — and did he ever — but one person alone cannot bring about lasting reforms. CJ

Erosion of Tenth Amendment Robs States of Individual Strengths

As I learned when recently delivering a lecture, the 10th Amendment is getting a lot of attention. Tenthers — those believing the federal government's authority should be limited strictly to the enumerated powers in the Constitution — are passionate. Their opponents are equally passionate. One person asked me if Tenthers' argument had any constitutional legitimacy. My answer was, well, yes.



**TROY
KICKLER**

The 10th Amendment simply states: "The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people."

Since 1789, the major political question has been concerning the paradox of dual sovereignty: To what extent shall we be national, and to what extent shall we be federal? To what extent shall the United States

government be sovereign, and to what extent shall a state be sovereign?

Historically, the 10th Amendment has been used to preserve regional particularism and resist centralization. During the 1850s, some Northerners used the 10th Amendment as a justification to ignore the Fugitive Slave Law, and after Lincoln was elected, some Southerners used it as an excuse to preserve slavery. During the Civil War, some northern governors invoked it to resist Lincoln's centralizing tendencies, while some Confederate governors, including North Carolina's Zeb Vance and Georgia's Joe Brown, used states' rights arguments to resist Jefferson Davis' policies, including conscription.

A lot of contemporary liberals don't have much sympathy for the 10th Amendment, however. "This argument has been used to stop progress, and to not keep hope alive," said commentator Alan Colmes. "If the Tenthers had their way, there would be no Medicare, no Social Security, even no public education. How about Every Child Left Behind?"

What a simplification!

The 10th Amendment does not

prevent states from having public education or creating welfare systems — to name two examples. In fact, North Carolina had public schools during the antebellum era. Although it has problems, TennCare, a government-operated medical assistance program, has existed in the Volunteer State since 1994. Again, the argument is whether such programs should be created or heavily controlled and directed by the national government.

Invoking 10th Amendment concerns about sovereignty is nothing new. In 1788, North Carolina balked over ratifying the Constitution and relinquishing more of its power to a centralized government. It remained out of the Union for a year and, in many ways, acted as a quasi-nation. In 1818, the Tar Heel State levied a tax on out-of-state banks doing business in North Carolina and charged each branch \$5,000. The state snubbed its nose at a national bank: The Bank of the United States.

In a truly federal government, regional particularism lives. Sometimes it can be ugly and immoral. Other times it showcases genuine progress. Sometimes the argument

"It's just the way things are done here" is good enough for me; everyone doesn't have to think like me.

In a truly federal government, Massachusetts could allow same-sex marriages and bar the Ten Commandments from public displays. In a truly federal government, Alabama could display the Ten Commandments in state courtrooms and outlaw same-sex marriages. Until *State of Missouri v. Holland* (1920), migratory bird hunting was regulated at the state level, and in a truly federal government, it would be so today. In a truly federal government, states would make laws concerning abortion, health care, and many other issues.

And in a truly federal government, these states would continue to trade with each other and join forces in times of national emergency. As government becomes more centralized, and states relinquish authority, the powerful redouble their efforts to make others act (and believe) like them. CJ

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

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The Locker Room is the blog on the main JLF Web site. All JLF employees and many friends of the foundation post on this site every day: <http://www.johnlocke.org/lockerroom/>



The Meek Deck is the JLF's blog in Charlotte. Jeff Taylor blogs on this site and has made it a must-read for anyone interested in issues in the Queen City: <http://charlotte.johnlocke.org/blog/>



Squall Lines is the JLF's blog in Wilmington. A group of JLF staffers and coastal friends keep folks on the coast updated on issues facing that region of the state: <http://wilmington.johnlocke.org/blog/>



Piedmont Publius is the JLF's blog in the Triad. Greensboro blogger and writer Sam A. Hieb mans the controls to keeps citizens updated on issues in the Triad: <http://triad.johnlocke.org/blog/>



The Wild West is the JLF's blog in Western North Carolina. Asheville's Leslee Kulba blogs in this site, designed to keep track of issues in the mountains of N.C.: <http://western.johnlocke.org/blog/>

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Short Takes on Culture

A Splendid History

• *A Splendid Exchange: How Trade Shaped the World*

By William J. Bernstein
Atlantic Monthly Press

If you're looking for an informative, entertaining history of world trade—and I can't imagine anyone who wouldn't be—then William Bernstein has written just the book you need, *A Splendid Exchange: How Trade Shaped the World*.

Throughout history, Bernstein writes, human beings have journeyed far and braved much for the sake of the new, the rare, and the luxurious. Until relatively recently, few of the necessities of life were the subject of long-distance trade. The transport cost and spoilage rate never allowed it.

The goods that inspired Mesopotamians, Phoenicians, Indians, Greeks, Arabs, and other travelers to develop the world's main trade routes were small, dense, and highly valued—such as incense, precious metals, jewels, and spices. Later, ambitious seafarers developed the technology to trade other goods in bulk along the main waterways of world commerce.

Bernstein is at his strongest when describing these developments with evocative images, informative maps, and revealing statistics. He's at his worst when seeking to draw out larger economic and political lessons. He has a tendency to fall for conspiracy theories about the likes of the Fourth Crusade and the Boston Tea Party.

If you set aside the (very) occasional lapses, *A Splendid Exchange* remains a fascinating account of the origins of world commerce and the case for free trade. My copy is dog-eared with passages I'll be returning to again and again. And all for just \$17 in paperback. What a splendid exchange!

— JOHN HOOD

• "Project Runway"

Lifetime Television
Created by Eli Holzman

I unashamedly admit that I'm hooked on "Project Runway," even though the Lifetime reality show—hosted by the beautiful Heidi Klum—features a subject that I know practically nothing about: fashion.

After just a couple of episodes—albeit by osmosis as my wife tuned in—I couldn't help but get sucked in by the colorful personalities and challenges the show presents every week.

The challenges—clothing de-

signs suitable for a particular client, event, or genre—are brainstormed and crafted on a tight time schedule by aspiring designers and showcased on the runway by aspiring models, where they're judged by a panel of fashion experts.

As it goes in the fashion world, one minute you're "in" and the next minute you're "out," and the losing designer is "out." Contestants are eliminated week by week until one designer is left standing with a considerable cash prize and a spread in a noted fashion magazine.

