

• Possible Conflict
Surrounds Auto Center

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• Auditor Reports
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Currituck Ferry Project Plagued From Start

By DON CARRINGTON
Executive Editor

RALEIGH

Poor planning, denial of environmental permits, and subtle business and tourism interests have crippled a N.C. Department of Transportation project to establish passenger ferry service across the Currituck Sound.

Special
Report
The Currituck
Ferry Project

Plans for the project were initiated soon after the Currituck County Board of Commissioners asked Sen. Marc Basnight in July 2002 to help establish a ferry service to transport about 40 schoolchildren from the Outer Banks to the mainland.

Students had been attending Dare

County schools. The likely route would be 10 to 12 miles across the shallow Currituck Sound. The 2002 budget bill ordered DOT to do a feasibility study.

Although proponents of the ferry said schoolchildren needed it for transportation, documents suggest that the service also was intended to transport resort workers and tourists.

Recent developments also diminished the need for school transportation. Only seven to 10 students are expected to ride the ferry this year. And new schools coming into service should eliminate the school-crowding issue that was the main reason given for requesting the ferry.

Currituck County officials initially said the service was necessary because



A state boat repairs illegally dredged channel at Corolla in August 2004. Proposed ferry would leave from Currituck Heritage Park, shown above. (Photo by Don Carrington)

Continued as "Currituck," Page 2

Suspicion Arises After Death of Ferry Division's Noe

By DON CARRINGTON
Executive Editor

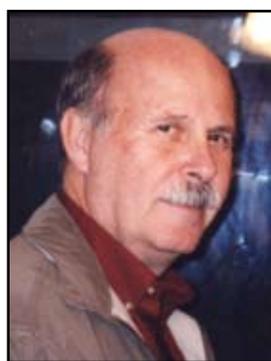
RALEIGH

Many of the questions arising from the state Ferry Division's controversial purchase of a new boat for ferry service in Currituck County cannot be answered because a key state employee who was involved in the transaction — and who was a witness in a federal investigation — was found dead.

Last August, the 50-foot, 49-passenger pontoon boat was delivered to the State Shipyard in Manns Harbor, but ferry service could not be started because the boat did not perform as expected in

trials, and no dock is available for it at Corolla.

N. C. Department of Transportation Ferry Division employee Danny Noe, 59, was found dead April 15, 2005. His hands were tied behind his back and a plastic bag was tied over his head. A note was found at the scene, but Noe's



Longtime Ferry Division Employee Danny Noe

wife, Connie, told *Carolina Journal* that while the handwriting on the note might have been his, the message didn't make sense to her.

While the details of Noe's death may never be known, there is a consensus that his death is associated with his job as marine quality assurance specialist.

Noe did not have an engineering degree, nor did anyone else in the Ferry Division, but according to friends and co-workers he was a self-taught engineer. He dealt with the specifications on new boats and was a liaison to the Coast Guard. Noe was also the liaison to the boat builder for the Currituck-to-

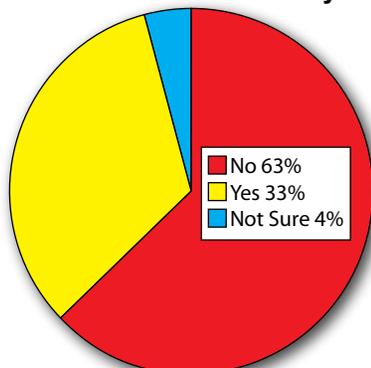
Corolla passenger ferry until division Director Jerry Gaskill pulled him off the project in June 2004. Noe was moved to a small office and was given little or no work to do.

Noe told *CJ* before his death that Gaskill's action was retaliation for Noe's attempt to expose corruption.

The project called for a 49-passenger pontoon boat, able to operate in 18 inches of water and capable of going 30 mph. Numerous problems with the boat have emerged, and the ferry service that was planned primarily for schoolchildren may never operate as planned. (See

Continued as "Suspicion," Page 3

Should a person be able to register and vote on the same day?



John William Pope Civitas Institute Poll, August 2005

Contents

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

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Currituck Ferry Project Plagued From Start

Continued from page 1

Currituck public-school students on the Outer Banks could no longer attend the closer Dare County public schools. The bus ride for students to the mainland would be too long — for some students the ride was 1 1/2 hours, they said.

Since there are no public schools on the Outer Banks section of Currituck County, Currituck had a longstanding arrangement with Dare County to accept Currituck students. Currituck paid Dare County a per-student tuition expense based on actual costs. The school boards decided to end the arrangement.

Dare County Schools Superintendent Sue Burgess said that because of crowding in elementary schools, the Dare School Board decided in 2002 to phase out Currituck enrollment of elementary schoolchildren from the Dare system.

"The rising tuition was becoming an issue," Currituck County School Superintendent Mike Warren said. He acknowledged the low number of students involved, but he said 40 students were to have been transported when the project was conceived. "We believe the ferry will provide a quick, easy access and the number of riders will grow as people with schoolchildren move into the Corolla area," he said.

But crowding in Dare County schools has eased since Currituck officials first requested the ferry service. The county has since opened a new high school and a new elementary school. Burgess acknowledged that her system should have room for Currituck students in 2005, but the decision would be up to both school boards to negotiate, she said.

Currituck County still has no plans to build any schools on the Outer Banks even though a considerable amount of property-tax revenue is generated from that area. Currituck County Tax Assessor Tracy Sample said 66 percent of the county's property taxes come from the Outer Banks. The homes there are valued from \$400,000 to \$3 million, which might limit the number of families with school-age children that can afford to live on the Currituck Outer Banks.

If ferry service is ever implemented, a bus also will still be required at each end of the route to transport the students. Thus the new system will replace one bus that now handles the entire trip. Meanwhile, Ferry Division workers have been unable to get the boat to perform at the expected speed, and the entire trip by ferry may actually be as long or longer than the current trip on one bus.

Of the about 4,000 students enrolled in the Currituck system this year, only seven to 10 will be coming from the Outer Banks section of the county, schools spokeswoman Sandy Kinzel said. She said that if the ferry service does become available they would use



The ill-fated pontoon ferry sits unused in the State Shipyard in Manns Harbor as officials address problems facing the project (Photo by Don Carrington)

it only if it makes sense. "We will have to wait and see and make adjustments as necessary, we will have to do what is in the best interests of the kids," she said.

Basnight failed to respond to questions that CJ sent twice to his office via email and once by telephone.

A January 2003 memo from Ferry Division Director Jerry Gaskill to DOT Secretary Lyndo Tippet, in which Gaskill gave an overview of the project, included a business objective. In the memo, Gaskill estimated costs and cited dredging requirements. At the conclusion of his memo, Gaskill

discussed the involvement of two individuals in the planning process.

"As you are aware we have been having ongoing discussions with Mr. Earl Slick's representative Allen Ives," Gaskill wrote. "These discussions have centered on Mr. Slick's support of this project and the prospect of Mr. Slick's participation somehow in this project financially. At this juncture, although Mr. Slick continues to fully support this route, he is concerned about a perceived conflict of interest with his financial participation. Because Mr. Slick does not want to project any perception problems for both himself and DOT, he had declined to participate at this time."

According to information posted on the resort's web site, "The Sanderling Resort, Spa and Conference Center is the most exclusive address and the only resort located in the Outer Banks of North Carolina." The resort is situated in northern Dare County next to the Currituck County boundary.

Ives told CJ about his involvement in the meetings. "What I was doing was finding out if it was going to happen. We wanted to see if employees could ride," he said.

A letter from Currituck County Chamber of Commerce President Willo Winterling to Ferry Division Business Officer Charlie Utz in February 2003 emphasized the movement of workers. "Although this project is being considered as a means to transport school children, it presents a greater opportunity to provide year-round support to our

businesses on the Outer Banks and further enhance our growing tourism industry," Winterling wrote. "Considering the remoteness of the Currituck Outer Banks, Corolla businesses face the challenge of

finding employees willing to drive the extra distance to work."

Currituck County and the Wildlife Resources Commission have strong incentives to improve tourist access to their investments at Currituck Heritage Park, an area that includes the Corolla lighthouse, a restored hunting lodge named the Whalehead Club, and a new Outer Banks Center for Wildlife Education operated by the N.C. Wildlife Resources Commission. The only road access is two-lane Highway 12, which is congested during weekends and the peak tourist season.

The Whalehead Club was originally developed as a private hunting and fishing club during the 1920s. The centerpiece of the property is a large home. A 36-slip boat basin was built in the late 1980s, but because of shallow water in the Currituck Sound, few boats can enter the basin. Currituck County acquired the property in 1992 after a private developer went bankrupt. Hoping to attract tourists, the county continues to make improvements to the site. The Corolla lighthouse is adjacent to the site

"The rising tuition was becoming an issue."

— Mike Warren
Currituck County
School Superintendent

Continued as "Currituck," Page 3

Was concerned with handling of project

Suspicion Arises After Death of Ferry Division's Noe

Continued from page 1

related stories on Page 1 and 4.)

Connie Noe told *CJ* that she and her husband had gone to bed together the night before she found him dead. He was snoring heavily and she was coughing frequently because she had a bad cold, so she later moved to another bedroom on the other side of the house, she said. When she got up that morning about 8, she noticed her husband's truck was in the driveway and she went looking for him. She found his body on the floor in his office above the garage. He was dressed as though he was going to work. She removed the bag from her husband's head and called EMS, but he was already dead.

Detective Frank Galizia of the Carteret County Sheriff's Department handled the investigation of Noe's death. According to a report prepared by the examining doctor, Dr. Charles Garrett, there was no sign of trauma. Noe's hands were bound behind his back with three zip ties, but there was no skin breakage or signs of struggling to get free. In addi-

"To be perfectly fair, this is unusual and when I saw this report, I scratched my head."

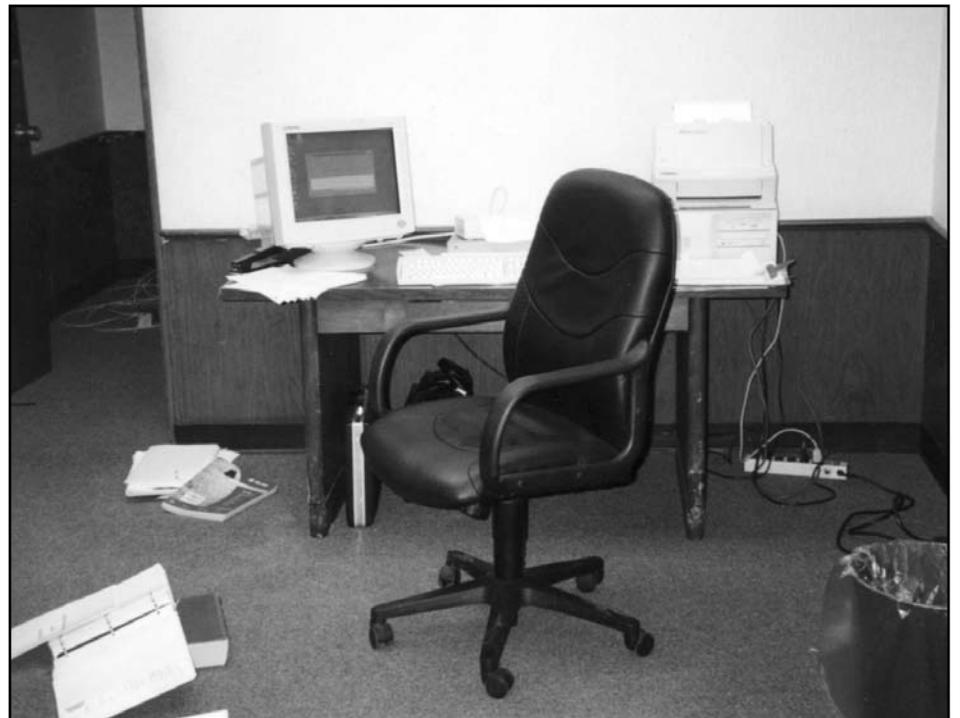
— John Butts
Medical Examiner

tion, "Due to unusual circumstances of finding body, fact that he is a witness in federal case, autopsy requested by police," Garrett stated. He initially checked "pending" as the probable cause of death. Garrett's report was sent to the N.C. Office of the Chief Medical Examiner in Chapel Hill.

Chief Examiner John Butts ruled Noe's cause of death was "asphyxiation utilizing a plastic bag." Of the possible contributing conditions — natural, accident, homicide, suicide, or undetermined — Dr. Butts checked suicide in his final review. Butts told *CJ* that after talking with Galizia and looking at the detective's report, he thought Galizia "conducted a reasonably thorough inquiry, but certainly not a full-court press in the sense of what you

might expect to see in a novel or on CSI." He also said many of the people who kill themselves using plastic bags often do so in conjunction with an overdose of pain medications, but toxicology reports by his office found no drugs in Noe's system.

"To be perfectly fair, this is unusual and when I saw this report, I scratched



Danny Noe was moved out of his office and into this corner; friends say he was not allowed to receive mail or make phone calls. (Submitted photo)

my head and said let's check to make sure they are looking into this," Butts said. "It is not the usual mode of exodus. The binding of the hands and all, again we do see it. It is the kind of thing that cries out for looking at it carefully to be sure nothing else is going on."

The Ferry Division's business officer, Charlie Utz, said he thinks Noe committed suicide because of problems with his job and the Currituck-to-Corolla

ferry project. "There was no wrongdoing by the State of North Carolina. There was no conspiracy. There was no wrongdoing by the ferry director or anyone else in the Ferry Division. The contractor was thrown up roadblocks by Danny Noe, who was purposely sabotaging the project to go ahead and make the

Continued as "Suspicion," Page 4

Currituck Ferry Project Plagued With Problems From Start

Continued from page 2

and the entire area is now known as the Currituck Heritage Park.

Some DOT officials knew the ferry project would be difficult. DOT Deputy Secretary David King said that on some days, when a strong northeast wind is blowing, the sound might be too shallow to operate in. But even if there is enough water, there are other concerns.

"Even if there is plenty water, there are going to be days that it is going to be too rough to have a boxy little ferry with kids in it out in Currituck Sound. It will not be a reliable day-in-and-day-out way to get these kids across. When the weather is fine ... it is going to be just peachy, but that's not going to be all the time, by any stretch of the imagination," he said. He said a backup bus system was necessary.

In May 2003 Ferry Division Director Jerry Gaskill presented a project feasibility study to the General Assembly.

In June 2003 the legislature appropriated \$834,000 for startup of the ferry service and the first year of operation. The appropriation was based on Gas-

kill's study, which said, "the proposed ferry service is feasible, assuming the appropriate permits can be obtained." But in his study, Gaskill failed to address two previous unsuccessful attempts by Currituck County to obtain a dredging permit for the Corolla location.

In July 1996 Currituck County applied to the Corps of Engineers for authorization to dredge an access channel to the basin, place rocks along the shoreline, and place fill material into wetlands. As standard procedure, the Corps circulated the application to several state and federal agencies for review and comment.

In August 1996 the National Marine Fisheries Service of the U.S. Department of Commerce recommended to the Corps that the dredging permit be denied. "We have determined that this work would result in an unacceptable loss of habitat that supports NMFS trust resources of national importance and recommend that federal authorization of this project not be granted," Assistant Regional Director Andreas Mager, Jr. wrote.

Also in August the state Division of

Coastal Management put a hold on the dredging project until Currituck County prepared an environmental assessment. Those events put the entire request on hold, so in September 1996 Currituck County withdrew the dredging request from the permit application. The other two components were permitted.

In June 2000 Currituck County applied again for a permit to dredge a channel at the same site in Corolla, and again state and federal agencies opposed the project. The EPA also wrote the Corps, saying,

On Oct. 24, 2000, the Corps notified Currituck County that the permit to dredge had been denied.

In July of this year Utz told *CJ* that obtaining any dredging permits was the responsibility of Currituck County Manager Dan Scanlon, but that Scanlon never told Gaskill or anyone else in the division about previous permits being turned down.

The Ferry Division operates 25 vessels over seven routes and employs more than 400 people. The Currituck-to-Corolla ferry service was the first new route established in more than 30 years. Unlike the other services, it is to

be a passenger-only service.

With the large-but-shallow Currituck Sound dividing the county, the unique geography is an obstacle to efficient land transportation within the county boundaries. There are no incorporated towns.

Currituck can be divided into three distinct segments: the mainland, the Outer Banks, and Knotts Island. The latter is actually a peninsula attached to southeastern Virginia.

Travelers can get from Knotts Island to the mainland by driving up through Virginia or by taking a 45-minute ride on the state ferry that docks at the Currituck community. During the school year, two buses transport middle- and high-school students via that ferry route. Knotts Island has its own elementary school.

Vehicle transportation from the mainland to the Outer Banks section is only by crossing the Highway 158 bridge into Dare County and traveling north about 12 miles to get back into Currituck County. The Corolla community is another 14 miles further to the north. Local and state initiatives to build a mid-county bridge have stalled. *CJ*

Suspicion Arises After Death of Ferry Division's Noe

Continued from page 3

Ferry Division look bad. Because he was disgruntled, because he felt so bad about it, he killed himself," Utz told *CJ*.

Utz said in July 2005 that he was resigning to "take on a new challenge by starting a business in the window treatment industry." He also said in his resignation letter to all employees, "This is in no way related to the incidents of the past year, but is more the fact that I believe the time is right to explore other career opportunities. I truly believe that the Ferry Division is the best run organization in the State."

Utz, 40, was widely regarded as the No. 2 person at the division, and over the past few years told a number of people he expected to be the director when Gaskill retired.

But contrary to Utz's claim, *CJ* could find no evidence that Noe had anything to do with the projects' three main problems. The first being that the project feasibility study submitted to the General Assembly by Gaskill omitted important details about past permit problems with building a dock at Corolla. The second was when Ferry Division employees led by Bill Moore illegally dredged a channel at Corolla, which triggered a federal investigation. The third problem is that the boat, which was delivered last August, might not perform as expected.

Family and friends of Danny Noe don't accept Utz's explanation. Connie Noe told *CJ*, "I will never believe Danny killed himself, and nobody in the family can. He loved his job and he loved helping people in the Ferry Division. He was straightforward."