An interesting side note: the current season is premiering on Lifetime after several years on the rival NBC cable network Bravo. NBC refused to let the series go, and a lengthy court fight ensued before the networks reached a settlement.

— SAM HIEB

• "Gran Torino"

Warner Bros.
Produced by Clint Eastwood

"Gran Torino" is a wonderful faith and family film. Notice I didn't say that it is "family-friendly." The R rating is well-deserved for strong profane and racist language and gang violence.

Eastwood plays Walt Kowalski, a retired Ford autoworker who won the Silver Star for bravery in the Korean War. He lives in a deteriorating Detroit neighborhood that is transitioning from all white to almost all Asian and black. His racism flares as he confronts the new ethnic groups on his block and when a Hmong extended family moves in next door. Walt is unaware that the Hmong fought with U.S. forces in Vietnam and had to flee Communist persecution after the war.

The movie opens at the funeral of his wife, where open conflict with his two sons and their families erupts. Before she dies, Walt's wife makes a young priest promise her that he will look after her husband and get him to go to confession. This leads to a very persistent priest going up against an equally pigheaded Walt, who rejects every attempt to bring him to faith.

One Bible verse sums up the movie, but to quote it would ruin the full impact of the final scenes. I guarantee you that that verse will immediately come to mind at the climax of the movie.

— MICHAEL SANERA CJ

Book review

Secular Sabotage a Must-Read

• Bill Donohue, *Secular Sabotage: How Liberals Are Destroying Religion and Culture in America*, New York: Faith Works, 2009, 258 pages, \$21.99.

BY MELISSA MITCHELL
Contributor

After seeing a TV interview with Bill Donohue, president of the Catholic League, I knew that I had to read his latest book, *Secular Sabotage: How Liberals Are Destroying Religion and Culture in America*. During the interview, Donohue stated that he "names names" in his book about what he calls the anti-God movement in America. And he does!

Most Americans are aware of the ACLU's quest to purge references to God from public discourse, but Donohue lists numerous other organizations and individuals that are a part of the anti-God movement. He also considers many artists, playwrights, the Hollywood elite, and the Democratic Party as saboteurs.

As he identifies these anti-God groups and individuals, he uses the harsher term "nihilists" to describe their actions. "They hate Western civilization and its Judeo-Christian ethos," states Donohue. He also notes, "For all of the talk about how multicultural our society is, the United States is still only 0.4 percent Hindu, 0.6 percent Muslim, 1.7 percent Jewish: approximately eight in 10 Americans are Christians. It stands to reason, then, that the radical secularists must sabotage Catholicism and Protestantism." Donohue chronicles how these nihilists are determined to "gut core beliefs and practices" in our country.

I was so shocked and disgusted by what I read in the chapters titled "Sexual Sabotage," "Artistic Sabotage," and "Sabotaged by Hollywood," that I often had to put the book down and walk away.

Donohue relates how these groups seek to sabotage Judeo-Christian sexuality. After expressing his moral outrage over priests who had molested children, I was shocked over Donohue's revelation of the "anything goes" attitude of these secularists. The North American Man-Boy Love As-

sociation is part of this group of saboteurs. The public displays of Act-UP and other groups are unbelievable, and many specifically targeted St. Patrick's Cathedral while men, women, and children were worshipping.

By the time I got to the chapter on artistic saboteurs, I did not think that I could be more shocked than I had been, but I was wrong. It was not just the content of this so-called art; it was the fact that much of it is paid for with tax dollars. I was left wondering when and how human and animal waste became an accepted art form. Donohue asks, "Why is it when Christian groups have concerns over the content of a play or book or movie it's called censorship, but when gays or feminists

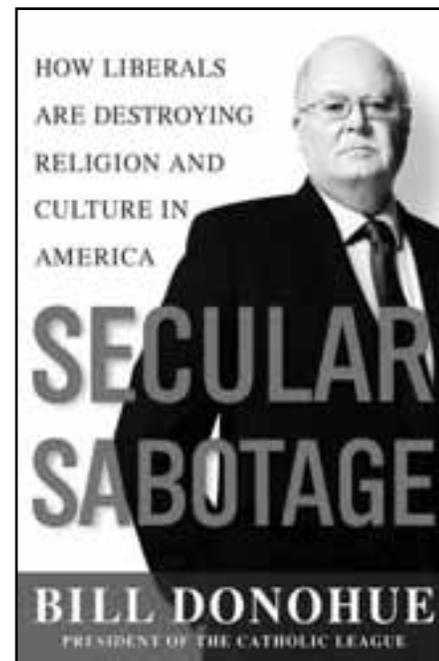
or just about any other group speak up they are exercising free speech?"

Even though the book contains a lot of disturbing information, there are also some humorous moments. He relates a story about an exhibit at the Brooklyn Museum of Art depicting the Madonna using pornographic images. The Catholic League issued vomit bags to the first 500 visitors when the museum warned "that seeing the exhibit

could make someone sick." When People for the American Way's vice president, Barbara Handman, who is Jewish, said Andres Serrano's "Piss Christ" was "glorious," Donohue asks her if she would be offended if someone put a Star of David in a bowl of feces. She expressed horror at the mere suggestion," says Donohue.

Yes, much of the book chronicles the attacks on Catholicism, but Evangelical Christians and Orthodox Jews have joined the Catholic League to fight these radical secularists. Throughout the book Donohue provides statistics about religion in America, pointing out that most of the mainline liberal Protestant denominations are losing members, while the more conservative denominations like the Southern Baptists are gaining members, which he sees as a positive for religion in America.

This is not a coffee-table book, nor is it a book for teens, but it is a must-read for all Americans who value our Judeo-Christian heritage and moral values.



Building of Panama Canal an Engineering and Management Feat

• Julie Greene, *The Canal Builders: Making America's Empire at the Panama Canal*, New York: The Penguin Press, 2009, 475 pages. \$30

BY HAL YOUNG
Contributor

RALEIGH
The Panama Canal will celebrate its centennial five years from now, and it remains an engineering wonder. Projects this huge come once a generation — the Transcontinental Railroad and the Interstate Highway System come to mind. Yet the chief engineer most associated with the project, Col. George W. Goethals, said there was nothing remarkable about the engineering or medical challenges Americans bested in Panama.

"Goethals would have agreed that the canal was a major engineering achievement, but he took even more pride in his ability to govern the vast and unwieldy population of employees and family members," writes Julie Greene, in *The Canal Builders: Making America's Empire at the Panama Canal*. "We have long perceived the canal as involving conquest over nature, and there's some truth in that. But it also involved conquest over the tens of thousands of men and women in the Canal Zone and in the Republic of Panama."

Greene is a University of Maryland professor specializing in labor history. In *The Canal Builders*, Greene tells how America stepped into the global spotlight at the turn of the 20th century and turned the canal into an experiment in building a civil society as well as a long ditch. It is the story of a truly unusual exercise in community life, something between a military installation, a construction camp, and a colony.

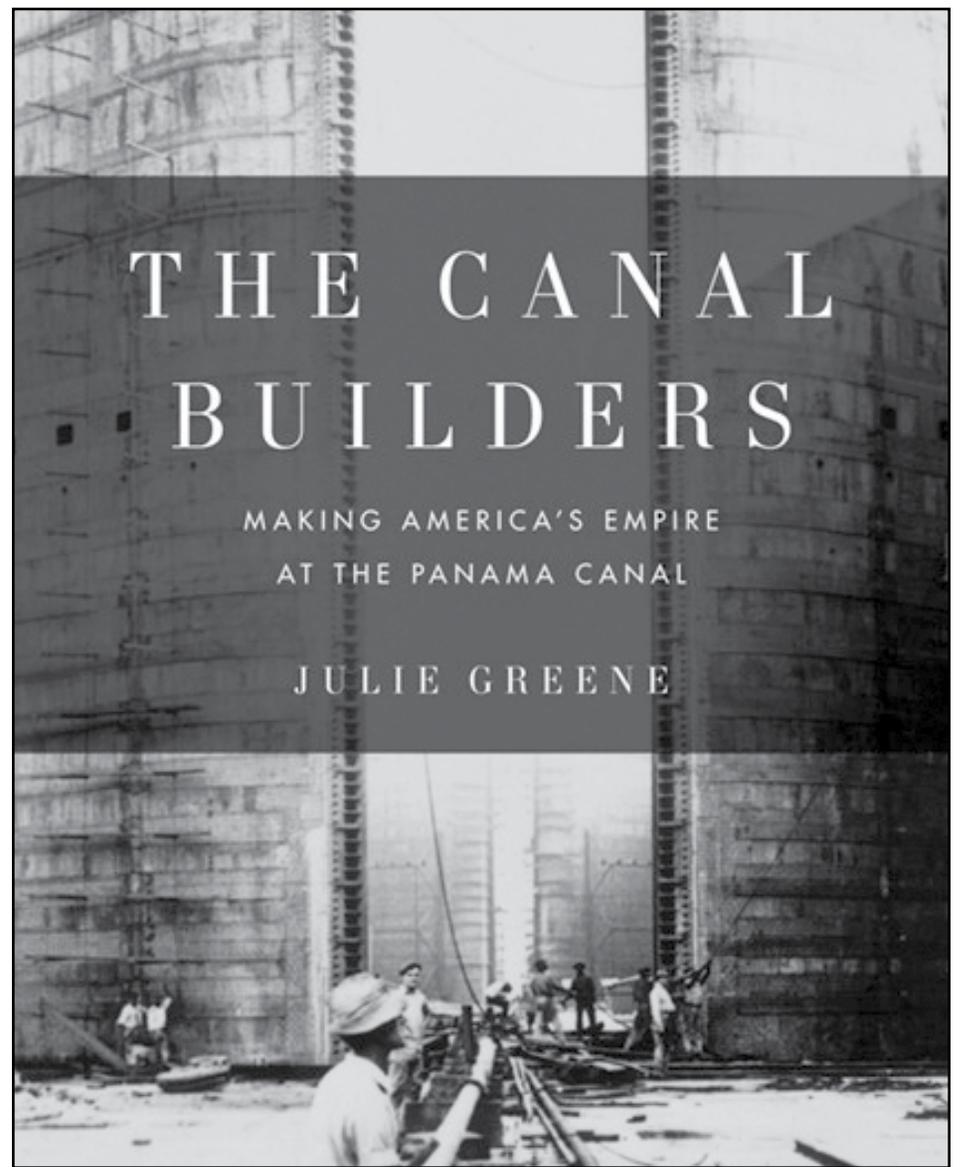
Unlike similarly massive projects,

the canal was both government-funded and government-built, carrying a secondary goal of creating a stable and lasting society in the newly acquired territory. Canal employees were government employees, overseen by the Isthmian Canal Commission, which ruled the tropical project from the temperate climate of Washington, D.C.

The real power in the Zone was not the ICC but Col. Goethals. The third and longest-tenured chief engineer, serving seven of the project's 10 years (1904-14) and then as first governor of the Canal Zone, Goethals' rule was described as "omnipotent ... at best, paternalistic." With Washington's backing, Goethals determined to build a civilized society in the Canal Zone, where the chief engineer exercised a "benevolent despotism" over a population of as many as 55,000 workers and many family members, dozens of existing and newly constructed towns and cities — and a very large construction project, as well.

Interestingly, while Goethals' shadow fell everywhere, this is not a book about him. Rather, Greene focuses most of her attention on the workers and their families, giving only enough space to the project and administration to provide context. Readers will need to look elsewhere for the stories of the surveys, design, equipment, and operation of the canal.

Despite what some boosters claimed, the Americans did not create a little piece of home in the tropics. There was always a foreign-service aspect to the time in Panama; the chapters on the lives of women is entertaining and instructive on this point. Goethals' autocratic rule — he gladly accepted the epithet — meant this American outpost was governed in a quite un-American fashion, without



a popular vote and with the possibility of banishment, meaning return by the next available boat, a regular threat for agitators and malcontents. It is a credit to Goethals' wide reputation in the Zone as a man of integrity and fair-mindedness that such despotic leadership did not encourage open revolt.

In some ways, the culture of the Zone did reflect and sometimes magnified the culture of American society at the time. There were the same conflicts of race and gender that the U.S. would not begin to sort out for decades. U.S. citizenship opened doors that were shut hard against non-Americans of any color. The payroll system, though, introduced a new rift, as certain employees (generally but not exclusively white, male, and American) were paid in gold, while all others drew silver (and usually at lower rates). Payroll designation translated into housing preference, access to recreational facilities, better transportation, and other benefits — a sort of Jim Crow system labeled "Gold" and "Silver."