She said her husband thought that what was going on in the Ferry Division was wrong and that he did what he thought was right for the taxpayers of North Carolina. She said she hopes that the investigation is thorough but

that she is disappointed with the length of time it is taking authorities to process evidence.

Robert J. Sharp, a friend of Noe's and former Ferry Division employee, said, "I never met a man so dedicated and hard-working. When they moved him out of his office they would not let him accept phone calls or receive mail. He was placed in an office the size of a closet. Danny told me that someone tampered with his computer almost every night. I believe he would not have given the Ferry Division management the satisfaction of thinking they drove him to suicide." Sharp also said he thought that a state auditor's investigation was not thorough enough and that there were still numerous problems within the division.

Quentin Lewis, another close friend of Noe's, told *CJ* that Utz's allegation that Noe tried to sabotage the project was absurd. Lewis, who has a degree in marine transportation and is a licensed boat captain, reviewed Noe's personal files from the Ferry Division as well as examined the file on the purchase of the boat.

"All the evidence in the file shows Noe did everything by the book," he said. "The boat builder was out of his league trying to build a boat to Coast Guard specs and was looking to share unexpected costs. The boat does not meet specs, and Danny did not cause those problems. I will never believe he committed suicide." Lewis said Noe had nothing to gain by killing himself.

Danny Noe was a disgruntled employee, but apparently not for the reason stated by Utz. He had told *CJ* about his

concerns on several occasions. Noe said he was concerned about waste, fraud, and abuse involving a few senior employees of the Ferry Division. While *CJ* has a policy of not revealing confidential sources, Connie Noe said she thought it would be appropriate to do so since her husband was dead.

Noe talked with *CJ* two days before he was found dead. At the time, Noe

said he understood that the federal investigation of the illegal dredging would soon trigger indictments or other federal action. He was right. According to sources, who wish to remain anonymous, lawyers for the men

involved in the illegal dredging started meeting with the U.S. Attorney's Office in Raleigh this summer.

Earlier this year State Auditor Les Merritt's office conducted an investigation into several allegations involving the Ferry Division. The allegations were made by Noe and other Ferry Division employees. The results of the investigation were released June 2, two weeks after Noe's death.

The report reviewed 44 allegations, but with the exception of several findings concerning the misuse of state vehicles, the investigation could not substantiate most of the allegations. Noe had told *CJ* that after state auditors interviewed him he thought they were not thorough enough in their investigation.

The most substantial finding was that Gaskill was commuting to work in a state vehicle without authorization. The auditor recommended that Gaskill reimburse taxpayers nearly \$13,000 for the benefit derived over an 18-month

period.

Galizia told *CJ* in July that he had not completed his investigation. The SBI lab is still analyzing evidence gathered from the scene where Noe died. Galizia has seen the report by the state medical examiner, and said that normally he would be guided by that conclusion, but that this case was different.

"The case will receive a number of reviews from other agencies. We are still waiting for reports from the SBI, including fingerprint evidence," he said. Galizia, who is also planning to run for Carteret County sheriff next year, said all the information will eventually go to the district attorney.

N.C. Department of Justice Public Information Officer Noelle Talley told *CJ* in late July that while the SBI laboratory has examined a document found at the scene, the analysis of the other evidence "will likely take several months, as there are other cases awaiting latent analysis that are in line ahead of this one."

"Ultimately, it is the DA's responsibility" to make the final decision on the cause of death, District Attorney David McFadyen told *CJ*. "At the appropriate time I will meet with the family. Sometimes the family raises questions. I ask them to put their questions in writing. There will always be a fair number of questions that cannot be answered, because the person who can answer them is no longer alive."

Noe was a resident of Carteret County. He and Connie had been married for 40 years and had one daughter and two grandchildren. They had a home on the water, 12 miles from his office.

Danny had worked for the Ferry Division since 1982. Connie had worked there for 28 years, but recently retired. According to Connie, Danny did not need to continue working at the Ferry Division. He had accumulated enough vacation time and sick leave to retire and could have left anytime he wanted. *CJ*

**"I will never believe
Danny killed himself,
and nobody in the
family can."**

— Connie Noe
Danny Noe's wife

Boat Fails Tests; Federal Officials Investigate Illegal Dredging

By DON CARRINGTON
Executive Editor

RALEIGH

The N.C. Department of Transportation's project to establish passenger-ferry service across the Currituck Sound is a long way from hauling the schoolchildren it ostensibly was designed for.

With Sen. Marc Basnight of Dare County as the driving force, the N.C. General Assembly appropriated \$834,000 in June 2003 for the project. But evidence shows that the legislature approved the project without ordering a thorough analysis. Meanwhile, problems continue to multiply.

Indicative of complications was the delivery of a new 50-foot, 49-passenger

pontoon boat to the State Shipyard in Manns Harbor in August 2004. The boat cannot be put into service because there is no place to dock it at Corolla.

In July 2002, Danny Noe, a marine quality assurance specialist with the state Ferry Division, started looking for a suitable boat for the service. One vendor was Trident Florida Trading Company in Taveres, Fla. Noe received information from the company in September 2002, and continued to correspond with company officials about customizing one of their standard boats.

In September 2003 Basnight complained to Gov. Mike Easley when the senator read a news story that said DOT had put the project on hold. "I passed those commitments along to the

people of Currituck County with my continued support and assured them the ferry was secure," Basnight wrote. Basnight's influence apparently got the project moving.

Requests for bids were sent out in October. Trident was the only bidder. But because of all the changes DOT had requested to his standard boat, Trident President Robbie Cunningham added \$100,000 to his original proposal. After considerable negotiations, a compromise on price, delivery, and specifications was reached. In November, DOT signed a contract with Trident for a 50-foot, 49-passenger, enclosed-cabin pontoon boat.

Securing a boat was only part of the project. The boat still needed an adequate

channel in which to operate.

"Although a pontoon vessel configuration operates in a very shallow water, the approach channel into Corolla would still require some dredging. In periods of sustained Northerly, Northwest and especially Northeast winds, the water is blown out of the sound," Ferry Division Jerry Gaskill wrote in a letter to DOT Secretary Lyndo Tippet in January 2003. "The Ferry division recommends establishing a channel that is 40' wide by 6' deep."

"It is important to note that the appropriate CAMA permits be acquired prior to the commencement of the dredg-

Continued as "Boat," Page 5

Boat Fails Tests; Federal Officials Investigate Illegal Dredging

Continued from page 4

ing phase of this project. This could be a very lengthy and costly process if Environmental Impact Statements and other documents are required. Although we believe that this responsibility should fall to the county, we will be prepared to assist them in any way possible," Gaskill wrote.

As of May 2004, neither NCDOT nor Currituck County had applied for a permit from the U.S. Army Corps of Engineers. Ferry Division workboats dredged a channel anyway near Corolla that month.

Superintendent of Dredge and Field Maintenance Bill Moore, who reported directly to Gaskill, said the dredging was accidental. Moore, who was the supervisor at the scene where three Ferry Division workboats cut the channel, claimed responsibility for the dredging. But both Moore and Gaskill said that the boats did not "kick a channel" with their propellers.

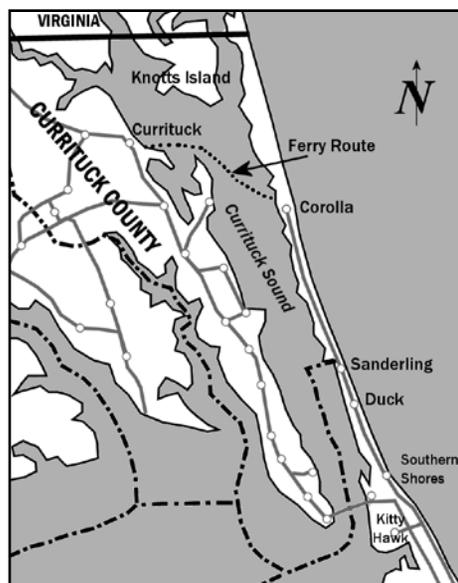
Gaskill told newspaper reporters that the boats got stuck while marking the channel. News reports about the dredging surfaced in early July 2004, when Jan DeBlieu, Cape Hatteras coast-keeper with the North Carolina Coastal Federation, issued a press release. The new channel was estimated to be 700 feet in length, 30 feet wide, and 5 to 6 feet deep. Previously the area was 2 feet deep. The N.C. Division of Coastal Management issued DOT a violation notice June 28 for dredging without a permit.

In June 2005 Ferry Division Business Officer Charlie Utz told *CJ* that Ferry Division officials did not know previous applications for dredging permits had been denied. He said Currituck County Manager Dan Scanlon was responsible for concealing the information. He said the illegal dredging was bad judgment by one employee, Moore, who resigned in September 2004. The Ferry Division has since filled in the dredged area with material brought in from another location.

Federal investigation

In August 2004 state and federal law-enforcement officials raided the division's central office in Morehead City, the State Shipyard in Manns Harbor, the field maintenance office in Havelock, and the boats that dredged the channel. The raid was conducted the same day the pontoon boat was delivered by truck to Dare County.

The search warrants were issued at the request of a special agent in the Criminal Investigative Division of the U.S. Environmental Protection Agency.



Map showing Currituck County and proposed route of ferry (*CJ* graphic)

Agents from the State Bureau of Investigation also participated in the raid. The warrants also specifically allowed for a search of the state vehicles used by Gaskill and Moore, and any personal or official notes maintained by the men. Officers seized work orders, memos, files, notebooks, computer hard drives, a laptop computer, and "documents from Gaskill's leather portfolio," returned search warrants show.

Federal investigations are notoriously slow and officials rarely release information about an ongoing probe. *CJ* learned from a source, who requested anonymity, that some of the employees involved in the dredging have been told by DOT to hire lawyers. Tippet told the employees that the state would reimburse them for legal expenses unless they pleaded guilty or were convicted. Some of the lawyers hired by the employees have met with officials of the U.S. Attorney's Office in Raleigh. Plea agreements have been prepared, but *CJ* has been unable to determine whether any of the employees signed them.

Boat's performance

Sea trials conducted by the Ferry Division in January 2005 indicate the boat can operate safely at only 13 mph with a load of 25 passengers. Also, Utz said the boat would require 31 inches of water in which to operate, even though he and others at the Ferry Division thought they ordered a boat able to operate in 18 inches of water.

"The boat builder provided a boat that did not meet our specifications, that we are currently in a lawsuit with," he said. Asked why the boat did not meet specifications, Utz said, "Because Danny Noe was in charge of the project and because the boat builder misrepresented

this project." He acknowledged the project has been a mess from the start. But Noe was taken off the project in June 2004. Noe was found dead in April 2005. The Carteret County District Attorney has not ruled whether Noe's death was suicide or homicide.

DOT has not pursued legal action against the boat builder. Ferry Division spokesman Bill Jones said about the boat: "It does not meet specs for speed or draft. No decision has been made on legal action."

Cunningham disagrees with Utz's assessment of the boat's performance. "I never agreed to 30 miles per hour, because there are too many variables. We changed everything. I went back to them and said I will build according to the original agreement," Cunningham said. He said the boat was built so the motors can be raised, allowing it to operate in shallow water. He said shortly after it was delivered that the Ferry Division personnel had told him the boat was very fast. He said that a January 2005 memo on the sea trials indicating the boat could go only 12 to 17 mph with a load of 25 passengers "was not credible," and that the boat should go much faster. He said he thought that Ferry Division employees operating the boat needed

training on that particular model.

In May 2005, frustrated with the lack of progress, Basnight called a meeting of all the state agencies involved in the project. It was determined at the meeting that a 1,800-foot pier would be built at the Whalehead Club into an area of deeper water in the sound.

That plan was scrapped after *CJ* and other news organizations reported concerns about the safety of schoolchildren being on a pier that would be twice as long as the longest pier on the U.S. East Coast. In June the Wildlife Resources Commission released a substitute plan for a 500-foot pier, but the school year began Aug. 25 and the few schoolchildren from the Currituck Outer Banks will continue to travel by bus to their schools on the mainland.

The Wildlife Resources Commission is still working with Currituck County to find a suitable location for a dock at Corolla. The pontoon boat is gathering barnacles at the State Shipyard in Manns Harbor. Utz has resigned from the Ferry Division to start a new business. The Carteret County Sheriff's Department says the investigation of Noe's death is still open, pending laboratory results from the State Bureau of Investigation. *CJ*

"The boat builder provided a boat that did not meet our specifications."

— Charlie Utz
Ferry Division business officer



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NC Delegation Watch

Dole, Burr tout highways bill

Critics of pork-barrel spending came down hard on Congress's passage in late July of a \$286.4 billion transportation spending bill, but U.S. Sens. Elizabeth Dole and Richard Burr, both Republicans, voiced their approval of what the legislation would do for North Carolina.

The state is expected to receive nearly \$5.1 billion in highway funding and more than \$413 million for public transportation projects, according to an announcement made by Dole's office. North Carolina will receive 92 cents back for every dollar its taxpayers pay into the federal Highway Trust Fund, which Burr said is an improvement from 90.5 percent in the last transportation-spending bill that was passed.

"I am particularly pleased that this bill increases North Carolina's return for each dollar the state puts into the highway trust fund," Dole said in a press release. "This will translate into tens of millions of dollars more each year for the next five years for transportation construction in North Carolina."

However, Washington, D.C. groups such as Citizens Against Government Waste held lawmakers in contempt over what they said was out-of-control federal spending.

"The highway bill is a fiscal car wreck," said Tom Schatz, president of CAGW. "The sweet smell of pork has blinded members of Congress to the waste and inefficiency of federal transportation policy."

The group, along with Washington-based Taxpayers for Common Sense, singled out for ridicule a \$230 million bridge in Alaska formerly known as the "Bridge to Nowhere." It connected the mainland with Gravina Island, which has a population of 50. It has been renamed "Don Young's Way," for the state's congressman.

Among projects for North Carolina, CAGW highlighted a \$1.6 million earmark to "construct bicycle and pedestrian trains" in Durham, and \$1.6 million for completion of the American Tobacco Trail in Durham and Chatham counties, as needless spending.

"This bill is just the latest in last minute pieces of pork-laden legislation that Congress has passed before summer recess," Schatz said. "As members of Congress pack their pork-laden bags and head out on vacation, taxpayers are left with a \$333 million budget deficit." CJ

— PAUL CHESSER

Many business sectors don't think so

Is CAFTA Really a 'Shafta' For North Carolina?

By RICK SMITH

Contributing Editor

WASHINGTON

America is divided politically into so-called red and blue states. So too was Congress and many industrial players in North Carolina by the recent debate over DR-CAFTA.

DR-CAFTA is the acronym for the free-trade measure among the United States, the Dominican Republic, and Central American countries that the U.S. House barely approved, 217-215, in July. The Senate had approved the bill earlier by a 54-45 vote, including yes votes from N.C. Sens. Elizabeth Dole and Richard Burr, both Republicans. President Bush had made a personal appearance in the state just before the vote, laying out his case for the bill.

Only by a last-second switch by Rep. Robin Hayes — R-8th District, near Charlotte, and a former textile executive — enabled the vote to pass. He had once criticized CAFTA, saying: "What does CAFTA sound like? NAFTA."

Also, a "no" vote on the bill was lost in the House's electronic voting system, said Charles Taylor, R-11th District, in the mountains. A tie vote would have defeated the measure.

With thousands of textile jobs having been lost in North Carolina, only Hayes and Sue Myrick, R-9th District, voted in favor. Hayes, who is a descendant of the family that created textile firm Cannon Mills, said he switched his announced "no" vote when the Bush administration agreed to his request that more trade pressure be put on China. Hayes was also a crucial vote in granting Bush fast-track trade authority in 2001.

The fierce political debate in Washington was reflected as well in industrial sectors.

For example, the North Carolina Farm Bureau and its parent national organization were vocal in lobbying for CAFTA passage.

Despite resistance within the textile industry, the National Council of Textile Organizations Board of Directors supported the bill. At the time, its chairman was Allen Gant Jr., who runs North Carolina-based Glen Raven Mills. Gant, like Hayes, was outspoken in his demands as well that the Bush administration get tougher on China trade.

"We don't subscribe to the NAFTA, CAFTA, shaft-a stuff," said Larry Wooten, president of the NC Farm Bureau. NAFTA is the acronym for the North American Free Trade Agreement, the Clinton administration-passed legislation that continues to generate controversy over jobs.

Wooten said Farm Bureau research documented that the DR-CAFTA bill would mean big business for the state's agribusiness economy. "Once the bill is fully implemented in five to seven years,



Proponents contend CAFTA will be a boon for NC's economy, especially its agribusiness

it will mean \$70 million a year in more business for our state," Wooten said. "Our basic premise is that U.S. markets are already open to those countries. Our products currently face tariffs of between 15 and 47 percent."

Farm Bureau researchers expect opening the new markets will produce \$24 million a year in pork and other meat exports and poultry exports to reach \$42 million.

While much of the CAFTA debate centered around textiles, Wooten went before Congress to testify that North Carolina agribusiness should not be overlooked. "Almost 20 percent of the state's economy, or \$60 billion a year, is generated by agriculture and agribusiness," he said. "We're still the largest industry in the state."

Divisions in the textile industry were apparent throughout the CAFTA debate, Wooten said. He saw it firsthand at hearings about the bill.

Glen Raven's Gant spearheaded the NCTO board vote in support of CAFTA in May. The group said passing the bill would support \$5 billion in yarns and fabric business done with countries in the region. North Carolina textile firms exported \$475 million in goods to the DR-CAFTA region in 2002 and \$620 million in 2003, according to research compiled by the U.S. Department of Commerce.

Other acknowledged supporters of CAFTA were VF Incorporated and Sara Lee Branded Apparel.

Among those opposed was Pickett Hosiery Mills. Its president, Nim Harris, told The Associated Press: "Basically, what [the bill is] going to do is outsource more jobs to the Latin countries. We've already absorbed a tremendous hit."

NCCBI, the state's largest business lobbying group, came out firmly in support of the bill.

However, the North Carolina Technology Association, which represents

most of the state's big high-tech industry players such as IBM, SAS, and Cisco, did not take a public position before the bill passed. Afterward, following a request from *Carolina Journal*, NCTA did issue a statement.