The cosmopolitan mix of nationalities also brought an interesting blend of philosophies to work. Many Spanish laborers arrived as anarchists, and their constant agitation for labor unions made them much less productive than expected. Women and blacks, distant from America's boundaries, found opportunities to push harder

against the strictures they felt at home. Islanders who found housing and dining hall regulations oppressive simply melted into the jungles and built huts, walking back to work each morning.

Although obviously interested in giving a "people's view" of the great undertaking, Professor Greene is fair in her handling of the interests of management and the government. In one example, she refutes allegations that the project imported hundreds of Martiniquan women as prostitutes. Common-law relationships were widely accepted in the islands, she says, but Americans who encountered them sometimes refused to acknowledge them as marriages. Only a handful of women were found who weren't there for work or as part of a monogamous household. She also shows that progressive reformers touring the villages still praised segregated facilities as a most desirable feature. Obviously, social reform would come only in stages.

The Canal Builders closes with an interesting question. Given the amount of immigrant labor today, the frequency that jobs are outsourced to cheaper workers abroad, and the strong feelings expressed about both, are we really, 100 years later, any more "enlightened" in our attitudes about race, nationality, gender, and class? In some ways, Greene suggests, we probably aren't. 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

COMMENTARY

An Activist's Calling

Tricia Boyd had to hit rock bottom before she realized that political activism was one of her callings in life.

For years the McDowell County native toured with a folk music band from Asheville, using her vocal talent in bars and restaurants to make a living.

But similar to many others in this rural area of North Carolina, she spent much of her spare cash on drugs, feeding an addiction that consumed her life.

It wasn't until 2001, when Boyd entered rehab, that she began piecing her life back together — and realized the opportunities and blessings of freedom in the United States.

Seated at a kitchen table in her family's ranch-style home in Nebo, a small town nestled in the foothills of the North Carolina mountains, the 39-year-old is eager to share the story of her transformation.

Her background is a colorful one. She dropped out of high school after finishing the 10th grade to help care for her dying father. Over the years, she worked in two family businesses — rock crushing and fruit selling — and picked up jobs on the side at restaurants, nursing homes, and even the circus.

Her main career, entertainment, led her down a path that she called "foolish and irresponsible," but one that laid the groundwork for her future life mission.

After checking herself into Hope Valley rehab center near Pilot Mountain for her drug addiction, she began to realize the value of being an American.

"I got in touch with who I was as a person," she said.

That led her to join FreedomWorks, a limited-government advocacy organization that stresses grass-roots action. It was the start of a volunteer career that would lead her, several years later, to become one of FreedomWorks' 2009 activists of the year and member of the E.A. Morris Fellowship, a North Carolina-based program for

emerging leaders.

After she left rehab, Boyd joined a FreedomWorks' bus tour to Washington, D.C., to rally in support of the Bush administration's tax cuts. She described the event as "life-changing."

Since then, she has participated in grass-roots efforts to scrap the tax code, cut pork-barrel spending, and enact tort reform.

Effecting political change isn't the only aim of Boyd's life, though. She says her past experience as a drug addict has given her a unique perspective for helping others, a desire born from her faith in God.

"It's a calling that I feel goes back to my love for Christ," she said. "As a Christian, I feel that it's my duty to have a heart for others. I don't look at people and judge them by how they dress or their circumstances, because you have to really be in someone else's shoes to understand."

Two of her dreams are to open a soup kitchen in Nebo and plant a garden at her church to provide free food for housing project residents.

The government has a role to play in helping the poor and disabled, she said, but the private sector should be the driving force.

"We need programs, but we also don't need to feel like we're owned by the government," she said.

Her immediate goals include organizing more tea party rallies against bailouts and deficit spending, and getting young people involved by teaching them about the issues.

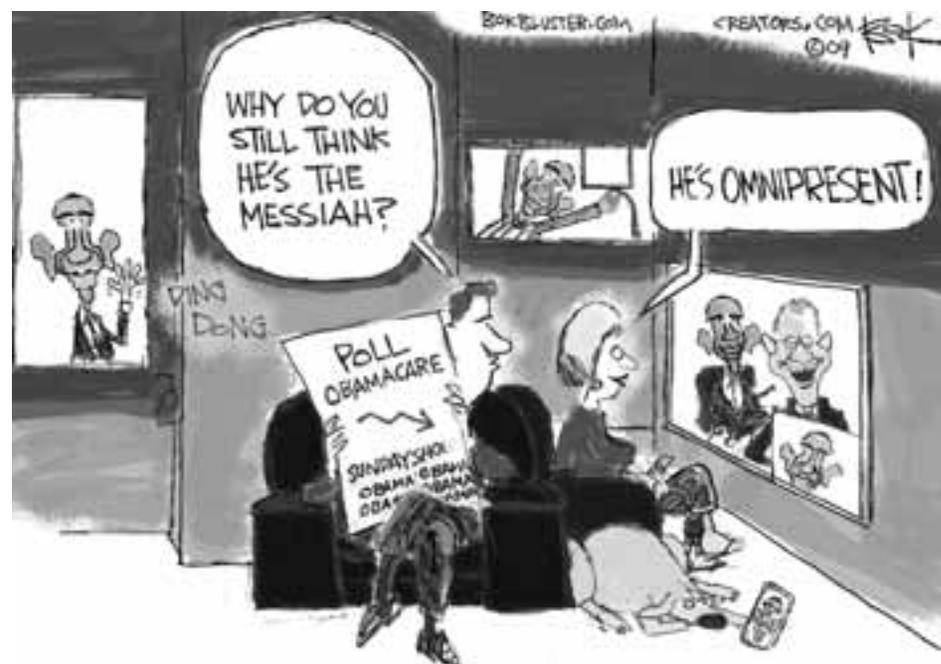
She continues to work, now more than ever. Although optimistic about the future, she still sees storm clouds on the political horizon.

"I'm a little scared for my country right now. I'm a little worried," she said. "We're like sheep who are going to follow the first shepherd that comes along." *CJ*

David N. Bass is associate editor of Carolina Journal.



DAVID N. BASS



EDITORIAL

Some Changes You Can Believe In

By now we hope you have noticed some exciting changes at CarolinaJournal.com. In late September we relaunched the Web site, adding new features and expanding some old favorites. It's part of our plans to make *Carolina Journal* a more dynamic, timely, and hard-hitting multimedia source — and an even stronger complement to our print edition.

Here are some highlights:

- **More CJ Exclusives:** Our staff writers and freelancers cover as many of the suspicious dealings in North Carolina government as we can. But there's only so much you can publish in a 28-page monthly tabloid. So we're taking a bigger whack at waste, corruption, and taxpayer abuse by posting three exclusives from *CJ* at a time, rather than one — and updating the site several times a day.

The new design gives us the ability to highlight more of our original reporting and investigative journalism. And to produce more of it. We'll also be able to update stories as circumstances change, and when developments move faster than our print schedule allows.

We've also placed a link to our Exclusives Series on the main page, so you can track all our reporting on the scandals involving former Gov. Mike Easley, former House Speaker Jim Black, legislative slush funds, and other continuing issues.

- **CarolinaJournal.tv.** We launched this new Web channel earlier this year. But now you will be able to click directly from our home page to CJTV. Go here to view videos of events sponsored by the John Locke

Foundation, newsmaker interviews, appearances by *CJ* and JLF staff on other media outlets, and other events of interest to our readers and supporters. We also plan to produce news-magazine-style video essays based on stories from *Carolina Journal*. You'll see them here first.

- **CJ Ticker.** Consider this a one-stop headline service and daybook on North Carolina politics and policy. Here you'll find links to news stories, commentary pieces, and policy reports, along with notices of public meetings and other events. You'll want to check the ticker regularly.

For your entertainment, we're also adding editorial cartoons from some of the nation's wittiest and most perceptive visual commentators.

The information that appeared on *CJ*'s former home page is still there — including John Hood's Daily Journals, links to the John Locke Foundation's regional blogs, and our collection of headlines from news sources across North Carolina.

You also can use the dropdown menus to find other resources that were once on the home page, including research from the John Locke Foundation, news and opinion Web sites, blogs from JLF and sister organizations, and additional information about *CJ*-sponsored events.

CJ Publisher Jon Ham, Managing Editor Rick Henderson, and Associate Editors Mitch Kokai and Michael Lowrey will serve as traffic cops for the new *CJ* Online. As always, we appreciate your feedback on how the site is working, and how we might improve it to serve you better.

Take us for a spin.

EDITORIALS

The Trials of R.C. Soles

Many unanswered questions remain

There are many unanswered questions about the R.C. Soles saga. Unfortunately for Soles, the Democrat who has represented Tabor City in the state Senate since 1977 (and was first elected to the state House in 1968), it's likely that none of the possible answers to those questions will help him.

Soles is reportedly under investigation by the State Bureau of Investigation regarding two matters: 1) alleged molestation of teenagers and any related crimes, and 2) the shooting incident several weeks ago involving Soles and former client Kyle Blackburn.

More generally, news reports going back several months describe a troubled, expensive, and sometimes violent set of relationships between the senator and a number of teenage boys and young men in and around Tabor City. Most if not all are former legal clients of his — meaning that most if not all have criminal records and drug addictions.

According to multiple accounts, Soles has provided sizable gifts, sometimes of many thousands of dollars, to these youths. Over the years, a pattern has emerged. The youths approach Soles, sometimes privately but often publicly, and “request” money or other assistance. If he is not immediately forthcoming, the argument turns heated. Sometimes it escalates to the point where a teen or young man threatens to embarrass or endanger Soles by going public with explosive allegations, apparently of sexual misconduct. At other times, the argument escalates to threatened or actual violence.

Sometimes Soles appears to respond to these threats with gifts or legal help. At other times, he calls the police, then declines to press charges and often provides gifts or legal help at that point.

Soles denies all charges of sexual misconduct and chalks these difficulties up to a generous nature. He's even gone as far as to accuse political enemies of orchestrating or exaggerating these incidents, and to explain the

media furor as having been caused by Yankees who just don't understand the close-knit nature of small-town life in coastal Carolina.

Anyone who grew up in North Carolina, particularly the rural areas, should see through these ridiculous excuses. Most Carolina small towns do not feature this kind of political and legal freak show. Most criminal-defense attorneys do not become piggy banks for the punks they represent, and few would long tolerate being chronically extorted by them. Most lawmakers steer clear of such controversies, rather than repeatedly creating more of them.

That's not to say that the most extreme or salacious allegations about Soles must be true. However, it is still possible to conclude that R.C. Soles has exercised extremely poor judgment — judgment that goes beyond the strictly personal:

- If R.C. Soles has molested teens who are also his legal clients, he is guilty of serious criminal and professional misconduct.

- If Soles is innocent of that charge but has engaged in sexual relationships with adult clients, he still may be guilty of serious professional misconduct.

- If Soles has never had such relationships with clients but is a closeted gay man

who fears the personal and political consequences of exposure, then you can feel sorry for him while also recognizing that his decision to give in to extortion has facilitated and contributed to the delinquency of many minors, wasted countless hours of tax-funded police time, and subjected himself and his community to statewide ridicule.

- Finally, if Soles is the unluckiest and most gullible 74-year-old confirmed bachelor in the history of North Carolina, who has nothing to hide but just thinks it's reasonable to create public spectacles and shower thousands of dollars worth of gifts on drunken punks, then how could he be considered competent to make good decisions about any matters of legal or political importance?

Talk about your no-win scenarios. *CJ*

If R.C. Soles is the most gullible confirmed bachelor ever, how can he then be considered responsible enough to make good decisions as a legislator?

COMMENTARY

Outdated Assumptions About Our State

Call me a nerd (I've heard worse), but I spend lots of time looking at economic, fiscal, and social statistics. For North Carolina, the latest data don't paint a pretty picture.

The state's jobless rate of 11 percent is one of the highest in the country. The problem is far more severe in communities such as Burlington (13 percent), Rocky Mount-Wilson (14 percent), Hickory-Morganton (15 percent), Lenoir (16 percent), and Laurinburg (17 percent).

Unfortunately, North Carolina isn't just experiencing a painful moment in an otherwise progressive time. For longer than much of the state's political and business leadership would care to admit, North Carolina has lagged the rest of the Southeast and often the rest of the country on a variety of key indicators.

Since 2000, for example, North Carolina's per-capita income has risen 27 percent, compared to 49 percent for the Southeast and 33 percent for the nation as a whole. North Carolina's population and employment grew faster than the national average, it is true. But we added significantly fewer jobs from 2000 to 2007 than most of our regional competitors did.