"NCTA has always supported free trade in a globally competitive environment," said Joan P.H. Myers, president and chief executive officer of NCTA. "We hope that our member companies will be able to connect with opportunities to take full advantage of CAFTA."

Perhaps the two congressmen to take the most criticism about the bill have been Taylor and Hayes.

Taylor posted a defiant and defensive message on his web site about the lost vote.

"I voted NO on the Dominican Republic-Central America Free Trade Agreement ... I informed the Majority Leader and the Appropriations Chairman I was voting no, as I had informed my constituents I was voting no ... Due to an error my 'no' vote did not record on the voting machine. The Clerk's computer logs verified that I had attempted to vote but it did show my 'nay' vote. I am re-inserting my 'No' vote in the record. But even with my NO vote re-inserted, the bill still passed."

Hayes, meanwhile, has been on the offensive since making his vote switch.

Contacted by *Carolina Journal*, Hayes' office sent a bevy of press releases and stories pointing out Hayes' tough stance on China trade. Hayes endured considerable Democratic heat for his fast-track vote but still won re-election with about 54 percent of the vote.

Following the CAFTA vote, the Bush administration moved to extend China textile quotas.

"We are not here to declare victory, because this is an ongoing process," Hayes said in a release. "But this is a heck of a step in the right direction." CJ

Grover Norquist: NC's 'Reaganomics' Education is Incomplete

By CAROLINA JOURNAL STAFF

Grover Norquist is president of Americans for Tax Reform, a coalition of taxpayer groups, individuals, and businesses opposed to higher taxes at the federal, state, and local levels. ATR organizes the Taxpayer Protection Pledge, which asks all candidates for federal and state office to commit themselves in writing to oppose all tax increases.

Norquist came to Raleigh recently, and *Carolina Journal's* Donna Martinez discussed tax issues and conservatism with him during his visit.

Martinez: Your group, Americans for Tax Reform, endorses something called the Taxpayer Protection Pledge. What is that, and have any North Carolina legislators signed on?

Norquist: Certainly. We ask all candidates for office, federal and state, to sign a pledge that they will oppose any effort to raise taxes.

Two hundred twenty-two members of the U.S. House of Representatives have signed the pledge. All the Republicans have signed the pledge, 46 U.S. senators have signed the pledge, both senators from North Carolina have signed the pledge, and of course President Bush has made that commitment as well.

At the state legislative level, about 15 senators and maybe 30 representatives have signed the pledge. Some of them have not kept it, unfortunately, and along with [State Rep. and former Cospeaker] Richard Morgan and some others, people have made that commitment, switched on it, and voted for higher taxes.

Martinez: The North Carolina General Assembly is negotiating our state budget, and among the possibilities are a variety of tax increases — some possible extensions of tax increases that took place several years ago. One is on high-income earners, the other on purchases, the sales tax.

Where does North Carolina stand relative to other states in terms of our tax burden?

Norquist: Well, there's good news and bad news. The good news is that the overall tax burden in North Carolina is lower than most other states. The bad news is that the trend is the opposite way.

Martinez: Why is that?

Norquist: Because your governor and your state legislature have been taxing like crazy the last few years — 2001, 2002. Only two states raised taxes more dramatically than North Carolina.

Martinez: Only two?

Norquist: That was New Jersey and California. And you'll remember that in California they recalled the governor as a result of that behavior. So, really, the state was almost all by itself in how dramatic its taxes were increased. If you look at 2002 until 2005, only seven states raised taxes more dramatically than North Carolina, so there's a real challenge: a traditionally overall low-tax state moving rapidly towards higher taxes.

Add to that, that North Carolina has only partially learned the lesson of Ronald Reagan's economics. It has, up until recently, had an overall low tax burden, but it has high marginal tax rates, which is exactly what Ronald Reagan taught us you ought not to do. At over 8 percent personal income tax rate for high earners in North Carolina, the state would actually earn more revenue at a lower rate, which is what happened at the federal level.

Martinez: Why do people not seem to understand that when you lower rates, you end up increasing revenue to the Treasury?

Norquist: Well, some liberals just like high marginal tax rates because they want to tax people for working too hard and being too successful.

The other challenge that you bring up is that there are two lies politicians tell. They promise not to raise your taxes and then they do, and the other lie is, "This tax is temporary." In Ohio, every tax that was introduced in the last 40 years was introduced as a temporary tax, and none of them were temporary.

At some point, you really should work to defeat elected officials who bring in any temporary tax knowing perfectly well that they're lying to get it in, that they intend to make it permanent. Once they get the temporary tax in, they then spend like crazy and say, "Oh, we'd love to help you undo our temporary tax, but now we can't because we have spent too much."

And that's very annoying. And it really is treating taxpayers with contempt and showing great disrespect. So an elected official who tells you he's going to vote for a temporary tax increase should be pushed into traffic.

Martinez: Rhetorically speaking.



Americans for Tax Reform President Grover Norquist

Norquist: Yes, yes, if you insist.

Martinez: Let's talk about Ronald Reagan. He was key to the conservative movement, introducing a new generation of people to conservatism.

I understand that you started Americans for Tax Reform at his behest.

Norquist: He was looking to reduce marginal tax rates from a top rate

of 50 percent and they ultimately came down to a top rate of 28 percent in what was the Tax Reform Act of 1986, and we successfully worked with outside groups to get that done.

The White House asked me to be the president of Americans for Tax Reform, which was put together for this purpose, and I did.

And in that campaign we created the No Tax Increase Pledge, and that gave us a reason to keep Americans for Tax Reform going, not just for the duration of this one fight, but recognizing that that was a necessary part of the Reagan vision indefinitely into the future.

Martinez: Do you believe conservatism is continuing to grow?

Norquist: The vision of Ronald Reagan is certainly stronger today and held by more people than when Re-

gan was elected. He was elected with about 51 percent of the vote the first time out.

His assertions that we now consider commonplace were at the time viewed as radical, that welfare needed to be reformed.

He put that before the governors and was voted down 49 to 1. Now, of course, we've reformed welfare as he wanted to — 26 years after he put the idea forward — and we've dropped in half the number of people locked into welfare dependency.

His assertion that the Soviet Union was evil was considered an outrageous thing to say at the time, and now everybody knows it's true.

Martinez: Let's talk about the mindset that we see in American society today, that somehow government should be in charge of our lives, should play a major role in our lives, essentially to be our parents.

People seem to really want the security that they think they're going to find in, for example, defined benefits or services from the government. How does someone acquire that mindset?

Norquist: Well, for those people who've lived in a situation like that for a long time, you simply get used to it. People who are over 70 years old grew up during a period of overwhelming government dominance: World War II, the Great Depression, the labor laws, the draft, one-size-fits-all pensions.

So there's an older-age cohort in America that can't imagine anything else.

There are younger Americans who, because they have computers, because they have email, because the average person who's 35 has had 10 jobs, sees a much more fluid and flexible world and is willing to be in that world. CJ

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State School Briefs

Fuel prices hit schools

With the beginning of the new school year, local school boards have been hit with a large and unexpected additional expense: higher fuel bills for operating their fleets of school buses.

"This is the serious one: fuel," Ken Kucirka of the Winston-Salem/Forsyth County school system said to the *Winston-Salem Journal*. "We're going to be as conservative with fuel as we can, but at 6.5 miles a gallon... We're still being subsidized at \$1.05 a gallon and we're paying \$1.62."

The school system puts about a million miles a year on its buses, making even a small increase in fuel prices a substantial unplanned additional budget expense. Kucirka, who oversees the system's auxiliary services, including school bus operations, estimates the extra cost to his system at as much as \$685,340.

"We should be getting it from DPI [the Department of Public Instruction]," he said. "We have an obligation to run these buses, and they have an obligation to help us."

Judge orders CMS hearing

Judge Howard Manning, Jr, who is overseeing the *Leandro* lawsuit about equal school funding, has refused to overturn the Charlotte-Mecklenburg Schools' student assignment plan. He will, however, allow civil rights lawyers, parents, and students to comment about the system's shortcomings.

In 1994, CMS interviewed in the *Leandro* case, arguing that it was not receiving adequate funding from the state to meet the educational challenges it faces. Recently, however, Manning has increasingly focused on the system's low high school test scores — 10 of 17 schools have less than 60 percent pass rates on state tests — and whether the system is up to the challenge regardless of the funding provided.

One side issue involving the Charlotte-Mecklenburg Schools was its student assignment plan. The system ended busing to achieve racial integration in recent years; a number of civil rights groups had hoped Manning would re-examine the issue. He refused, finding the system's failures are so widespread that merely shifting students around would not solve the problem. Instead, he plans to hold hearings on the system's operations, including "the wisdom and propriety of certain central school administration choices and practices." CJ

Little things mean a lot

Schools Make Small Size a Big Selling Point

By HAL YOUNG

Contributing Editor

RALEIGH

"We are committed to each child feeling like they're in the front row."

That was the vision shared by Judy Miller, the head of Raleigh's Maass Jewish Community School. Hers is one of the newest nonpublic schools in the state, just starting its second year this fall. It is also one of the smallest; the 2004-2005 enrollment was 10 students.

Miller's comment underscores one of the contrasts in North Carolina's educational landscape. While the state's public school systems and their constituent campuses have grown to massive proportions, with some superintendents presiding over student populations near 100,000, there are a significant number of small private schools attracting their own share of students and supporters. In many cases, their very smallness is key to their success.

According to data published by the state's Division of Non-Public Education, nearly one-third of North Carolina's 646 private schools enrolled 25 or fewer students in 2004-2005. While some of these were kindergarten programs, the majority, 167 of the 192 total, offered instruction in multiple grade levels, up to and including 12th grade.

These numbers do not include schools with special or at-risk populations, most of which report zero enrollment because their students rotate through the school in a matter of weeks or months. Neither do they include the 31,000-plus home schools, which state law treats as the smallest of small private schools.

The average school in this group comprises only 14 students and four staff members. Miller's school is an exception; besides herself, a full-time teacher as well as the school's administrative head, there were four full-time teachers and "many" part-time instructors, she said. This is partly due to their special mission.

"We want to be the school of choice for the Jewish community here," she said, and so Maass begins teaching modern Hebrew in kindergarten and Judaic studies every day. The school's website emphasizes academic excellence and growth in the students' awareness of Jewish faith, history, and cultural heritage.

That relatively large staff, though, is anchored by three homeroom teachers, in classes of two grade levels each, grades kindergarten through the first grade, grades two through three, and four through five. "The research shows there is significant and beneficial bonding that goes on between the teacher and students," Miller said. "This way each student has their homeroom teacher for

"We treat every student as special. Their lesson plans are customized."

— Eulita Heisey
Teacher at High Country

two years." She indicated that even as the school grows — the expected enrollment this year is "well over 20, and we're very happy about that" — Maass will continue with the two-year classes.

Asked about the future, Miller said school officials want to continue to strive for excellence in the kindergarten through fifth grades rather than expanding too rapidly into middle school. "And we hope to have our own building someday," she said. The school now meets in portable classrooms located on the property of Congregation Sha'arei Israel in north Raleigh.

North Carolina's law is favorable for founding nonpublic schools. The statute is brief, outlining requirements for initial reporting, record keeping, immunization, attendance, and standardized testing. The office overseeing the law, the Division of Non-Public Education, is separate from the Department of Public Instruction, so there is no conflict between private schools and public school systems, which may consider them competitors. The private-school law is straightforward enough that when homeschooling was recognized by the General Assembly in 1988, the new option became simply an amendment to the existing statute.

However, Rod Helder, director of DNPE, points out that there are a few significant differences. The law considers homeschooling as a one- or two-family endeavor, he said; enrollment of more than two families becomes a conventional nonpublic school. While initial filing, testing, and record-keeping are very similar, conventional nonpublic schools are also liable for health and safety inspections.

That requirement occasionally trips up a new school. According to Helder, local building codes and liability insurance often have different requirements for a building used twice a week for religious services, for example, versus one occupied six hours a day by a school. Delays securing the necessary inspections can result in postponed opening dates, or even preclude a new school from opening at all.

That has not been a problem for High Country Christian School in Banner Elk. The tiny academy in the high mountains of Avery County opened its doors in 1930 and continues today.

"I know 70-year-olds in the com-

munity who attended our school when they were children," said Eulita Heisey, head teacher at High Country. She assisted at the school herself 15 years ago, and after time in another locale, returned to Banner Elk three years ago as the chief administrator of the school.

She is the entire staff of the school. The student body consisted of six children last year, which is not unusual.

"At one time, in the 1950s, the school had about 50 students," she said. "That is really surprising, given the size of the town and the remote location. But for the past 15 to 20 years, the enrollment has varied from about four, one year, to 15."

Like many of its counterparts across the state, the school is associated with a local church but welcomes students from the community at large. Children of church members receive a discount — "because those families are already supporting the school, to some extent, through their support of the church" — but even full tuition is moderate; High Country charges only \$1,650 per year, which includes the cost of books and annual registration fees.

Heisey's program covers grades one through eight in a modern-day one-room schoolhouse. She speaks in the quiet cadences of the life-long elementary school teacher, but allows a note of surprise when asked how this arrangement works out for the students.

"It works great!" she said. "It's great for the younger children to be exposed to what the older children are studying, and to be able to move ahead if they have aptitude. Sometimes we have the older children helping the younger ones, like a big family working together to achieve our educational goals."

A former homeschooler herself — she taught her son at home 10 of his 12 years before college — Heisey frequently compared the atmosphere of her class with home education. Some of the challenges are the same; with multiple grades represented, "It takes a lot of planning to make sure everyone has work to do each moment," she said. The school depends on outside resources for activities such as music and sports, too. On the other hand, the smallness of the school is an advantage. "We treat every student as special. Their lesson plans are customized to them, much like a homeschool parent would do."

"You know," she said, "we can put everybody in two cars, and we can take our school outside the classroom whenever we want. We can hold class at Grandfather Mountain, or in the park downtown."

That smallness gives them a flexibility and responsiveness that larger schools are hard-pressed to match, and it ensures a continuing niche for these tiny schools. CJ

Opinion

Germany's Successful System

By PAIGE HOLLAND HAMP

Contributing Editor

RALEIGH

In a world where the United States is considered the premier global power, it is unsettling that the nation fails miserably in the education arena in worldwide comparisons. PISA, an internationally accepted study that tests 15-year-olds, assesses whether students who are near the end of their formal education have the knowledge and skills necessary to succeed.

According to the Organization for Economic Co-operation and Development, of the top 20-ranked countries in the combined PISA scores, 15 of them are in Europe. In almost every category the United States ranks well below most other industrialized countries, including South Korea, Finland, New Zealand, Belgium, France, Slovak Republic, and Germany. Worse yet, even U.S. high-achievers are failing to make the grade. The 2003 PISA results conclude, "On average, US high achievers for problem solving were outperformed by their OECD counterparts. The top scorer in this category was Korea at 550, the OECD average was 500 and the United States scored a dismal 477."

Just as the United States shares its success in other arenas with its global neighbors, obviously there are things Americans can learn from other countries instead of constantly recreating the wheel.

Germany is ranked consistently in the top 20 across all PISA categories. Recently I had the opportunity to visit the nation, and it was interesting to learn some of the strategies that are part of its success. There are several overall differences, including a longer school year, a varied daily schedule that allows students to take more classes annually and optional specialty classes such as music, drama, and sports being offered as after-school activities. These approaches provide more time in core courses without sacrificing special-interest classes.

While all of these approaches are important, perhaps the most significant difference is the division of secondary schools into three learning environments: Hauptschule, Realschule, and Gymnasium. After completing elementary school, which is similar to that in the United States, students are assigned to school types based on intelligence, speed of learning, and to, some degree, student-parent choice.

The Hauptschule lasts from the fifth to ninth grade and students achieve a general education certificate. Students have the option of a 10th-grade year, which would then give them the equivalent of a Realschule certificate. The Realschule is from the fifth to 10th grade and provides students with an enhanced general education certificate

that is comparable to the General Certificate of Secondary Education in Great Britain.

The Gymnasium is the highest-level school. Students who finish the 12th grade receive an academic education certificate and are eligible for Technical College. But they are limited in the coursework they can select, and those who finish the 13th grade and pass a series of exams, called Abitur, are prepared to take any university course of study.

From a more personal view, it is obvious that most students who attend German schools leave not only feeling successful but also building successful careers. My husband, Dirk and his three siblings, Volkmar, Berith, and Thorsten, attended German schools. Dirk and Volkmar attended Gymnasium. Dirk came to the United States, where he attended college and medical school and now practices pediatrics. Volkmar went to the University in Germany to study theology and now works with the German Baptist Convention developing youth curriculum. Berith attended Realschule, community college, and college in the United States. She now works in accounting. Thorsten attended Hauptschule and entered an apprenticeship program. When his parents moved to the United States he came with them and received an associate degree before going to college, where he earned a bachelor's degree. He has since completed a master's degree and now works as a computer software engineer.

While the U.S. school systems pride themselves on being all-inclusive, what we really end up with is mediocrity for everyone. By creating school environments that support the needs of the students, all learners feel empowered and many more students succeed.

Of course, the next assumption will be that Germany must spend much more than the United States does per pupil. However, according to the U.S. National Center for Educational Statistics 2004 report, the average cost for public school education in Germany was \$6,034 per pupil, while in the United States it was \$7,877.

The OECD report comes to the same conclusion: "Nor is high expenditure necessarily a key to success: a number of countries do well in terms of 'value for money' in their education systems, including Australia, Belgium, Canada, the Czech Republic, Finland, Japan, Korea, and the Netherlands, while some of the 'big spenders' perform below the OECD average."

The bottom line is that Germany spends significantly less per pupil than the United States does and achieves better results. Perhaps the key is spending the dollars more efficiently and where they will have the most impact... in the classroom.