This is not what most North Carolina leaders are used to hearing — and is certainly not what they are used to telling the public.

As a result, North Carolinians have been surprised by the sudden, sharp downturn in the state's economy over the past year. I think that's a major reason why, in a recent Civitas Institute poll, only 30 percent of North Carolina voters approved of Gov. Beverly Perdue's job performance. Sure, some voters have specific reasons to disapprove of Perdue's tax and spending policies. But I think many voters are dismayed at their state's declining fortunes and looking for someone to blame. The new governor will suffice.

There is no single cause of North Carolina's economic plight. It is likely, however, that the state's relatively high marginal tax rates have played a role in weakening the state's competitiveness and dis-

couraging some entrepreneurs from starting or expanding businesses here.

It's not simply the average tax burden that matters, though North Carolina's tax burden is now slightly higher than the national average when measured correctly (as a share of personal income). The structure of the tax code matters more. By levying relatively higher marginal tax rates on personal and corporate income, North Carolina erects barriers to economic growth that aren't present in faster-growing Southern states.

In choosing its higher-tax, higher-spending fiscal philosophy, North Carolina's political class embraced an alternative model for economic development based on the notion that spending

more money on education, particularly higher education, would pay off in higher incomes and job creation.

Empirically, this notion is false. After a promising start in the early 1990s, North Carolina's educational progress essentially ground to a halt by the end of the decade. As for higher education, it soaks up a significantly larger share of state spending in North Carolina than in other states but we don't produce a significantly higher share of college graduates.

Through massive subsidies, state government has engineered a transfer of income from average taxpayers to affluent faculty, administrators, and graduating professionals — and from both rural and urban communities to college towns. But operating this redistributionist system hoping to engineer a real gain in the productivity of the state's work force, and thus in rising incomes and opportunities, has proved challenging, to say the least.

North Carolina needs a new direction. That doesn't necessarily mean that the state needs new leadership. But if the political class continues to be wedded to its outdated perceptions and discredited assumptions, its hold on power will end. *CJ*

John Hood is president of the John Locke Foundation.



JOHN HOOD

LETTER TO THE EDITOR

Reader: Story Had Factual Omissions

To the editor,

I write to address the numerous factual omissions regarding my experience and professional qualifications as presented in the September *Carolina Journal* article by David N. Bass, "Review Blasts Price Earmark Waste."

I wish it to be clear that I write not in defense of the Citizen-Soldier Support Program, but of myself as a person, a military spouse, and a professional.

Bass wrote that I have "no military or behavioral health credentials, nor direct experience with either topic." As the wife of a decorated combat veteran, I take deep personal offense at that statement. Bass' characterization of me is patently unfair, neglects important facts, and is irrelevant to the main subject of his article. His choice to glean incomplete information from my Facebook and Twitter pages in lieu of contacting me for comment indicates a considerable lack of professionalism.

His characterization of me as a leftist radical is simply untrue. He fails to mention that I am the wife of a U.S. Army Special Forces soldier who was awarded a Bronze Star for his recent service in support of Operation Enduring Freedom. My former employer, M.C. Dean Inc., is a highly regarded defense contractor working in direct support of U.S. military operations throughout the world. I was also an employee of the House Republican Staff within the Illinois General Assembly prior to accepting a position with the nonpartisan North Carolina General Assembly Fiscal Research Division. Insinuating that I am a political extremist is not only wrong, it's insulting.

Additionally, the article states that CSSP deputy director Lt. Col. (Ret.) William Abb "appears to be the lone full-time staffer with extensive military experience." Had he bothered to do his homework, Bass would have learned that there are quite a few veterans and military spouses working in our office. His disrespectful and dismissive treatment of my status as a military spouse and my experience working in support of the U.S. military is evidence of his utter lack of understanding about the military, military culture, military values, and the individuals and families who serve our country.

While I acknowledge and support the rights of journalists, having been one myself, I take exception to this disregard for the facts.

Brenna Burch
Carrboro, N.C.

Editor's Note: Carolina Journal Associate Editor David N. Bass did attempt to request information from staff at the Citizen-Soldier Support Program. However, when he made his attempt, he was directed by UNC-Chapel Hill officials to speak with the university's counsel.

"Any sort of information request on CSSP from the press, organizations or citizens must [be] handled through the UNC Legal Office. No department can send information directly to the inquirer," he was instructed in an e-mail forwarded from CSSP staff.



Economics and Health Care

One of my sisters-in-law is a health care professional. Whenever I bring up issues involved in today's health care debate, she waves me off by saying, "economics has nothing to contribute to these issues, because health is more important than dollars and cents."

Needless to say, this has led to some arguments between us (mostly civil) because I believe just the opposite — that economics has some very important contributions to make as the country gets ready perhaps to change how we receive, and pay for, health care.

Let's see if I can convince you I'm right!

Price and Cost Are Different: Price is what is paid for one unit of a product or service, whereas cost is the price multiplied by the number of units bought. So if hamburgers have a price of \$1 each and you buy three, your cost is \$3.

Therefore, a higher cost doesn't necessarily mean a higher price if a greater quantity is being used. But while the quantity of hamburgers is easy to see, the quantity of other things is more difficult to measure. Certainly no one would consider the "quantity" of services from today's cell phones to be the same as from the first mobile phone 20 years ago, but it's hard to put a number on the difference.

Most experts would consider the "quantity" of medical care received from today's procedures, operations, and treatment to be much greater compared to years ago. Modern medicine can do so much more and do it much better. What this means is that the price of medical care may not have risen — indeed, some economists say it has gone down. Instead, we're paying a higher cost for health care because we're using more quantity.

Incentives Matter: At the heart of economics is the notion that people respond to incentives. If people are rewarded more, they'll do more; if they're rewarded less or even penalized, they'll do less. It's the common idea of the carrot and the stick.

So if we want people to have annual checkups,

eat better and exercise, and lead healthier lifestyles, this economic idea says we should give them an incentive to do so, through lower insurance premiums, for example. Therefore, it's important for people to have a financial stake in their health, so-called "skin in the game." If consumers are shielded from the financial consequences of their health-related behavior, they won't be as concerned about monetary implications.

Insurance Costs More for "Sure Things": Insurance was created to pay for big expenses related to unexpected losses, but at a relatively low cost to the buyer. Let's say 100 people face an equal likelihood this year of suffering a loss of \$10,000. The loss will hit one unlucky person, but no one knows who it will be. If each person pays \$101 for insurance coverage, then the \$10,000 loss could be paid and the insurance company would keep \$100 for its effort.