CJ

Commentary

Ignoring Facts is a Failing Tactic

The recent release of North Carolina's ABCs testing data is already generating ripples of criticism and controversy. Hailed as one of the first comprehensive accountability programs in the nation, the ABCs system has measured student proficiency and school growth since 1996-97. Unfortunately, ABCs results for 2004-05 show only 69 percent of state schools meeting expected or high growth, a drop of 6 percentage points from the year before. While state bureaucrats admit student performance is faltering, they ignore the program's obvious design flaws and the fact that its reward system is fundamentally misguided.

What's the problem? For starters, current policies hamstring teachers, preventing them from tailoring methods to the actual students in their classroom. Each year, teachers are expected to teach this year's students based on last year's data. Teachers are given post-test results from the previous year as a baseline for students, ostensibly to provide information about the skills and proficiency of their incoming class. One obvious problem with this method, however, is that classroom demographics can change considerably from year to year — incoming students may differ substantially in skills and aptitude from the group that sat for last year's test.

Teachers not only begin the year with insufficient information, they are also judged unfairly. Financial bonuses are meted out based on a school's (not an individual teacher's) performance. This works fine for a good teacher in a strong school (making expected or high growth), but what about the stand-out teacher toiling in a school full of disadvantaged students? Under the ABCs system, that teacher receives nothing — clearly a disincentive for quality teachers to stay in the schools that need them most. Smart teachers, knowing they cannot possibly affect all students in a struggling school, flock to schools where well-educated, affluent parents will compensate for poor teaching. At-risk kids are left stranded in failing schools.

The result is a system roiling with internal politics. Large sums of bonus money (an estimated \$94 million last year) are tagged to school performance, so the heat is on to find a way to make schools look

good. State bureaucrats are caving under the pressure. This year, when sixth-grade reading scores came in alarmingly low (for the second year in a row), the State Board of Education made the decision to remove them altogether from growth

formula calculations. Including the scores would have resulted in only 22 percent of middle schools making expected or strong gains, compared to the 47 percent who earned this designation when the scores were dropped (still nothing to gloat about). While the scoring formula may be problematic, as state bureaucrats claimed, it is also highly likely that

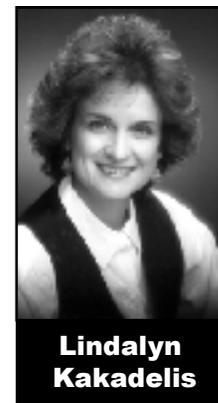
middle-school students are reading poorly. But in this case, politics won out. As Henry Adams wrote in his Pulitzer Prize-winning autobiography, *The Education of Henry Adams*, "practical politics consists in ignoring facts."

So, what's the remedy? First, teachers need better baseline information about incoming students, so they can tailor teaching methods to actual student proficiency. Teachers must then be held accountable for individual students' academic growth under their teaching, not for averages of groups. Rewarding teachers with merit pay would encourage quality teachers to stay the course and work hard, whether they are laboring in affluent schools or inner-city schools. Merit pay would also short-circuit much of the politicking surrounding school "growth" designations, as bonuses would be determined individually rather than collectively. Good schools would continue to stand out, and disadvantaged schools would have the requisite financial leverage to attract and retain quality teachers.

In the final analysis, attaining high student achievement and authentic accountability will require more than altering "growth formulas" or whitewashing troubling results. Such changes may make bureaucrats feel better, but they won't help students read or write.

"Ignoring the facts" might work in the world of politics, but it will earn you a failing grade in any classroom. CJ

Lindalyn Kakadelis is Director of the North Carolina Education Alliance.

Lindalyn
Kakadelis

School Reform Notes

ACT shows weaknesses

According to an ACT yearly report, only about half of this year's high school graduates have the reading skills they need to succeed in college, and even fewer are prepared for college-level science and math courses, *The New York Times* reports.

The report, based on the 2005 scores of 1.2 million high school graduates, found that fewer than one in four students met the college-readiness benchmarks in all four subjects tested: reading comprehension, English, math, and science. The benchmarks indicate the skill level at which a student has a 70 percent likelihood of earning a C or better, and a 50 percent chance of earning a B or better. About 68 percent achieved the benchmark in English, 41 percent had scores indicating success in college algebra, and 26 percent showed a likelihood of success in biology.

About 40 percent of the nation's 2005 high school graduates took the ACT, and the average overall score, 20.9 of a possible 36, was unchanged from the year before.

Cheating the system

With the implementation of the No Child Left Behind Act, now three years old, the amount of information about schools presented to the general public is at an all-time high. However, the average child in a failing institution is no closer to escaping now than before the law was passed, says Lisa Snell, director of the Reason Foundation's education program.

Federal and state legislators have a newfound focus on school accountability, but scant attention is being paid to the quality of data they are using, whether the topic is violence, test scores, or dropout rates. Consider:

- In the 2003-04 school year, 47 states and the District of Columbia reported they were home to not a single unsafe school, yet, in D.C. alone, the D.C. Office of the Inspector General reported more than 1,700 "serious security incidents" in city schools, including 464 weapons offenses.

- Economists from Harvard University's Kennedy School of Government explored the prevalence of cheating in public schools and found that on any given test, the scores of students in 3 percent to 6 percent of classrooms are doctored by teachers or administrators. CJ

Back to school

Cutting Classes: A Good Idea in Economics

By DR. KAREN PALASEK

Contributing Editor

RALEIGH

How much should K-12 students know about the economy they live in, about economic concepts, and about the economies of other nations? Educators, and many parents in North Carolina seem to agree that it's a good idea for students to understand at least some basic economic concepts before they exit high school.

According to the North Carolina Centers for Economic Education, Learnnc.org, EconEdLink, and the N.C. Department of Public Education, economic literacy is a necessary part of every student's learning. To further that goal, NCDPI's civics and economics curriculum offers online resources in the form of complete lesson plans for civics and economics teachers.

"Keep in mind that the concepts, terms, and suggested activities are fluid and provide more than enough information to teach this course," says the Civics and Economics Curriculum Document, 10th Grade Social Studies, NCDPI, 2004.

Using hyperlinked resources from such sites as Learnnc.org and EconEdLink, the NCDPI advises social studies teachers that they may add lessons in their own areas of interest or in a different order than the one outlined in the resource document. "Do note," it reads, "that as the teacher, you have the flexibility to teach these goals, objectives, concepts, and terms in the order that best fits the needs of the students."

This may work for some topics in social studies, but economists will argue that since economics is a study of incentives, as well as of causes and effects, the ordering of topics is not nearly as arbitrary as the NCDPI suggests.

Basic economics education

Economics education, at any level, begins with the concept of scarcity. The importance of scarcity, and the need to make choices among alternative goals and scarce resources is the reason that exchange through markets takes place. Substituting a gamelike exchange activity might help drive this point home, or it may fill 50 minutes without introducing any economic content at all. It's not enough to start with the right topic, the lesson must convey an understanding of important concepts.

"Make a Wampum Belt," a LearnNC.org lesson plan on the K-4 economics level, provides detailed instructions for making a mock wampum belt, then asks students to discuss what they would buy with their completed project. The lesson never broaches the question of why American Indians, living in a daily struggle to survive primitive conditions, would pursue

such a time-consuming activity in lieu of hunting, fishing, or constructing essential clothing and shelter.

Another K-3 lesson/game is "Not your Grandmother's Lemonade Stand." It mentions money, profit, and loss. But understanding the role of profit and loss, and its importance in decision-making on the supply side (a pretty advanced concept for K-3) doesn't come through. A far better alternative, for slightly older children, is *Roller Coaster Tycoon*, and similar titles. These are engaging and educational at a basic economic level. In terms of economic literacy, they offer a much superior alternative to lessons that do nothing but take up scarce time in young children's school days.

Middle and high school

Economic literacy is particularly important for middle- and high-school students. As young adults, they are preparing to take on more economic, and eventually policy, decisions. In order to tackle economics questions at the middle- and high-school level, the classroom teacher must have a deeper and more sophisticated understanding of economics (or whatever subject) than does the student. The online lesson that "contains all of the information needed to teach the economic concepts" is a myth. Instructors who are not competent to critically evaluate 'canned' lesson plans will teach their students exactly what they find online. Incomplete, erroneous, or biased information can and will be presented as fact.

There are numerous examples of quality problems in the economics lessons and resources prepared for North Carolina's secondary teachers. "A Case Study: The Inflation Rate — June 15, 2004" is one. This Learnnc.org lesson provides introductory definitions and discussion of inflation, then asks students to answer five multiple-choice questions to test their understanding. It's clear, though, that three of the five quiz questions are either answered incorrectly or have no correct choice. Some questions don't give enough information to make sense. In the example below, the writer's explanations of correct choices are incoherent in relation to the question.

From "A Case Study: The Inflation Rate — June, 2004" Learnnc.org:

Q. 5: The consumer price index has increased from 100 to 110 and average incomes have gone from \$30,000 to \$33,000, what has happened to real income? [sic]

- increased.
- decreased.
- not changed.
- one cannot tell.

A: [The correct answer is 'b,' or perhaps 'd.' If the quality has gone up by 100, the bicycle may be worth 100 percent more to

individuals. One simple way to interpret the result is that prices have increased by only 94 percent. Thus one might say that the real price has fallen.

However, it may be that the value of the bicycle to consumers is not twice as much just because quality has increased. Suppose that no one values that longer life of the bicycle. In that case, we would have to say that the real price has increased. This demonstrates part of the challenge in measuring price changes in goods that change in quality.]

Since the Learnnc.org classroom lessons are advertised as self-contained and complete, teachers must understand more than the lesson itself contains to recognize the flaws in questions as well as answers. The answer should be "c."

'Canned' lessons such as these are even more problematic when they bias the information students should be looking at critically. "The Family Farm: Still Part of the American Dream?" sends students to the Farm Aid web page as a source of factual information on the difficulties of the small farmer. Since Farm Aid is an advocacy group with a definite political and economic slant on this issue, students never consider unbiased or alternative perspectives.

The statement that farmers are "forced to sell off their land and take jobs elsewhere" surely evokes sympathy, not only for those somehow forced, but for any prospective rescue attempts. The U.S. House and Senate farm relief bills — in sympathy with Farm Aid — are simply described as attempts "to support farmers in times of crisis." Real economic literacy would compel us to consider a policy to aid small-family farmers as one possible use—among many—of scarce public funds.

Conclusion

Students have a better chance of understanding markets and economic events if they are familiar with the jargon and basic analytic concepts. The continued popularity of business schools for college majors suggests that exposure to economics is valuable preparation. Whether students get the kind of classroom experience that promotes good economic thinking will depend upon the quality of instruction they receive.

Lessons that present inaccurate information, classroom time spent on content-vacant activities instead of conceptual teaching and learning, and lesson materials that advocate a particular economic policy, have no place in the K12 curriculum.

The lesson plans and teacher resources now available through the North Carolina Department of Public Instruction and the Learnnc.org website suggest, however, that students would be better off skipping economics class altogether. CJ

Union Corruption Dominates Concerns at CEAUFU Convention

By JIM STEGALL
Guest Contributor

RALEIGH

Representatives of 19 independent, state-based teacher professional associations gathered recently in Washington, D.C. to learn what teachers' unions are up to, what the federal government is doing about it, and how best to resist forced unionization of the teaching profession in their states.

The 30th annual Concerned Educators Against Forced Unionism conference was conducted June 21-22. CEAUFU is a special project of the National Right to Work Legal Defense Foundation. Its purpose is to help nonunion professional associations for teachers fight off the efforts of teachers' unions to extend their control over public education, and to roll it back where possible.

Deputy Assistant Secretary Don Todd of the U.S. Department of Labor briefed the conferees on the actions being taken by the Office of Labor Management Standards to increase union accountability and transparency, and to rein in union corruption. The Labor Department had been averaging 11 convictions of union officials a month for the past five years, mostly for financial improprieties, Todd said. Unfortunately, only a few of these have resulted in significant media coverage. Responding to a query from the audience about the apparent ease with which so many corrupt union officials are caught, Todd said, "Well, you have to remember, these are blue-collar people trying to do white-collar crimes."

While teachers' unions are not generally considered to be among the worst offenders, corruption within one can be spectacular. One such case was the 2003 conviction of Washington, D.C. Teacher's Union President Barbara A. Bullock on

charges that she embezzled \$4.6 million in union dues. Most of the pilfered funds were spent on personal luxuries such as silverware, designer clothing, and travel, but thousands of the dollars found their way to the Democratic Party, and the campaign accounts of Democratic candidates such as New York Sen. Hillary Clinton.

Bullock pleaded guilty to the charges in exchange for a nine-year prison sentence, and later testified against her former office manager, Gwendolyn Hemphill, and former union treasurer James O. Baxter II, detailing their rolls in the embezzlement and subsequent coverup. Their trials are expected to last through the summer. Meanwhile, management of the Washington Teachers' Union has been taken over by the American Federation of Teachers, the nation's second-largest teachers' union.

Todd explained that the law governing union financial management is the Labor-Management Reporting and Disclosure Act of 1959, also known as the Landrum-Griffin Act. In addition to mandating annual financial reports, called LM-2s, this law sets standards for the democratic governance of unions and the safeguarding of union funds and assets. The old LM-2s demanded little specific information about political expenditures, and required only that unions disclose income and expenditures in increments of more than \$85,000. On the new forms, unions must report income and expenditures of all increments

more than \$5,000. Although union lawyers challenged the new rules in court, a three-judge panel of the U.S. Court of Appeals for the District of Columbia circuit ruled in May that Secretary of Labor Elaine Chao was within her rights to strengthen the LM-2 requirements.

Todd said that the department is now working to make audits of union-controlled trust funds public, and to require more extensive reporting by unions of gifts made by companies to their

officers, as well as financial transactions involving family members of union officials.

Conferees were also briefed on recent efforts by some members of Congress to enact a National Right to Work Act. According to Doug Stafford, vice president of the National Right to Work Committee, the legislation has 89 cosponsors in the House and 18 in the Senate. The bills, H.R.500, sponsored by Rep. Joe Wilson, R-SC, and S370, sponsored by Sen. Trent Lott, R-Miss., would repeal those sections of the National Labor Relations Act and Railroad Labor Act that allow an employer to fire workers who do not join or pay "representation fees" to a union. In effect, this would eliminate the so-called "agency shop" agreements that are often negotiated into workers contracts in states that do not have right-to-work laws. Asked for comment about the bills' prospects, spokesmen for House Speaker Dennis Hastert, R-Ill., and Senate Majority Leader Bill Frist, R-Tenn., said that no

decision has been made as to whether these bills would be called up for a vote during this session of Congress.

North Carolina is home to one of the nation's larger nonunion professional associations for teachers, Professional Educators of North Carolina. With more than 7,000 members statewide, PENC offers an alternative to educators who want to belong to a professional association, but do not wish to be associated with a labor union. As a nonpartisan association, PENC does not endorse candidates for office or provide assistance to candidates. President Jim Stegall and Executive Director Dr. Ellen Greaves represented PENC at the conference.

There are two labor organizations for teachers in North Carolina. The largest of the two, the North Carolina Association of Educators, claims not to be a labor union, although it is the state affiliate of the National Education Association, which is one of the country's largest and most well-known unions. All NCAE members are automatically NEA members as well. The much-smaller North Carolina affiliate of the American Federation of Teachers accepts its designation as a labor union and reported on its most recent (2004) LM-2 a total of 500 members. The NCAE does not file LM-2s, and so there is no verifiable data on its membership. NCAE routinely claims to represent more than 70,000 teachers across the state, but recent reporting by the Public School Forum seems to suggest that only about 37,000 actual classroom teachers are members, while 12,000 retired teachers, student teachers, and school support personnel fill out the ranks. CJ

Jim Stegall is president of PENC.

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Bats in the Belltower*Expensive redundancy*

The University of North Carolina at Chapel Hill seeks a full-time director of its Women's Center. It's been getting by with a part-time director, but that's not good enough, it seems.

Why is it not good enough? A July 23 *Chapel Hill Herald* article explained. "The addition of a full-time director is expected to lend some legitimacy; many large universities already have full-time staffs directing similar women's centers, said Provost Robert Shelton, whose office funds the endeavor."

Shelton told the *Herald*, "I think we've been behind the curve. In order to do this seriously, we need a full-time director."

Ah, the Everybody-Does-It justification for new or expanded programs — it's always a favorite of administrators at UNC-Chapel Hill. It's especially favored during a Lean Budget Year — which, it turns out, is every year.

But let's take a look at why UNC needs to do that "seriously." The *Herald* article's lead paragraphs provide ample reason to question it, even if the point of the article was to show the Women's Center that "You've Come a Long Way, Baby."

The *Herald* article opens by recounting the struggle the Women's Center had to overcome in its first year of operation: "In the beginning, people didn't even quite understand that UNC's new women's center was entirely separate from another, similarly named entity across town," it began (emphasis added). "The problem was, there already was such a center, named, appropriately, 'The Women's Center.' It was and still is located on Henderson Street and has, since 1979, been a resource for women across the Triangle."

The *Herald* continued in this vein. "The Carolina Women's Center, created in 1997, struggled at first to break from the shadows and establish its own identity. Five years later it has done just that, growing enough in popularity that the university is now seeking its first full-time director — an indication of the center's success."

Some new centers struggle in their first years with irrelevancy — here's one that struggled with redundancy. Now, at last, it's established enough where it can replace its redundant part-time director with a more expensive, redundant full-time one.

Caveat: Nothing reported herein changes the fact that at UNC-CH, the budget is cut to the bone, and it's only the essentials that are left to cut. CJ

UNC Board Selection's Legality Questioned*Names withdrawn — including the only Republican's — before last-minute vote*

By SHANNON BLOSSER

Contributing Writer

CHAPEL HILL

Every two years, members of the General Assembly are responsible for choosing half of the 32-member University of North Carolina Board of Governors. The board members make many important decisions on issues affecting UNC institutions, from tuition to personnel matters to funding allocations. Later this year, the board will select a new president for the system.

The choices this year by the General Assembly, however, led to some members openly questioning whether legislative leaders followed the law.

Elections to the board are governed by General Statute 116-6. It outlines two requirements for the election procedure, one covering nominees and balloting, and the other specifying when the vote must occur. According to the statute, nomination ballots should include "at least twice the number of candidates for the total seats open" and that "each house shall hold their elections within 30 legislative days after appointments to their education committees are complete."