The key word term here is "unexpected loss." Let's say the insurance company is required to pay \$50 each year for a mandatory medical check-up for each person. Now the \$50 payment isn't unexpected — instead, it is expected and known. The result — the annual insurance premium paid by each person immediately rises from \$101 to \$151.

Choices Must Be Made: This is maybe the "crowning" principle of economics. Indeed, economics as a field of study exists only because choices must be made. Collectively, at any one time, there aren't enough resources to give everyone everything they want.

The only question is, what is the mechanism by which these choices are made? That is, who makes the choices? In the context of health care, who decides what operations and treatments are given, and when? The possible answers are the patient, physician, insurance company, the government, or some combination of these.

As with most resource decisions, it's often the entity controlling the purse strings that makes the ultimate decision.

So who wins, my sister-in-law or me? CJ

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



MICHAEL WALDEN

Some Ideas on Health Care Reform

I've been reluctant to write a column about health care reform because it is such a complex issue. But as the 800-pound gorilla in the room, I cannot ignore it any longer. Of course, I have views on what should be done. So here goes.

Throughout this process, President Obama has enunciated the two critical goals of universal coverage and cost containment. Both are laudable. But although the president insists, whatever the details, on a huge and complicated monstrosity of a bill, a better strategy would be to concentrate on the latter. Done right, a focus on cost containment could bring about the kinds of expansion in coverage the president is talking about anyway. There would be no need to legislate it.

If you exclude those on government benefits (Medicaid, Medicare, veterans'), there are essentially two reasons why an individual does not have private health insurance: she cannot afford it or her employer cannot afford to provide it for her. If insurance were cheaper and easier to



**ANDY
TAYLOR**

obtain, coverage would increase. It needs to be more affordable so employers can furnish it with just about any job and individuals can purchase it in roughly the same way they do home, auto, or life insurance.

How to do this is, of course, the big question. But here are some suggestions:

- We need to increase competition among insurance providers. Don't worry, I'm not advocating the public option. But its proponents do have a point. The current health insurance system is not running like a proper market. In many places one insurer essentially holds a monopoly. Blue Cross Blue Shield controls 70 percent of North Carolina — and there are many states a lot less competitive than ours. We need to reduce the barriers to entry for competing insurers by making it easier for them to sign doctors and hospitals, by encouraging private investment in them, and by providing incentives to those who wish to get into the business.

- Something has to be done about medical malpractice insurance. In recent weeks, Obama has come to the realization that he must take on trial lawyers and support sensible tort reform. Estimates vary, but defensive medicine and malpractice insurance add around 8 percent to health care costs. We need to reduce punitive

damages significantly and establish special nonjury malpractice courts.

- There needs to be greater transparency in medical care billing. Insurers and providers have created an extremely complicated pricing system in a room of smoke and mirrors. They can do this because most people have absolutely no idea how treatment works or how much it should cost. What's more, patients don't pay the entirety of their own bills; the insurance company does. So when the patient is cured and sees he has only to pay \$1,500 of a \$20,000 bill, he feels it's a bargain. At the same time the hospital and insurer are rubbing their hands with glee; they've collaborated to fix the cost, and it has been paid.

Don't buy into the finger wagging going on between insurers and providers. To be sure, they are arguing over Obama's reform effort — after all, hospitals have to pick up the tab when an uninsured sick person shows up at the emergency room. But on the whole they both love the "good cop-bad cop" routine. Doctors look good, and insurers don't mind playing the villain. They're both still making money — consumer health care costs are projected to rise about 7.5 percent this year and the sector is one of the very few that has been gaining jobs during this recession.

Of course, every person and

situation is different. But for non-emergency and routine procedures, at least, we need to provide market participants with full information. Just as Wal-Mart does, doctors and hospitals need to post their prices so patients can shop around. For providers there could be a price range depending on circumstances. Medical device makers and the pharmaceutical companies don't even need that. The costs of a wheelchair and most medicines are largely fixed.

- When compensating providers, insurance companies and the government need to incentivize performance rather than the amount of treatment. We should focus on outcomes, not process. Of course, it's not easy to get reliable information about the value added by treatment — whereas it is quite easy to obtain data about what a doctor actually did. But we should at least try. Periodic physicals can provide us with baseline information on a patient's health and how she's progressing under a particular doctor's care. We should allow patients to rate their providers and permit those shopping for care to see the information. CJ

Andy Taylor is professor and chair of Political Science in the School of Public and International Affairs at N.C. State University.

Bob Novak — American Patriot

With the passing of Bob Novak in August, America has lost one of the 20th century's last great reporters. He was the consummate "shoe leather" reporter who had what the old-school journalists referred to as a nose for a story.

Countless times over his 50-year career, Novak got the story first, and he got it right.

What separated Novak from the rest of the pack was that Bob knew "everybody who was anybody" in the nation's Capitol, national politics, and capitals around the world.

His Rolodex of sources was massive, and it gave him a leg up on his competition. What also gave Bob an edge is that he did his homework. Whether reporting on the budget, defense issues, national security, or foreign policy, Novak was armed with



**MARC
ROTTERMAN**

the facts.

Prior to becoming a journalist, Bob served in the Army during the Korean War and rose to the rank of lieutenant. After the Army he became a reporter for The Associated Press and then for *The Wall Street Journal*.

In 1963 he teamed up with Rowland Evans to start "Inside Report," which became the longest-running syndicated column in U.S. history. Their column appeared in hundreds of newspapers around the country. The column was required reading for all serious students of politics, no matter what side of the fence you were on.

Many will remember him as a political commentator on CNN's "The Capitol Gang," "Crossfire," and "Evans and Novak." He also appeared more than 200 times on "Meet the Press" and was a guest on the other Sunday talk shows numerous times.

In his early years in Washington, Bob supported the candidacies of both John F. Kennedy and Lyndon Johnson. In fact, he considered Johnson a friend.

Through Johnson, Bob met his

future wife Geraldine, who, at the time, was a secretary for Johnson.

Many may not realize that despite his conservative views, Bob was a registered Democrat. Bob always said he maintained his Democratic registration so that he could vote in the primaries in Washington, D.C., — where he was a resident.