The controversy began in April, when Senate members began deliberations to fill their eight seats with a slate of candidates. The Education Committee's list originally included 12 names, four short of the statutory minimum of 16.

On the day of the full Senate vote, Sen. Jeanne Lucas, D-Durham, who cochairs the Senate Education/Higher Education Committee, announced on the Senate floor that four candidates — Michael Brader Araje, Luther Hodges Jr., Robert Kennel, and John Spotswood Russell — had asked for their names to be withdrawn from consideration. Senate Republicans said it was the first they had heard that nominees had asked to withdraw, including Hodges, the lone Republican on the Senate's ballot.

Republicans asked questions on the floor as to why the nominees declined. Lucas would say only that they asked to be removed from consideration. When the vote was called, only eight nominees were left for the eight open seats — Brad Wilson, Phillip Dixon, Ray Farris, Hannah Gage, Peaches Gunter Blank, Willie Gilchrest, William Smith, and Jim Phillips. Rules in the Senate required a ballot to include eight names for it to be counted. Some Republicans voted for Hodges out of protest, but their votes weren't valid.

When the vote was complete, the Senate's half of the 2005 board selections had been approved without any semblance of the competition required by state law.

In the House, the board selection process was delayed until June and was

even less faithful to state law than in the Senate. To fill the eight open positions plus one vacancy for an unexpired term, the House Education Committee created a slate of nine names. As in the Senate, there was no competition.

A vocal critic of the House action was Rep. John Blust, R-Guilford. He said Democrat leaders waited until the last possible day to vote in June, with terms beginning July 1, to force a confirming vote. With 15 members voting against a resolution approving all of the candidates, Bradley Adcock, Dudley Flood, Frank Grainger, Charles Mercer, Craig Souza, Fred Mills, Irvin Roseman, David Young, and Charles Hayes were approved.

"The General Assembly did not follow the law," Blust said. "They handed out a resolution with the eight names that were going to be nominated and that was it."

Blust also charged that the House and Senate "changed what should be a General Assembly election into a speaker and president pro tem appointment."

Ironically, a recently released study by the John W. Pope Center for Higher Education Policy, "Governance in the Public Interest," concluded that the state would be better served if the members of the board were appointed by the governor.

The report argued that, being accountable to all the voters in the state, the governor would have greater incentive to select people to serve the interests of

the state. The current selection process, done by legislators, occurs "often with regard more to local factors than statewide needs, [and] there is no statewide vision, no statewide leadership, no clear accountability."

But if board members are allowed to be chosen without regard to the state's own laws governing the process, it may have even less accountability as gauged by the Pope Center study.

Blust foresees another difficulty as well: "How can we expect the public to follow the law that we passed that governs public behavior if we don't follow the law ourselves?"

With the appearance that only a handful of legislators actually selects the members to the Board of Governors, it further separates the governing board from the people of North Carolina at a time when some board members are proposing to give a new president an annual salary of up to \$450,000 (current president Molly C. Broad receives \$312,000 annually).

Critics say that the issue is not the individuals chosen by the Senate and House to govern the UNC system, but the process used in choosing them. What happens, they ask, when legislative leaders decide to ignore state law and adopt their own procedures?

If they can stamp out the statutory requirement that voting for board positions be competitive, what's to stop them from avoiding any other procedural requirement that seems inconvenient? CJ

From "Governance in the Public Interest," Pope Center Inquiry No. 22

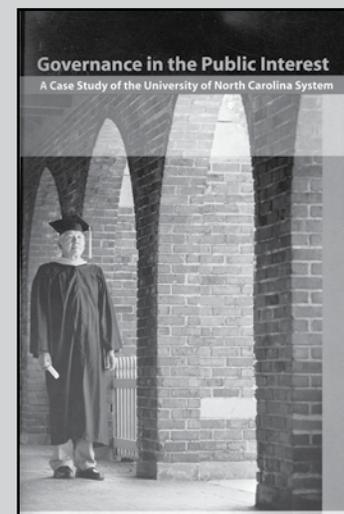
To ensure leadership and accountability for the state's higher education system, the governor should have authority to appoint the Board of Governors, plus all boards of trustees. The legislature can retain control through legislative oversight and appropriations.

The governor is elected by all the people of the state and it is his responsibility to put forth a coherent vision of the needs of the state. As a single elected official, he can be held accountable. Indeed, it will be up to the governor to appoint people who can translate his vision into concrete policies and follow through on them. If these appointees fail, the governor bears the responsibility.

Right now, with legislators selecting all members of the Board of Governors, often with regard more to local factors than statewide needs, there is no statewide vision, no statewide leadership, no clear accountability. A revised structure, along these lines, would provide valid checks and balances and ensure a clear and constitutional separation of powers.

Creating the statutory structure for higher education and appropriating the funds are legislative actions; executive leadership should be a gubernatorial responsibility.

(For more details, see www.popecenter.org/research/display_story.html?id=1584.)



UNC-Pembroke granted exception

NCAA Bans Indian Mascots

By JON SANDERS
Assistant Editor

RALEIGH

In early August an executive committee for the National Collegiate Athletics Association decided to prohibit the use of Indian mascots and nicknames by colleges and universities participating in the organization's postseason tournaments. The NCAA also strongly encouraged institutions to cease scheduling athletic competitions with schools who use Native American nicknames, imagery or mascots.

Enacted by the NCAA's Executive Committee, the decision came about through proposals passing through the NCAA's Minority Opportunities and Interest Committee meeting and then the Executive Committee Subcommittee on Gender and Diversity Issues. The NCAA has immediately banned schools from allowing student-athletes participating in NCAA championship competition to wear uniforms or display paraphernalia "with hostile or abusive references." The ban on Indian mascots at NCAA postseason tournaments is effective Feb. 1, 2006.

The NCAA also banned the wearing of "hostile or abusive references" by "mascots, cheerleaders, dance teams and band uniforms or paraphernalia" at NCAA championships starting Aug. 1, 2008.

The NCAA decided against, however, an all-out edict prohibiting member institutions from deciding upon their own mascots and athletics teams' nicknames, nor will it bar teams with Indian mascots and nicknames from participation in its postseason events.

"Colleges and universities may adopt any mascot that they wish, as that is an institutional matter," said Walter Harrison, chair of the Executive Committee and president at the University of Hartford. "But as a national association, we believe that mascots, nicknames or images deemed hostile or abusive in terms of race, ethnicity or national origin should not be visible at the championship events that we control."

The NCAA will also ban tournaments from being hosted by schools with Indian mascots. For those schools with Indian mascots that already are scheduled to host tournaments after Feb. 1, the NCAA will require covering up all logos deemed offensive.

The NCAA announced its decision Aug. 5 in a press release that described the new policy as one that would "prohibit NCAA colleges and universities from displaying hostile and abusive racial/ethnic/national origin mascots, nicknames or imagery at any of the 88 NCAA championships."

The NCAA identified 18 schools affected by the policy. Among those are Catawba College in Salisbury, whose

teams are named the Indians; Chowan College in Murfreesboro, whose teams are called the Braves; and Atlantic Coast Conference institution Florida State University, whose teams are known as the Seminoles.

The NCAA granted its lone exception to the University of North Carolina at Pembroke. The fact that UNCP is a historically Indian university did not prevent the NCAA from earlier this year demanding that UNCP conduct a study of itself and issue a report to the NCAA on UNCP's use of its "Braves" mascot and logo. Nevertheless, the organization appeared to recognize the foolishness of essentially accusing a historically Indian school of offending itself.

Overlooking the Seminoles

The NCAA was not so circumspect with its regard for the Seminole Tribe of Florida. On June 17, 2005, the Tribal Council of the Seminole Tribe of Florida unanimously adopted a resolution stating unequivocally its support for Florida State University's use of the Seminole as its mascot and inviting FSU to continue its relationship with the tribe.

The resolution stated that the "Seminole Tribe of Florida has an established relationship with Florida State University which includes its permission to use the name, 'Seminole' as well as various Seminole symbols and images such as Chief Osceola."

The NCAA's reasoning for including FSU on its list despite the Seminole Tribe of Florida's ringing endorsement was that "other Seminole tribes are not supportive" of FSU's mascot, Charlotte Westerhaus, NCAA vice president for diversity and inclusion, told *Sporting News* Aug. 5.

Shortly after the announcement from the NCAA, FSU President T.K. Wetherell issued a statement denouncing the decision. "Florida State University is stunned at the complete lack of appreciation for cultural diversity" shown by the NCAA, Wetherell said.

Wetherell vowed to "pursue all legal avenues" to keep FSU "associated with the 'unconquered' spirit of the Seminole Tribe of Florida." He cited a recent national survey finding "an overwhelming majority of Native Americans are not offended by the use of Native American names and symbols" and said the NCAA had been "swayed by a strident minority of activists who claim to speak for all Native Americans."

"It is unconscionable that the Seminole Tribe of Florida has been ignored," Wetherell said. The NCAA "would have us cover the Seminole name and symbol as if we were embarrassed. Any committee that would think that is a proper and respectful treatment of Native Americans should be ashamed." CJ

Commentary

California Dreamin' on UNC Prez's Pay

There's an old North Carolina joke about bad ideas in California taking 10 years to arrive here. But one seems to be making record time. Exponential salary growth for public-university executives has the University of North Carolina's president search committee California dreamin'.

Readers will recall that last year Marye Anne Fox, then-chancellor of North Carolina State University, left Raleigh to take the same position at the University of California at San Diego. The West Coast school had offered Fox \$102,000 a year more than N.C. State paid her. Fox was making \$248,000 a year here; she picked up \$350,000 a year in San Diego.

Naturally, the folks at N.C. State were apoplectic. Our chancellor salary isn't competitive! they fretted. But before Fox left, the annual salaries at UCSD and NCSU were quite similar. UCSD paid its former chancellor only about \$30,000 more than NCSU paid Fox. That's only about 12 percent higher. It was only when UCSD wanted another chancellor that it bumped the position's annual salary up another seventy large.

About that same time the UC system named UC-Santa Cruz Chancellor M.R.C. Greenwood as the new system provost — and gave him \$100,000 more a year than his immediate predecessor. The *San Francisco Chronicle* of April 22, 2004, said this new trend could start the "domino effect" of boosting top administrators' salaries even during UC's "most severe budget shortfall in years."

Frankly, this was one California fad we could have done without. Nevertheless, this month the committee seeking a new UNC president announced that it would offer an annual salary range of \$350,000 to as much as \$450,000 — significantly higher than what departing president Molly C. Broad receives (\$312,000). And July 17, *News & Observer* of Raleigh reporters Jane Stancill and David Raynor documented several executive positions within the UNC system that, through recent hires, saw annual salary increases in the tens of thousands of dollars. Just at UNC-Chapel Hill, those included \$58,000 more for a new dean, \$30,000 more for a new university librarian, \$40,000 more for a new vice chancellor for student affairs, and

a proposed \$40,000 more for a new law school dean.

Stancill and Raynor reported "there are already more than 2,200 state and University of North Carolina system employees who are paid more than \$100,000 in state money a year." Furthermore, "more

than two-thirds of them work at the universities."

Not long ago UNC-Chapel Hill required all incoming freshmen to read Barbara Ehrenreich's Marxist screed decrying poor people being "Nickel & Dimed: On (Not) Getting by in America." To go by the author's tone, you'd think

one of the biggest problems facing the poor is having to live and work around all those icky poor people, but that's beside the point. Bear in mind that UNC salaries are paid for by North Carolina's taxpayers, most of whom earn less in a year than, for example, a one-year increase allotted the position of vice chancellor of student affairs. But if UNC folks need a nickel & dimes analysis, let's give it to them.

A salary of \$450,000 for a new president at UNC works out — if you try to split the distribution as equally as possible — into three million nickels and dimes apiece. It's also nearly a million more of each denomination (920,000, to be exact) than Broad is making right now. Not exactly spare change.

Another way to look at it is this. The average income tax liability of each North Carolinian was \$848.94 in 2004, according to the U.S. Census. So about 368 North Carolinians work exclusively to pay for Molly Broad's services to UNC. It also means the UNC committee wants to force up to 162 more North Carolinians to devote their income-tax liability exclusively to the UNC president's salary.

Add those to the countless hundreds of people already forced into paying jacked-up executive salaries at UNC, and you've got a trend here every bit as ugly as kids trying to walk with their pants buckled around their knees and their undershorts jacked way up to wedgie level.

Thanks but no thanks, California. CJ

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



Jon Sanders

Course of the Month

Class, here's how to critique the media — which isn't liberal, see?

Remember the University of North Carolina at Chapel Hill's experiment on "media democracy"? Three UNC-CH departments at UNC-CH, including the Journalism School, helped fund an "independent news" site to challenge the "corporate media" by "empower[ing] individuals to become independent and civic journalists." The assumption is, of course, that "corporate" is a bias all its own — namely, a conservative bias shared by privately owned media (such as CNN and the New York Times), and all privately owned media foist this bias on the unsuspecting people. If citizens had access to their own, free media, the theory holds, then news would be surprisingly different; that is, leftist.

Of course, the theory has no place for weblogs ("blogs"), since they tend to feature "civic journalists" exposing the leftist bias of media outfits.

The recipient of UNC's support, chapelhill.indymedia.org, is a site where "civic journalists" register all kinds of bug-eyed conspiracy theories, flap-jawed assertions, and barking mad rants that run the gamut from the insane to the openly treasonous. It's not unusual to find a civic journalist calling for President Bush to be executed.

This month's honoree is right in line with the assumptions behind the indymedia disaster. It's a UNC-Wilmington course taught by Prof. Donna King, and it purports to study the "social, cultural and political consequences of the dominance of" — not the media, mind you, but "privately owned corporate media on a democratic society."

SOC 303: Mass Media and Society

In this course we will study the relationship between media, culture and society with special emphasis on the entertainment industry, news, advertising, and public relations. Specifically, we will look at the social, cultural and political consequences of the dominance of privately owned corporate media on a democratic society, and the role media play in the production, reception and representation of race, class, gender and sexuality.

To be sure, CM is sympathetic to the course's objectives of helping students interpret and critique what they receive from the media. It's part of responsible citizenship — and good economics — to consider the messenger when receiving informa-

tion, because information about the messenger is useful, too.

This messenger, for example, also operates within a bias. Sources for this course devoted to critiquing the media include a phalanx of leftist media-criticism outfits: The Media Channel, Reclaim the Media, Fairness and Accuracy in Reporting (FAIR), OutFoxed, Muckraker, and Media Education Foundation. There appears to be nothing in the course from conservative critics of the media, such as the Media Research Center or the Center for the Study of Popular Culture.

But then, part of the course is devoted to the topic of "Myth of the liberal media."

That would be news to, among others, ABC anchor Peter Jennings, who declared on CNN's "Larry King Live" in 2002 that "it is true, historically in the media, it has been more of a liberal persuasion for many years." And to Walter Cronkite, who remarked before a Radio and TV Correspondents Dinner audience in 1996, "Everybody knows that there's a liberal, that there's a heavy liberal persuasion among correspondents." And to *Newsweek* Washington Bureau Chief Evan Thomas, who told "Inside Washington" in 1996, "There is a liberal bias. It's demonstrable" and that then-ABC White House reporter "Brit Hume's bosses are liberal and they're always quietly denouncing him as being a right-wing nut."

Hume later found work at FOX News — which rates its own, special inclusion in this course, through demonization of its owner, Rupert Murdoch. The "Ownership filter of news" includes two articles titled "Mr. Murdoch's War" and "Murdoch's mean machine," readings from "FAIR's online resource site for News Corps/Fox," "online documents and studies from Outfoxed," and the video "Outfoxed: Rupert Murdoch's War on Journalism" with another video recommended, "Who's Afraid of Rupert Murdoch?"

More info on this course is at www.popecenter.org under "Course of the Month." Tune in there to find a course reading excerpt say ... Ronald Reagan's "cowboy image and his right-wing beliefs represented a vision of America rooted deep in the past, when blacks were not demanding equality, when women accepted their second-class status, when gays were still in the closet. Basically, a past when men were still men and knew what that meant." CJ

Budget Compromise Increases UNC Spending by 9.9 Percent

By SHANNON BLOSSER
Contributing Editor

RALEIGH

Two months into fiscal 2006, lawmakers finally reached a consensus and approved a budget plan in mid-August that will increase spending within the UNC system by 9.9 percent.

UNC's appropriation for fiscal 2005-06 is \$2.086 billion, representing 12.1 percent of the \$17.2 billion budget. Gov. Mike Easley signed the budget into law Aug. 13.

The budget for fiscal 2006-07 will further increase UNC spending to \$2.12 billion.

"North Carolina's General Assembly has worked hard to pass a budget, and I commend them for their efforts," Easley said in a press statement. "It is one of the best education budgets I have seen."

The budget compromise was reached in a conference committee that included ranking members of the Democratic Party in both the House and Senate. No Republicans were named to the conference committee. When committee members released the budget Aug. 7, it included several provisions that had originally been included in both the House and Senate plans. Some of the more controversial aspects to the original Senate budget were dropped, however.

Gone from the final budget plan was a Senate proposal to give UNC-Chapel Hill and North Carolina State University the ability to set their own tuition rates without approval from the UNC Board of Governors. That contentious provision had been pushed by several legislators in the Senate Democratic leadership as well as the Citizens for Higher Education Political Action Committee, a group of UNC-Chapel Hill supporters who have given several hundred thousand dollars in campaign donations to members of both chambers.

What survived the conference committee, however, was another controversial proposal that originated in the Senate budget plan, allowing schools to consider out-of-state students who receive a full scholarship as residents of North Carolina. The plan would charge the low in-state tuition rates to non-residents with full scholarships. The provision was pushed by groups such as the Rams Club and Wolfpack Club that fund athletic scholarships for out-of-state and in-state athletes.

The budget also includes the continuation of the North Carolina School of Science and Mathematics tuition waiver program. That policy awards free tuition to any UNC institution to graduates of the residential high school, regardless of

their academic records. House members had included a provision in their budget plan to phase out the program. Instead, the budget increases funding for the program by \$585,565 in 2006 and \$1.5 million in 2007 because of funding for future graduates. In January, the Pope Center for Higher Education Policy criticized the tuition waiver as an unfair and ineffectual subsidy.

Also in the budget is a provision for \$72.8 million in enrollment growth funding, which gives money to campuses based on the number of students at each campus. Along with that is a requirement that UNC leaders, the Office of State Budget and Management, and General Assembly's Fiscal Research Division review the way the enrollment growth funding is used. In March, UNC President Molly Broad asked legislators to move enrollment funding to the continuation budget, similar to what is done with the Average Daily Membership money in the Department of Public Instruction, to guarantee the money to the 16 campuses each year.

Other spending provisions in the budget includes \$150,000 for the Program on Southern Politics Media and Public Life at UNC-Chapel Hill; \$500,000 for the James B. Hunt Jr. Institute for Educational Leadership Policy in Chapel Hill; \$100,000 in equipment and operational support for North Carolina Central's athletic and early high school programs; and \$20,000 for North Carolina State to operate the North Carolina Japan Center.

While there were considerable increases in the state budget, legislators did find some areas to cut spending for certain programs. The budget eliminates nearly \$24 million in funding from the general fund for need-based financial aid programs. That program will be funded at \$67 million with funding coming from the Escheat Fund.

The budget also calls for 1.72 percent in management flexibility reductions in both fiscal 2006 and 2007. That amounts to about \$31 million in reductions systemwide before the budget increases.

In all, total UNC spending is the third largest appropriation, by grouping, in the budget, trailing only the Department of Public Instruction (\$6.6 billion), and mental assistance funding (\$2.5 billion). UNC spending also outpaces what the state spends on justice and public safety (\$1.7 billion), and natural and economic resources (\$457 million). CJ

Shannon Blosser (sblosser@popecenter.org) is a staff writer with the John W. Pope Center for Higher Education Policy.

Students saddled with teaching

Over-Reliance on Teaching Assistants Harms UNC Education

By TREY WINSLETT
Editorial Intern

CHAPEL HILL

While browsing in a bookstore recently, I noticed a slim volume entitled "University of North Carolina: Off the Record." It's a student's-eye view of life at UNC-Chapel Hill. What particularly caught my attention as I flipped through the pages were lists of the 10 best and 10 worst things about the university.

Making the "Ten Worst" list were predictable complaints about inconveniences such as the terrible parking situation, the misery of the registration system, and the extraordinary difficulty of getting tickets for a Duke basketball game. Also making the list was a pet peeve of mine, one that has a direct and serious effect on the quality of education students receive — teaching assistants.

Teaching assistants are graduate students who are employed to assist professors in the work of instructing students and grading their work.

Most students encounter the assistants in large lecture classes. The university finds it necessary to break down a large class into smaller groups of students of about 20 students per group. The university then uses the assistants to facilitate discussions of topics taught in the lecture and also to field students' questions.

That is the idea, at least, but in practice it doesn't usually work out very well.

First, not all assistants are able to fill this role. Some are capable at helping the students understand the material, but others are woeful. Many classes have five or more assistants. The lucky students will be assigned an assistant who is

competent, but there are many unlucky students who are assigned to assistants who are not competent to fill what is essentially a teaching role. That is hardly fair, nor is it a good educational practice.

Perhaps the greatest problem relating to assistants' competence is the inability of some of them to speak English. According to the UNC Policy Manual, "Competency to teach includes an effective command of the language of instruction, usually American English, and an appreciation for the culture of the American university classroom." In my experience at UNC-Chapel Hill, I have had several assistants who weren't even close to having an effective command of the English language.

Most are capable of saying what they have prepared to say in English, but problems arise when students start asking questions. In my "Introduction to Economics" class, for example, my assistant was from a foreign country and



could read her notes in English very effectively. Students would then ask questions and the educational value went downhill fast. Sometimes she was unable to understand what the student was trying to

lem. Assistants are students themselves, often more concerned with their own scholastic endeavors than that of teaching undergraduate students. In another economics class I took, the assistant did little more than show up and quote from the textbook.

In a political science course, our recitation section was supposed to last an hour, but usually lasted less than 10 minutes because the assistant had no real interest in staying behind to teach the class.

My question is, why is this situation tolerated? UNC-Chapel Hill and other universities have been hearing complaints from students for many years about the employment of assistants who are embarrassingly bad at teaching. Sure, they make a show of doing something.

They say that they require English proficiency, but are clearly willing to accept a low definition of "proficiency." UNC has set up a "Center for Teaching and Learning" that's supposed to improve the teaching skills of assistants (as well as inexperienced professors), but it's impossible to detect any improvement in the situation.

Assistants at Chapel Hill have a lot to do so that professors can have low teaching loads so they'll have plenty of time for research. In a few areas, that research is important, but in most it isn't.

Maybe the solution to poor assistants is for professors to do more teaching themselves. CJ

Trey Winslett is a junior at UNC-Chapel Hill.



ask.

Another problem is the fact that assistants grade student essays differently. As with English proficiency, grading standards vary greatly and for students it's the luck of the draw. Many times students have to appeal their grades because they think the assistants were not fair in their grading.

Also, in some of the large lecture classes part of a student's final grade is a totally subjective participation grade given by assistants, which means students can be given good or bad grades based solely on the assistants' opinion of them. Students whose views differ from those of the assistant can suffer for it.

There is also a motivational prob-

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Town and County

Hickory to lose flights?

In May, aided by city incentives, scheduled air service returned to Hickory. Less than four months later, the airline offering the service has said it will drop the flights if ridership doesn't quickly improve.

"Delta is certainly in no position, or is ASA, to devote resources to a situation that is not going to produce a profit," Sam Watts said to *The Charlotte Observer*. "There is an urgency here." Watts is vice president for planning and logistics for Atlantic Southeast Airlines, which flies three times a day between Hickory and Atlanta on behalf of Delta Airlines. The service is on 40-seat Candair Regional Jets.

The Hickory-Atlanta flights have been only about 40 percent full despite the city of Hickory spending \$250,000 to advertise the flights. ASA's average load factor is about 70 percent. Hickory's close proximity to Charlotte/Douglas International Airport, from which Delta alone flies 11 flights a day to Atlanta, is a major factor in Hickory's inability to attract passengers to its flights. The high price of aviation fuel plus the relatively high operating costs of regional jets also are factors placing the route at risk.

"If it doesn't work for Hickory now, it's over, it's permanent," aviation consultant Mike Boyd said to the newspaper.

Delta/ASA also started service earlier this year from Kinston to Atlanta. That route is doing well, with above-average load factors.

Charlotte parking to cost?

Free on-street parking after hours and on weekends may come to an end in Charlotte under a proposal city officials are examining. The move comes as a number of privately owned parking decks are no longer offering free parking nights as the NBA's Charlotte Bobcats move into a new uptown area this fall.

"We originally kept the parking free to make the center city more vibrant, and it certainly has done that," Doreen Szymanski of the Charlotte Department of Transportation said to *The Charlotte Observer*. "The question now is, do we think it will have too much of a negative effect if we change that."

The city charges \$1 per hour to park at meters, typically with a two-hour time limit. A change in city policy would not require a vote by city council. CJ

Annexation Popular With Cities Big And Small

By MICHAEL LOWREY

Associate Editor

RALEIGH

Each July 1 begins a new fiscal year for North Carolina's municipalities. For many cities and towns with that date also comes the extra responsibility — and revenues — from additional land taken into the municipality through annexation.

And North Carolina's town and cities certainly do grow by annexation. Between the April 2000 census and July 2003, the state demographer estimates the population of the state's 228 towns and cities with populations of more than 2,000 has grown by 314,000. More than 52 percent of the growth — 164,000 people added to municipal tax roles — has come through annexation. Charlotte, Raleigh, Fayetteville, and Wilmington each saw their populations grow by more than 10,000 as a result of annexation during that period.

Had the 164,000 people annexed statewide in 2000 to 2003 instead been combined into a single new municipality, they would constitute the state's sixth largest city. Only Charlotte, Raleigh, Greensboro, Durham, and Winston-Salem had greater populations in 2000.

The increase in municipal land area was no less significant; between April 2000 and July 2003, the towns and cities added 204 square miles of land to their tax rolls.

Annexation isn't limited to the state's big cities. The Anson County town of Wadesboro added 2,141 people to its 2000 population of 3,568 through annexation between 2000 and 2003. Stallings in Union County added 5,256 people via annexation; its 2000 population was only 3,171.

A matter of policy

While North Carolina law at one time required legislative approval of proposed annexations, that provision was repealed long ago. Since 1959, state law has allowed and encouraged involuntary annexations as a means of bringing additional services to parcels used for "urban" types of uses. As N.C. General Statutes 160A-33 and 160A-45 state:

It is hereby declared as a matter of State policy:

(1) That sound urban development is essential to the continued economic development of North Carolina;

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

(3) That municipal boundaries should be extended, in accordance with legislative standards applicable throughout the

State, to include such areas and to provide the high quality of governmental services needed therein for the public health, safety and welfare...

The statutes define the legal requirements for annexation in the state with slightly different standards applying, depending upon whether the annexing town has a population of more than 5,000. As long as the land is properly classified and the municipality follows the required procedure, annexation occurs regardless of whether the affected landowners agree. A referendum is not required.

In quest of tax dollars

While the statute allows involuntary annexations, it does not require that cities and towns take in land by doing so. The prevalence of the procedure suggests that many towns and cities are annexing land because they perceive it's in their best interest to do so.

"The main reason that cities are so eager to annex is twofold," said Chad Adams, director of the Center for Local Innovation at the John Locke Foundation and vice chairman of the Lee County Commission. "As the cost of city services rise and downtown areas don't appreciate in value quickly, they need additional revenue. They can do that by annexing more valuable property or raising taxes. It's easier to annex."

Fayetteville presents a generally similar rationale on its website, offering justifications that include "to spread the cost of providing City services to those who live nearby and commute to the City to work, shop, play, receive health care, etc.;" and "to recover tax base lost through out-migration."

If annexation is a means to generate extra revenue, is it possible for there to

be too much of a good thing, for municipalities to annex too much?

In a 2002 paper in *Applied Economics*, UNC-Charlotte professors Gaines Liner and Rob Roy McGregor say that an optimal rate of annexation may exist. The two researchers note that economies of scale and scope may exist in providing municipal services. As a result, a growing city may be a more-efficient city, and able to spend less per capita to provide services and offer lower per-capita taxes and fees.

There is a limit to these efficiencies, however. "Eventually though, administrative and service inefficiencies are likely to develop as the city's geographic and population base increase, and monopolistic inefficiencies are likely to worsen," the UNC-Charlotte economists wrote.

To test their theory, Liner and McGregor examined data from 450 U.S. cities with population of more than 25,000 in 1972 and 1983. They found that there was indeed, an optimal level of annexation. Per-capita expenditure was minimized if a city increased in size by 93 percent over the 10-year period while the least growth in per-capita taxation happened with a 78 percent increase in size. The authors noted that the conclusions need not apply to smaller communities and that the next step would be to combine their methodology to consider optimal city size.

Whether North Carolina cities and towns actually perceive any such limits or inefficiencies from becoming too big is another matter.

Adams, for one, sees little sign of it. "There is a ludicrous race to 'gobble up' as much property in North Carolina as possible. It may sound far-fetched, but the mentality seems to be that North Carolina should simply become a series of municipal limits and parks." CJ

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Union County case

Court Rules Annexation Isn't Guarantee of More Services

By MICHAEL LOWREY

Associate Editor

RALEIGH

When the General Assembly rewrote the state's annexation laws in 1959, it established a presumption that land used for "urban" purposes should be included in a municipality capable of providing the appropriate urban services. Towns and cities were allowed to involuntarily annex adjacent land as long as they provided urban services on an equal base as they provided them to existing property owners within the municipality. The tradeoff would be extra services for extra taxes.

A case working its way through the North Carolina courts tests exactly how few services, if any, an expanding town must provide to all its residents to still be allowed to involuntarily annex land.

In July 2003, the Union County town of Marvin adopted a resolution to annex additional land, including property owned by William J. Nolan III and his wife, Louise C. Hemphill-Nolan. The Nolans challenged the legality of annexation, contending the town's action violated state public policy. Specifically, they argued that North Carolina law recognizes the importance of municipalities in providing governmental services necessary to support residential, commercial, industrial, institutional, and government development, the land classifications that allow for annexation. Marvin, they said, would provide them with no additional services beyond those that Union County already provided, thus undermining the very premise allowing the town to involuntarily annex land.

Marvin has three part-time (12-hour-a-week) administrators. It does not provide its own police or fire protection, street lighting, solid waste, street maintenance, water and sewer, animal control, or parks and recreation services. While Marvin once contracted with the sheriff for additional police protection, the contract was not renewed. The village does contract out for planning and engineering services, an auditor, and an attorney.

A majority of a three-judge Court of Appeals panel did not agree with the Nolans' contention, finding instead that Marvin had met all of the requirements spelled out in state law.

"...We agree with the trial court that sections 160A-33 and 160A-35(3) do not require respondent to provide additional services that the current residents of the municipality do not enjoy, or to duplicate services already provided to the area to be annexed," Chief Judge John Martin wrote for the court.

"Contrary to petitioners' argu-

ment, section 160A-35(3) does not command municipalities to provide certain specific services, but ensures that whatever services are provided, are provided in a non-discriminatory fashion to those areas to be annexed."

Martin's opinion also suggested where the Nolans and others who might themselves in a similar situation in the future should look for help. "We are not unsympathetic to petitioners' contention they will receive very few additional services despite additional taxation. We are, however, bound by the plain language of the statute and case precedent. Petitioners must look to the General Assembly, and not the courts, for relief in such matters."

The majority also rejected the Nolans' contention that the annexation should be overturned as Marvin officials had refused to provide an answer at a public hearing as to why they were annexing the Nolans' property. The appeals court agreed with the lower court that the Nolans were not materially injured by the town's refusal, as any answer given would not have affected the validity of the annexation.

Judge John Tyson dissented from the majority holding, finding that Marvin's annexation violated the intent of the state's annexation laws. The legislative history and state case law emphasize, Tyson wrote, that higher taxes from being in a municipality comes in exchange for greater services. This Marvin's involuntary annexation did not do.

"Respondent's [Marvin's] 'harsh exercise' of involuntary annexation offers petitioners nothing in return. Respondent demands the privileges of taxation and involuntary annexation without accepting the responsibility for providing needed urban or meaningful municipal services. Respondent's purported involuntary annexation is a flagrant violation of the plain language, intent, and purpose of the statute and supporting case law.

"Respondent's plan gives new meaning to the phrase 'taxation without representation' and adds to that phrase 'or anything else.' Respondent's illegal conduct is exacerbated by its refusal to answer petitioners' questions at a statutorily required public hearing and denial to petitioners of minimal due process."

Court of Appeals rulings are controlling interpretations of state law unless overruled by the N.C. Supreme Court. Because of Tyson's dissent, the high court must hear the case if the Nolans further appeal.

The case is available on line at www.aoc.state.nc.us/www/public/coa/opinions/2005/041169-1.htm. CJ

Commentary

What Doesn't Go To Schools?

Cities and counties have settled into their new budget year. Municipalities are gearing up for their elections and the General Assembly has left Raleigh after deciding that more than \$1.2 billion in new spending is a good deal for the citizens of the state. But, and this is a big BUT, there is a small storm brewing that may well cost cities and counties millions of dollars to be funneled to local school systems. Pay attention because this entire scene unfolds in the North Carolina court system.

Article IX, Section 7 of the state Constitution essentially tells us that money received from

finances and forfeitures collected when someone breaks the law goes directly to the public school systems. That alone is nothing most of us didn't already know and was affirmed in *Mussallum v. Mussallum* in 1988 by the state Supreme Court. But a recent decision rendered in *NC School Boards Ass'n v. Moore* may change our perceptions. In this case, the court took a much broader approach to the interpretation of penalties and fines. Following the intricacies here is akin to understanding your income taxes. You know you have to pay, but you're just never totally sure you did it right. For instance, UNC library fines are "remedial," not "punitive" and do not go to the school systems. However, monies collected by the N.C. Department of Transportation for violations of axle weight limits are penalties and go to the school system. Environmental violations, late fees paid to state agencies and penalties for lapses in insurance coverage all go to the schools. Ditto for UNC parking fines, late-filing of income taxes, underpayment of taxes and failure to comply with the NC Revenue Act. In fact, it's getting harder to find out exactly what doesn't go to the schools systems. That brings us back to the quandary for local governments.

List-serves (those wonderful little electronic lists that finance, tax, and manager types peruse almost daily) were loaded with folks asking what this might mean for them. Would this mean that late

listing penalties normally paid to counties would have to be transferred to the local school board? What about parking fines collected by cities, what about forfeitures? Counties also do work to ensure that what is listed by taxpayers is accurate, if they find an addition to a house or new garage, that's called a "discovery." Money can

be collected for up to five years in delinquent property taxes plus penalties. Would that be subject to the new ruling?

Without getting into too much detail, the price of calculating this up individually is also costly. Staff time costs money and current software in place doesn't track the money

in such a way that it could easily be credited to the schools.

As of this writing, many counties and cities are gearing up for what may be a challenging year in sorting out all the ripples from this ruling. Counties can moderate the effects of this by determining the net effects as they go through the budget cycle. They would calculate the fine and forfeiture impact and negotiate their local funding "in addition to" whatever that net number may be. But for cities, this could be ominous indeed. Having cities cough up money to the school systems will trigger more than a few verbal exchanges and probably some significant monetary ones.

Several counties are considering paying the school systems what they believe they are currently due. And while this may seem altruistic, the real reason could be that this ruling could have a retroactive component to it. The logic here is that maybe school systems will accept the kind gesture without wanting the past five years worth of fines. One can hope that such an overture would work. Then again, maybe cities and counties will just wait this one out until something definitive is decided.

My, how we love our court system!

CJ

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



Chad Adams

Local Innovation Bulletin Board

HOV Accident Rates Higher

High-occupancy vehicle lanes have become fixtures of many urban freeways. But in an attempt to do a good deed, there is evidence that adding HOV lanes might lead to more accidents, *The Wall Street Journal* reports.