In his autobiography *Prince of Darkness* (a nickname his colleagues conferred upon him), he wrote what can only be described as an extremely candid assessment of his life. Bob completed his memoirs two years before he died, and the book was instantly a favorite read for all serious students of politics.

As a character in an Oscar Wilde play once said, the work reflected a life "crowded with incident."

His autobiography was also a rare insider glimpse into official Washington. It revealed up close and personal reflections on some of the most influential and powerful leaders of our time, from JFK to George W. Bush.

After his death, some in the

media tried to portray Novak as a partisan. Nothing could be further from the truth. Al Hunt, the Washington executive editor of Bloomberg News, said it was difficult to pigeonhole Novak. "Bob was known for his very tough and hard-line views," Hunt said, "but he was also a great reporter who liked a good story even more than his ideology."

Novak has been described as pugnacious and combative. His friends knew the "off-camera" Novak — the Bob Novak who loved his family, his faith, and his country.

And let's not forget University of Maryland basketball. And his friends knew that if you were down, Bob would be there for you.

Above all, Bob Novak was a patriot. Bob often said, "Love your country, but distrust your government." How appropriate for today's times.

He will be sorely missed. CJ

Marc Rotterman, senior fellow of the John Locke Foundation, served in the Reagan administration from 1981-84.

Finalists for N.C. State Chancellor Leaked to *CJ* (a *CJ* parody)

BY BOBBY JORDAN
Education Correspondent

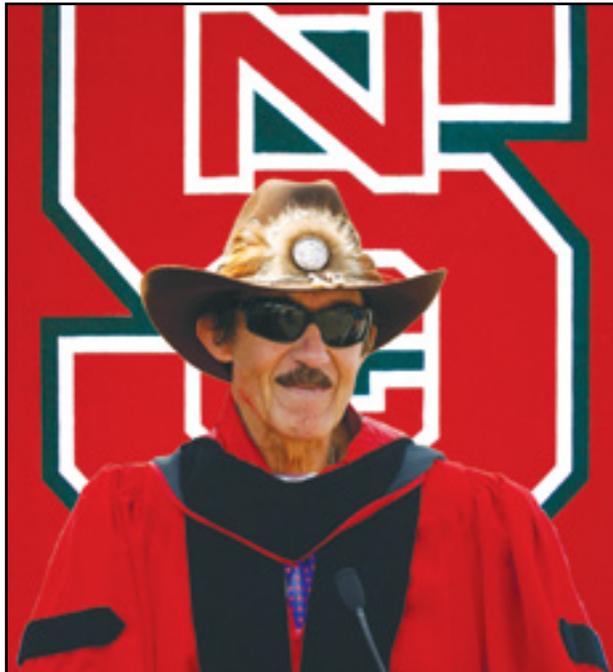
RALEIGH

Finalists for the North Carolina State University chancellor's position include NASCAR legend Richard Petty, retired professional wrestler Ric Flair, singer and "American Idol" runner-up Clay Aiken, and former state Agriculture Commissioner Meg Scott Phipps, according to a search committee member who talked to *Carolina Journal* but wanted to remain anonymous.

The vacancy was created in June when former Chancellor James Oblinger resigned over his role in the school's hiring of former First Lady Mary Easley in 2005. University of North Carolina System President Erskine Bowles is leading the search effort.

When asked about the list, Bowles told *CJ*, "I am disappointed that a member of the search committee has leaked information to *Carolina Journal*. The committee members agreed that any leaks would have to be approved by me, and that no leaks would go to *Carolina Journal*. I have to re-establish credibility and trust between the press and the UNC System. You [*Carolina Journal*] have led the way in making us look like fools. I have nothing else to say to you."

The source told *CJ* that Bowles believes the new chancellor should be a prominent North Carolinian, like himself, who is not from the academic community. Bowles, a successful Charlotte businessman, served as President Clinton's chief of staff during the Monica Lewinsky scandal. He ran unsuccessfully for the U.S. Senate in 2002 and 2004. The UNC Board of



Insiders are putting their money on "The King" as the next chancellor at N.C. State University. (*CJ* spoof photo)

Governors selected Bowles as system president in 2005 even though he had no experience in the university system.

Finalist Petty told *CJ* he would be interested only if he could continue operating his racing business, Petty Enterprises. "Erskine said it should not be a problem and told me about all the business stuff he has continued to do in addition to being the UNC

prez," Petty said.

Flair, from Charlotte and known in wrestling as "The Nature Boy," told *CJ* he expects to be selected since he has had at least eight private interviews with Bowles.

Phipps served four years in federal prison after pleading guilty to fraud, conspiracy, and witness tampering in an investigation surrounding campaign finances and contracts with State Fair vendors. Phipps said she wanted to return to public life and thought folks would forgive her. "Erskine told me that what I did was nothing compared to Mike and Mary Easley," she told *CJ*.

Aiken is a Raleigh native who became a national celebrity thanks to his appearances on "American Idol." "I am unaware that I am being considered for the post, but if I actually come in first I will take the job," he told *CJ*.

After NCSU fired Mary Easley in June from her \$170,000-a-year job heading the Millennium Seminars series, she filed a formal grievance against the school. A close friend of Easley's told *CJ* that Easley informed Bowles she would drop the grievance if she is given the chancellor's position.

When asked to comment on the list of finalists, Gov. Beverly Perdue said she was disappointed the list includes only one woman and no minorities. "But, I am a huge Clay Aiken fan and believe he might just be the right one," she said. As for Mary Easley's chances, Perdue said, "Erskine would be insane to approve another job for that woman, Ms. Easley." *CJ*

E.A. MORRIS

FELLOWSHIP FOR EMERGING LEADERS

The E.A. Morris Fellowship is seeking principled, energetic applicants for the 2010 Fellowship class. Applications available online or at the John Locke Foundation. Application deadline is November 23, 2009.

Please visit the E.A. Morris Fellowship Web site (www.EAMorrisFellows.org) for more information, including eligibility, program overview and application materials.

Application Timeline

August 31, 2009	Applications available
November 23, 2009	Applications due from candidates
January 9, 2010	Notify of finalist status
February 5-6, 2010	Selection week
February 15, 2010	Notify Fellows and alternates

Fellowship Dates

March 12-14, 2010	Retreat 1- Pinehurst, NC
June 18-20, 2010	Retreat 2- Blowing Rock, NC
October 22-24, 2010	Retreat 3- Coastal NC



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