According to the Texas Transportation Institute, accident rates have increased since the addition of HOV lanes in Dallas. When the HOV lanes opened in 1996 on Interstate 635, the accident rate per 100 million vehicle-miles increased from 32 to 50. In 1997, when an additional 3.8 miles of HOV lane were added, the accident rate increased from 44 to 62.

Rates have also increased in other states, including California, where accident rates have grown by 11 percent in locations where HOV lanes were added.

One reason HOV dangers haven't received a lot of attention is that the accidents tend to be minor, such as side-swipes and fender benders, observers say. Nonetheless, serious accidents do occur.

So why might HOV lanes cause accidents? Lanes are usually not separated by concrete barriers, so drivers often illegally weave between the regular and HOV lanes.

Drivers stuck in gridlock also tend to be resentful of their faster-moving counterparts and won't let them merge back onto the regular freeway, causing accidents.

In response to the increase in accidents, Dallas traffic planners are considering using 2.5-foot-tall pylons to separate a new stretch of HOV lanes on U.S. 75. The pylons could add up to \$8 million to the initial cost of the project.

North Carolina's first HOV lane opened recently in Charlotte.

Being like Portland

Toronto is taking a cue from Portland, Ore. by establishing a growth boundary around the city, thus prohibiting further development. But farmland in the "no-build" zone will drop in value, while housing prices inside the boundary will skyrocket, according to the *Western Standard*.

Farmers who simply want to sell their land at market value are accusing Ontario's premier, Dalton McGuinty, of transferring wealth from rural citizens to urban dwellers. Limiting development also will make housing more unaffordable as population grows.

By 2030, the population of greater Toronto is expected to increase by more than 2 million. Toronto's growth

boundary will take housing out of the reach for lower-income families.

Demographic and transportation consultant Wendell Cox said that when Portland established its growth boundary in 1997, housing affordability levels became the worst in the United States. Economist Randal O'Toole said that Portland's growth boundary has made Portland the second-most traffic-congested city in the United States, just behind Los Angeles.

While farmers are permitted to continue farming on their land, it is little consolation for landowners who are facing five-year lows on corn and soy prices, and would rather have the option of selling their land to developers.

Victor Doyle, co-manager of the greenbelt plan, said Canada does not guarantee property rights like the United States, so there is no mechanism by which individual landowners can appeal the boundary.

More cameras coming

The number of surveillance cameras is increasing, proving to be a valuable method of protection by helping police catch criminals as well as protecting against terrorism, *USA Today* reports.

Many cities are using cameras to watch streets, parks, and other public places:

- New Orleans installed more than 200 wireless digital cameras in housing projects, cruise terminals, and the French Quarter.

- Baltimore is installing a \$2 million network of more than 90 surveillance cameras in the Inner Harbor tourist area and high-crime neighborhoods.

- Chicago is adding 250 cameras in high-crime areas and plans to link the 2,000 cameras that monitor public housing, the transit system, and public buildings, so their feeds can be watched at the city's emergency operations center; the cameras will be able to hear gunshots and aim at the sound.

- Los Angeles has installed anti-crime video cameras in three neighborhoods, paid for by local businesses and the Motion Picture Association of America, which wants to thwart street sales of bootleg DVDs.

Even though the number of police-run surveillance cameras is small, privacy advocates claim that since they are government-run, the threat to civil liberties is great. Nevertheless, fear of terrorism will encourage more surveillance. CJ

From Cherokee to Currituck**Ashe County Reviews Policy Regarding Polluting Industries**

By MICHAEL LOWREY

Associate Editor

RALEIGH

Ashe County officials are reviewing the county's polluting-industry policy after an asphalt plant was nearly allowed to be built near the town of Jefferson. A proposed immediate change has been put off, the *Winston-Salem Journal* reports, after questions arose about the need and desirability of the changes.

In June, a property owner inquired about the possibility of building an asphalt plant on 43 acres his family owned near Jefferson. The proposal met all existing zoning rules except for being too near a mobile home the family owned. The county refused to grant a zoning variance and the land has since been taken into Jefferson's extraterritorial jurisdiction.

After nearly having to approve the plant, the Ashe County Commission held a special session and agreed to push toward a new regulation prohibiting new polluting industries within a mile of a business, school, church, hospital, the Blue Ridge Parkway, or the New River.

In late July, the commission had second thoughts and voted 3-2 to spend six months studying the issue rather than adopt the stringent restrictions. The change of direction came from concerns about property rights and a fear that the proposed location limits on siting polluting industries might not survive court scrutiny.

"I think that provision is likely not to pass muster under the reasonableness requirement courts impose" County Attorney John Kilby said at a commission meeting. "It certainly has the possibility of making it nearly impossible for existing industries that come within the definition to expand or relocate."

Charlotte trash pickup

Charlotte has limited how much garbage the city will collect from homes. Effective Aug. 15, city garbage trucks will empty only two large containers per week per house. The move is aimed at increasing efficiency and reducing cost.

"Every time you add a cart, the route takes longer and that raises the cost," solid-waste administrator Carl Terrell said to *The Charlotte Observer*. Terrell noted that there is no limit on how

many recycling containers a household can use. Charlotte also collects bulky items and yard waste separately from ordinary garbage. The limit will not apply around Christmas. The city has a separate garbage collection for legal home-based businesses.

The city currently collects garbage from 193,452 homes. More than 14,000 have two roll-out carts. A total of 1,053 homes have three or more roll-out carts.

"It's absolutely ridiculous," Trevor Cherry, a resident, said to the newspaper. "If they think I'm going to go take my

stuff to a landfill and pay, they're wrong. I'm going to get it picked up, even if that means using my neighbors' cans."

Cherry has four garbage carts.

Many area cities already limit the amount municipal garbage crews will collect per week. The limit in Raleigh, for example, is also two carts per week. Gastonia's limit is three carts. Monroe charges by the garbage can.

Clayton wastewater capacity

The fastest-growing town in one of North Carolina's fastest-growing counties is negotiating frantically to avoid having to impose a moratorium on new residential construction. While many rapidly growing communities are struggling with the need to build enough schools, the problem for the Johnston County town of Clayton is ensuring adequate wastewater treatment capacity.

The answer to Clayton's problem lies across the county line with Raleigh. Raleigh has offered to lease the town one million gallons of wastewater treatment capacity per day for the next 10 years. Lease costs are estimated at \$6.65 million and include the price of building a five-mile pipeline to hook up to Raleigh's water system.

"It's a no-brainer," Clayton City Councilman Robert Ahlert said to *The News & Observer* of Raleigh.

Clayton's town manager estimates that if the town continues to add 200 new homes a year for the next 10 years, it will take in at least \$17 million in additional property taxes.

Between the April 2000 census and July 2003, the population of Clayton is estimated to have grown from 8,126 to 10,245, a 26.1 percent increase. Johnston County's population as a whole grew by 11.8 percent. CJ

"I think the provision is likely not to pass muster."

— John Kilby
Ashe County Attorney

CMS Management Subtext of Charlotte Bond Vote

By SAM A. HIEB
Contributing Editor

CHARLOTTE

Voters in Mecklenburg County will decide in November whether to spend \$554 million for school bonds and other assorted projects.

Despite hard questions posed by Republican county commissioners — and two members of the Charlotte-Mecklenburg Board of Education — the bond issue will be on the ballot in the fall election.

Besides school projects, the total bond package includes \$20 million to protect the Mountain Island Lake watershed, \$14 million for jails and law-enforcement facilities, and \$46 million for Central Piedmont Community College.

But Charlotte Mecklenburg Schools would stand to benefit most from the passage of a bond. CMS would get \$427 million for construction of 10 schools and the renovation of 10 existing schools. Major components of the renovations include asbestos abatement and projects to ensure compliance with the Americans with Disabilities Act, said Guy Chamberlain III, CMS assistant superintendent for building services.

Mecklenburg County commissioners approved the bond package during a meeting in early August. Democrat Jennifer Roberts joined Republicans Bill James, Dan Bishop, and Jim Puckett in voting against the entire \$427 million.

James, Bishop, Puckett, and school board members Larry Gauvreau and Kaye McGarry had proposed a plan to spend \$253 million in certificates of participation rather than the \$427 million in bonds CMS was proposing.

"Unfortunately, the establishment wants to spend, spend, spend, and

that's our problem right now. Instead of focusing on growth in the suburbs, they're focusing on renovation projects in the center city where no one lives," Gauvreau said in a phone interview. "They're building these factory-style schools, which are not what the public wants and which are not educationally focused."

CMS' denial of suburban growth also irked James, who has repeatedly criticized the school system and the board of education on his website, billjames.org, where he runs streaming video of commissioners' meetings.

He cited as an example of CMS' misplaced priorities the new Marie G. Davis Elementary School, built at a cost of \$18 million to serve inner-city students. The problem, James said, is the school is at only 50 percent to 70 percent capacity.

"There are numerous other examples of newly rebuilt schools half-empty," James wrote. "CMS says it is a myth, but the numbers don't lie."

James was no less candid in an email message following the commissioners' vote.

"The question for voters is whether they choose to reward incompetent planning and political payoffs that have significantly increased the size of the package," he wrote. "CMS consistently has mismanaged and wasted millions. They have money in this bond package to re-build and expand schools that are half empty."

James also said he thinks CMS is less than candid when it comes to construction costs.

"For months the county commission asked for a 'priority list' from CMS. We never received one," he wrote.

Puckett criticized the vote.

"When you allow politics and so-

cial engineering to guide your facilities program, you end up with the problem we face of debt service growing faster than tax revenues and students attending schools at twice the population for which they were designed, and other schools half full," Puckett wrote. "CMS has gone to great lengths to cover the facts that that they continue to be irresponsible with bond dollars," he wrote.

CMS has 17 million square feet of space and 4,000 acres of land. The system also had requested as part of the bond package an additional \$80 million for land acquisition, bringing its total request to \$510 million. Opponents of the construction bond were in favor of money for land purchase, although it was whittled to about \$46 million, including land for libraries and park sites.

At least 61 percent of the bond money would be used to accommodate growth. CMS estimates an enrollment of 120,000 students now, and that number is expected to increase by 53,000 in the next 10 years.

In an interview with the *Charlotte Business Journal*, Chamberlain defended CMS' request. A major concern, he said, was that only 70 of 147 schools meet current standards.

"Some advocate spending all our capital funds on new facilities, and while we need them, we can't forget the schools that are physically inadequate," Chamberlain said. "They lack computer labs or kindergarten facilities, the media centers and cafeterias are too small, there's no room to house staff," Chamberlain said.

It doesn't help matters that construction costs are soaring as the Charlotte metropolitan area continues to grow.

"Right now we are already chal-

lenged on projects that have already been approved, and we are going to have to do some serious belt-tightening," he told the *Business Journal*. "Two years ago we bid Torrence Creek Elementary at \$90 per square foot, and now it's about \$125 for the same project. Construction's no longer a buyer's market, like it was right after 9/11. It's hard to get contractors to do renovations, which are always more difficult."

A *Charlotte Observer* poll taken in May indicates a favorable public view of school bonds. Six out of every 10 respondents said they would support a bond package worth \$500 million. Previous bonds, one for \$224 million in 2002 and one \$275 million in 2000, passed by large margins.

By comparison, 49 percent said taxes should be raised specifically for schools. Resistance by Republican county commissioners and GOP school board members is further opposed by support for the bonds by the local mainstream media and the Charlotte Chamber of Commerce. The Chamber, *The Business Journal* reported, hired a public relations firm to help promote the school bonds.

Gauvreau disapproves of such support.

"What is unusual in light of all the compelling data that shows that Charlotte-Mecklenburg schools have been horribly mismanaged and coddled by a board majority that allows it to happen, is that the Chamber continues to align itself with that board."

Is Gauvreau optimistic voters will turn down the bond package? Indeed, he said he thinks cooler heads will prevail at the ballot box.

"The smarter eyes are finally looking at this and saying, 'You can't do this,'" Gauvreau said. CJ

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Business Attire

From the Liberty Library

• Anxiety over the economy pervades our daily lives — from reports on the early-morning news-casts to gossip around the water cooler to dinner table debate. Yet most citizens are woefully ignorant when it comes to understanding how the economy works and how to interpret the impact of policies and business decisions. In “Smart Economics: Commonsense Answers to 50 Questions about Government, Taxes, Business, and Households,” John Locke Foundation adjunct scholar Michael L. Walden provides an antidote: take 50 of today’s top economic issues and explain their meaning, implications, and potential solutions in a logical, straightforward, common-sense, and nonpartisan way. Learn more at www.greenwood.com.

• Gender expert Warren Farrell’s “Why Men Earn More: The Startling Truth Behind the Pay Gap—and What Women Can Do About It” takes as its argument the idea that bias-based unequal pay for women is largely a myth, and that women are most often paid less than men not because they are discriminated against, but because they have made lifestyle choices that affect their ability to earn. Farrell argues that while discrimination sometimes plays a part, both men and women make tradeoffs that affect how much they earn. Farrell clearly defines the 25 workplace choices that affect women’s and men’s incomes — including putting in more hours at work, taking riskier jobs or more hazardous assignments, being willing to change location, and training for technical jobs that involve less people contact — and provides readers with specific ways for women to earn higher pay. See www.amanet.org/books for more details.

• Americans have traditionally placed great value on self-reliance and fortitude. In recent decades, however, a therapeutic ethic that views Americans as emotionally underdeveloped has arisen, requiring the ministrations of mental health professionals to cope with life’s vicissitudes. Being “in touch with one’s feelings” and freely expressing them have become paramount personal virtues. Drawing on established science and common sense, Christina Hoff Sommers and Dr. Sally Satel reveal in “One Nation Under Therapy: How the Helping Culture is Eroding Self-Reliance” how the burgeoning trauma industry has come to pervade our lives. More at www.stmartins.com. CJ

A millennium of intellectual history

Woods Says Modern Man Owes Debt to Church

* Thomas E. Woods, Jr.: *How the Catholic Church Built Western Civilization*; Regnery; 2005; Washington, D.C.; \$29.95

By JOSEPH COLETTI

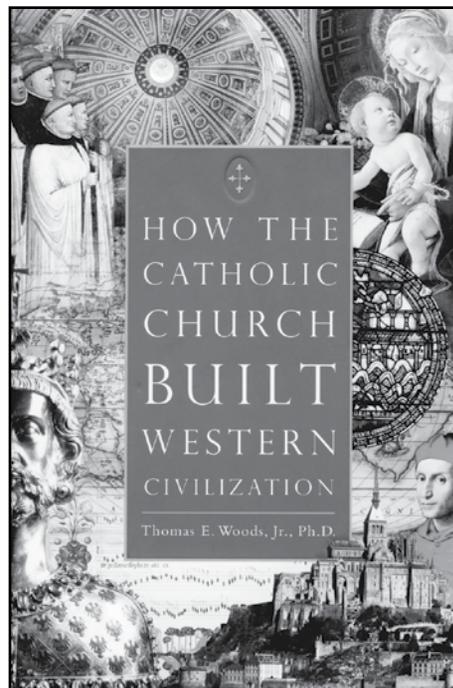
Contributing Editor

RALEIGH
When Pope John Paul II died earlier this year, he was still too involved in the world for the full encomium Ronald Reagan received last year. One could certainly see parallels between Reagan’s steadfast determination to defeat communism and George W. Bush’s vigorous campaign against global terrorism, but the dark glass of time separated the two, as did Reagan’s long absence due to Alzheimer’s disease. John Paul was still the head of the Roman Catholic Church and his death created the need for a successor. The perceived shortcomings of the man and the church were, therefore, closer to the surface in the discussion.

The celibate male hierarchy of the Roman Church is generally considered too far out of the mainstream to be relevant even to its members. That distance from the mainstream helped the church build Western civilization in the Middle Ages, according to Thomas E. Woods’ new book on the church’s impact on universities, science, international law, architecture, charity, and economics. Woods is best known for his best-selling *Politically Incorrect Guide to American History*, but he has written two other specialist books on Catholicism — *The Church Confronts Modernity: Catholic Intellectuals and the Progressive Era* and *The Church and the Market: A Catholic Defense of the Free Economy*. In this book, Woods brings his research on church thought and history to a wider audience.

In part because he covers a millennium of intellectual history in a number of fields, Woods sometimes ends up just cataloguing the achievements of monks. Overall though, the book provides valuable insights into the development of Western thought among Catholics, under the influence of Catholic doctrine, or even by the clergy themselves. What makes the book distinctly Catholic is Woods’ emphasis not just on individuals and ideas, but also on institutions and actions.

Woods starts by refuting the idea that the millennium between the fall of Rome and the Renaissance was devoid of intellectual advances, as curiosity gave way to religious devotion. The very activity of the monasteries belies some of this accepted history. How could the monks transcribing ancient works decide which were worth saving if they did not question or understand them? How could the innovators of the Renaissance have looked the ancient giants in the eye and found them wanting if they had to recreate the original work as well?



Fortunately for them, the church had established an educational system that became more open over time and led to the creation of universities. Monks began to train future monks, then made the church schools available to others. Education in the seven liberal arts — logic, grammar, rhetoric, astronomy, music, arithmetic, and geometry — led to questions about a number of topics, not least of which was eventually the nature of the universe (or at least the solar system).

On the punishment of Galileo, Woods writes that the punishment came after Pope Urban VIII gave the astronomer high praise. The problem was that, though the church was willing to accept the Copernican heliocentric solar system as an hypothesis, Galileo insisted on its fact, which would require reinterpretation of the Bible itself — a giant leap indeed. Galileo would not compromise on this premise. It came down to the same question libertarians today face on a more quotidian scale: whether to accept a gradual movement to the correct answer or to insist on its immediate acceptance. The church does not fare well even in Woods’ version of events, as he admits, but it is clearly not the anti-science institution of common understanding.

In fact, Woods devotes nearly 50 pages to detailing the contributions of the church to science. Central to this chapter is the sense, as early as the 12th century, that investigating nature could and should glorify God. Not everyone agreed, but the predominance of this thinking at the School of Chartres, helped set Western science on its trajectory of continuous exploration.

Our current debates — just war, natural law, and human rights — also owe a great deal to their development by Catholic priests and theologians building on the foundation laid by Saint

Thomas Aquinas. Similarly, modern ideas of charity are based on Catholic application of Christ’s teachings. Even the separation of church and state that we take for granted in the West traces its roots back to Christ’s command to render unto Caesar that which is Caesar’s. No other society conceived of such a split. The revived imperial framework of early modern Japan even went so far as to create a religion to legitimate the state. That this is the exception now owes much to the success of Catholic philosophers in the Middle Ages.

Modern economics also owes a great deal to Medieval Catholicism. Murray Rothbard saw the Austrian School of Hayek and von Mises as more in line with the economic thought of the late Scholastics — and Woods adds ultimately to a 13th century Franciscan Friar, Pierre de Jean Olivi — than to the revered father of capitalism, Adam Smith. Olivi found value determined not by costs such as labor, but by utility. The late Scholastics advanced this subjective theory of value. Woods quotes Emil Kauder to conclude that Smith, and Marx in his wake, took a more Calvinistic approach to economics, leading to the labor theory of value. Although this approach provides a useful pedagogical tool, it does little to illuminate the interaction of supply and demand. Kauder, however, finds that under “Aristotelian and Thomistic thinking, valuation has the function of showing how much pleasure can be derived from economic goods.”

Morality and economics thus influence and are influenced by institutions. It should make sense that if something can survive two millennia of tumult, it may have provided some value other than miscreant priests and an unbending hierarchy to the broader civilization. Woods provides a useful folio of some ways in which the Church has shaped the fundamental beliefs and institutions of the West and thereby of the world.

His concluding chapter, on the difficulties facing the West as it loses its connection to the sacred and refuses to acknowledge its debt to Christianity broadly and Catholicism specifically, rehashes the usual arguments about Nietzschean morality, absurdity in art and literature, and the lack of human proportion in architecture. This does not make it less valuable as a corrective, but does distinguish it from the rest of the book. Woods hopes that his book reminds us what the Catholic Church has contributed to the West so we do not continue to renounce the church’s influence. If anything, his book is a reminder that the Lord’s way can be made in the wilderness. CJ

Joseph Coletti is fiscal policy analyst for the John Locke Foundation.

Account of Fiscal Nightmare of Social Security is a Must-Read

* Laurence J. Kotlikoff and Scott Burns: *The Coming Generational Storm*; MIT Press; 2004; 274 pages; \$22.00 hardcover/\$16.95 paperback

By CHRISTOPHER WESTLEY

Boston University's Laurence Kotlikoff is a serious scholar who has devoted much of his professional life to examining the Social Security system. When he writes on this issue, it's wise to read. *The Coming Generational Storm*, co-authored with Dallas-based financial columnist Scott Burns, is a worthwhile book.

The authors' description of the fiscal nightmare known as Social Security is what makes it a must-read for both academics and interested laymen.

Indeed, it is a credit to Kotlikoff and Burns that they can produce a book on Social Security that is so readable as to become a page-turner for both groups. That is in spite of some rather technical sections dealing with general equilibrium analysis, intergenerational accounting, and actuarial science.

The picture they paint isn't pretty. Social Security is in crisis because it's organized as an intergenerational wealth-transferring scheme in which the assets of workers are transferred to current

Kotlikoff and Burns should be applauded for calling attention to Social Security's moral and financial bankruptcy.

retirees. It's a welfare program, pure and simple, but a unique one in that it gets its own special tax—a tax on labor.

It is also unique in that since the late 1960s, Social Security expenditures—not its revenues—have been off-budget, an accounting rule that would never be tolerated in the private sector where investors would punish such deceit. But it is one that serves the government's needs. The desired effect is an understatement of budget deficits from year to year that can contribute to official budget surpluses (as in the late 1990s). Over decades, Social Security has allowed the feds to appear less fiscally irresponsible than they really are, at least in the context of their official figures.

The authors note that at Social Security's creation, 16 workers contributed to the payment to each retiree. This ratio was achieved because the labor force was so young and because old-timers just didn't get that old. (The late John Attarian pointed out that the

New Dealers' purpose of Social Security was no higher-minded than to get older workers to leave the workforce. Their presence was blamed for the failure of New Deal programs to reduce unemployment.) Those were Social Security's glory days.

Today, life expectancies are rising, while the worker to retiree ratio has long been falling. Result: The ratio now stands at 3-1, and over the next 30 years, the figure is expected to fall to 2-1. The longer reforms are put off, the greater the burden placed on future generations to pay for current spending, and it is here that Kotlikoff and Burns make their most compelling case. We have long been told that the national debt represents spending to be paid for by future generations, but we are rarely told that the special accounting rules applied to Social Security (and Medicare/Medicaid) mask its actual size. In truth, the fiscal gap—defined as the present value difference between the government's expected expenditures and receipts—is \$45.5 trillion. This is six times higher than the official national debt figure.

Kotlikoff and Burns note that this is the government's number—well-hidden in the fine print of Treasury Department documents—and that it's probably a low-ball estimate. What's more, it was computed prior to the passage of the new Medicare drug benefit. This massive expansion of government promises to increase the fiscal gap to over \$51 trillion. Each year that these programs

or the tax system that funds them are not reformed, the fiscal gap grows by \$1 trillion.

The book's chief shortcomings are two. The first is in Kotlikoff and Burns' personal saving system. While their approach improves upon the various proposals currently being discussed in Washington, it still maintains the form of a compulsory saving program with the inherent assumption that individuals are incapable of planning for their own retirement.

Why not simply abolish Social Security outright, cut everyone's taxes, slash spending, and allow the market to work? There would be more jobs available for workers in short order, resulting in increased wealth creation and greater self-sufficiency across society.

A second problem with the authors' approach is that their description of the future and proposed solution assume that the size and continuing growth of the state won't change. But it seems likely that as Social Security inflicts more costs on the economy, some of the cost of big government will become harder to hide from the masses.

The result will be a crisis—for politicians who will find it harder to redistribute wealth. For the majority of Americans who are net taxpayers (as opposed to net tax consumers), the crisis may actually be an opportunity to highlight the bankruptcy of the state, in both theory and in real life.

While their book is flawed, Kotlikoff and Burns should be applauded for calling attention to Social Security's moral and financial bankruptcy.

Christopher Westley is an assistant professor of economics at Jacksonville State University. His email address is cawestley@email.msn.com.



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Short Takes on Culture

Harry Potter: Older and Wiser

• *Harry Potter and the Half-Blood Prince*
by J.K. Rowling
Scholastic Books

Harry Potter's sixth year at Hogwarts School of Witchcraft and Wizardry does not disappoint. After a two-year wait for the latest installment of the series, "Harry Potter and the Half-Blood Prince" delivers mystery, action, and a long-awaited romance.

"It is our choices that show what we truly are, far more than our abilities," Professor Dumbledore explained to Harry in "Harry Potter and the Chamber of Secrets," the second book in Rowling's bestselling series. In "Half-Blood Prince," a more mature Harry has difficult choices to face. But, instead of the troubled and unprepared teen we saw in Rowling's fifth book, we see a man confronting the choices he must make in order to face his future.

In "Half-Blood Prince," Harry faces his road of trials and ultimately meets and confronts his failures. By the end of this episode, Harry understands "the difference between being dragged into the arena to face a battle to the death and walking into the arena with your head held high."

To Harry, that difference will sustain him on his journey as the rest of us wait anxiously for the seventh book. Godspeed, to both Harry and Rowling.

— JENNA ASHLEY ROBINSON

Liberties taken with 'Heaven'

• "Kingdom of Heaven"
FOX Home Entertainment (October)
Directed by Ridley Scott

Although engaging, Ridley Scott's "Kingdom of Heaven" takes liberties with both history and religion. Loosely based on the events preceding the fall of Jerusalem to the Muslim hero Saladin in 1187, the film presents an incomplete picture of the motivations behind the Third Crusade.

While the chronicle draws upon real historical figures, including King Baldwin IV of Jerusalem (Ed Norton), Balian of Ibelin (Orlando Bloom) and Saladin (Ghassan Massoud), their histories are not those that Scott portrays. In an effort not to offend, "Kingdom" transforms the real Balian of Ibelin—a wealthy, politically powerful nobleman—into an idealistic young knight who spurns Christian fanaticism and fights to defend the people of Jerusalem, both Christian

and Muslim.

Christians will likely be disappointed with Hollywood's cynical portrayal of Catholicism and, by extension, Christianity in general. The saga's hero, Balian, sets out from his native France to find forgiveness, but quickly realizes that he cannot get it from God. Instead, he turns to his own conscience; many of his fellow knights do the same. Scott's message is clear: Crusaders invaded the Holy Land for their own glory and motivations, not God's.

Despite its inaccuracies, "Kingdom of Heaven" is entertaining cinema. The action sequences are exciting and accurate portrayals of medieval battle. Suspend your skepticism, pretend it's just a story instead of history and "Kingdom of Heaven" won't disappoint.

— JENNA ASHLEY ROBINSON

Market-friendly 'Aviator'

• "The Aviator"
Warner Home Video
Directed by Martin Scorsese

The story of Howard Hughes is remarkable, but not for the way Martin Scorsese and Leonardo DiCaprio vividly depict Hughes's phobias, paranoia, and other mental problems. Nor is it remarkable for its admiring portrayal of Hughes the producer of such controversial films as "Hell's Angels," "Scarface," and "The Outlaw." The movie isn't even remarkable for the centrality of flying in a movie by a man who travels as much as possible by train.

No, what sets "The Aviator" apart is the fact that Alan Alda, Alec Baldwin, and numerous other luminaries of the cinematic Left participated in a movie that is a paean to the market. When confronted by the socialism of Katherine Hepburn's family, and her mother's declaration, "We don't think much about money," Hughes replies simply, "That's because you have it." He then adds, "Some of us prefer to work for a living."

Alda and Baldwin are the evil senator and the slimy businessman trying to put Hughes and TWA out of business through legislation to protect the trans-Atlantic routes for Pan Am. In another interesting parallel, Hughes Aircraft faces false charges of war profiteering, which may bring Halliburton to mind. Competition wins, Hughes fulfills his boyhood dreams (though at the price of madness), and Scorsese adds to his rich legacy.

— JOE COLETTI CJ

Not contemporary ideology**Sowell: Learn Facts of History**

* Thomas Sowell: *Black Rednecks and White Liberals*; Encounter Books; 2005; 355 pp; \$25.95.

By CHRIS GOFF
Editorial Intern

Thomas Sowell's latest work, *Black Rednecks and White Liberals*, is a collection of six essays with tongue-in-cheek headings much like the book's title. Sowell assigns titles to the essays such as "Are Jews Generic?," "The Real History of Slavery," and "Black Education: Achievements, Myths, and Tragedies." The essays combine 62 pages of notes, more than 800 citations, and more than a quarter century of research and analysis into ethnic and sociological studies.

The senior fellow at the Hoover Institute and eminent author and columnist takes his work seriously, and one need only read the preface to recognize the importance of his work: "Race and rhetoric have gone together for so long that it is easy to forget that facts also matter — and these facts often contradict many widely held beliefs. Fantasies and fallacies about racial and ethnic issues have had a particularly painful and deadly history, so exposing some of them is more than an academic exercise. The history of intergroup strife has been written in blood in many countries around the world and across centuries of human history."

After promulgating how the Left turned a wholly dysfunctional "black redneck" culture into "a sacrosanct symbol of racial identity" in the first essay, Sowell continues with his explanation on "middle minorities" and the discrimination of the Jews in Europe. Much like the Chinese in Southeast Asia, the Lebanese in West Africa, the Indians in East Africa, and the Armenians in the Ottoman Empire, the Jews were "middlemen" or traders, merchants, and street peddlers in the European economies and were punished dearly for their successes. These contributions were rewarded with scapegoating and demagoguery.

With a quick transition to the "Germans and History" essay, Sowell pushes an unpopular and controversial interpretation of Germanic culture, purporting that a singular 30-year period has stained the entire history of Germany and will be what is taught and remembered by forthcoming generations. The tainted 20th century serves as the legacy for Germanic culture and history.

In "The Real History of Slavery," he is critical of the contemporary "Eurocentric" view and literature's and academia's absolute denial of non-Western slave trade where it is treated as "a peculiarly white crime." Europe and the United States are often cited as the sole

Black Rednecks and White Liberals

Thomas Sowell

movers in this morally reprehensible activity, however Sowell states that "had slavery been limited to one race in one country during three centuries, its tragedies would not have been one-tenth the magnitude that they were in fact."

The literature on slavery utterly ignores the reality that its practice continues even to this day in the depths of Africa. Slavery was perpetrated in all cultures and nations at one time or another, and although, in our classrooms, this crime is taught as solely a Western transgression, it was Europe and the United States who were the first to question its morality, and eventually squelch the slave trade in North America, South America, Europe, Africa, and the Ottoman Empire.

Sowell's interpretation of ethnic and sociological studies is helpful to any individual wanting to dispel myths that are commonly accepted, yet rarely questioned. Additionally, he gives the reader the ability to continue to develop opinions, beyond what is laid out in his essays, with the generous and extensive collection of over 800 citations.

Sowell's overall theme, which culminates in "History versus Vision," is how contemporary ideology, rather than fact, is taught. Whether unintentional or part of some Orwellian conspiracy at a "politically correct" history, the power that policymakers have over our past, what our children are taught, and what future generation come to believe, is all in the hands of those who seemingly ignore reality, he argues.

In the final pages, he warns us to challenge what is accepted as fact. "Where beliefs are not checked against facts, but instead facts must meet the test of consonance with the prevailing vision, we are in the process of sealing ourselves off from feedback from reality. Heedless of the past, we are flying blind into the future." CJ

Slave Nation Relies on Speculation, Not Evidence

* Alfred Blumrosen and Ruth Blumrosen: *Slave Nation: How Slavery Unified the Colonies and Sparked the American Revolution*; Sourcebooks; 2005; 336 pp.; \$16.47.

By MAXIMILIAN LONGLEY
Contributing Editor

RALEIGH

Many people today believe that the Civil War started with the South seceding over slavery. Now there's a new book out which contends that the South seceded from Great Britain during the Revolutionary War for the same reason: Protecting slavery. Alfred W. Blumrosen and his wife, the late Ruth C. Blumrosen, are the authors of *Slave Nation*, a volume purporting to expose the tainted origins of the American republic.

Alfred Blumrosen was a lawyer at the Equal Employment Opportunity Commission during the 1960s. He helped develop a rule that businesses accused of racial discrimination could be convicted based on statistical disparities in the workforce, without proof of any racist intent.

A similar presumption of guilt is applied to America's Founding Fathers in the pages of *Slave Nation*. Without any proof, the Blumrosens find that slavery was a key motive for American independence. From this "fact," and from an analysis of the post-Revolutionary era, the authors conclude that America is all the more obligated to adopt "affirmative action" in the modern era.

The book attributes importance to an English court's decision in the Somerset case, finding slavery to be illegal in England (but not in the English colonies). The reader is asked to believe that Southerners, after the Somerset decision, sought independence from Great

Britain so that the British wouldn't be able to free Southern slaves.

To someone who is predisposed to assume the worst about America and its founding, *Slave Nation's* thesis might have a surface plausibility; although the paucity of evidence might give anyone pause. The Blumrosens have the burden of proving their novel thesis, and they don't even come close to meeting this burden.

Instead of evidence, there's lots and lots of speculation. The phrase "must have" appears frequently in the book. Slave-owning colonists must have thought in a certain way about various events.

In addition to the lack of evidence, the authors' theory raises difficult questions, which they don't even try to answer. For instance, why didn't the British and the Tories in America mention the damning fact that the Southern colonies were rebelling in defense of slavery, not in defense of freedom as they claimed? Certainly, the opponents of the revolutionaries criticized them for holding slaves while preaching freedom.

Another problem with the authors' thesis is that it doesn't explain why the leaders of other slave-holding British colonies, such as Jamaica with its economy's total dependence on slavery, didn't join the Revolution and save themselves from British abolitionism.

The book acknowledges that the Northern states didn't have sinister pro-slavery motives, but Northern leaders such as John Adams are accused of deferring to Southern demands on slavery in order to get Southern assistance.

The North supposedly agreed to a "weak national government" in order to reassure that South that slavery would be secure. As is customary in certain circles, the Blumrosens simply

equate federalism, or "states' rights," with slavery. The South's plan, both during the Revolution and in the era of the Articles of Confederation and the Constitution, was allegedly to keep the federal government weak so that it wouldn't interfere with slavery in the newly independent states.

At the same time, *Slave Nation* includes evidence that contradicts this idea. The Articles of Confederation (predecessor to the Constitution), supposedly included a clause allowing slave-owners to bring their slaves into states where slavery was illegal, and to take the slaves out again, in defiance of the free state's own laws against slavery. The Constitution contained a clause providing for the return of fugitive slaves from slave states, even if they escaped to a state whose laws provided for their freedom. Rather than modify their states' rights = slavery thesis, however, the Blumrosens merely comment on Southern hypocrisy.

Slave Nation continues its narrative into 1787, the year of the Constitution as well as of the Northwest Ordinance and its clause prohibiting slavery in the future Midwest. The Blumrosens see a connection between these documents, and whether they're right or not, at least

they have some supporting evidence this time. The idea suggested in *Slave Nation* is that the Founding Fathers, working simultaneously in the Constitutional Convention at Philadelphia and in Congress at New York, worked out a package deal between North and South. The Constitution provided for equal representation of the states in the Senate, while allowing Southern states to count three-fifths of their slave population for purposes of getting representation in the House of Representatives. The Northwest Ordinance's antislavery clause was allegedly both a sop to the North to compensate for the three-fifths clause, and a provision benefiting the Southern elite by diverting Yankee migrants into the Northwest and away from the South.

Slave-owners can fight valiantly for their own rights while denying rights to their slaves. This may reflect hypocrisy and double-mindedness, but it's not the same as saying that slave-owners fight only to defend slavery.

Not only did they defend their own freedom, they did so based on principles that were later invoked to free the slaves. *Slave Nation* wants to change this story into another narrative of white guilt. CJ



Since 1991, Carolina Journal has provided thousands of readers each month with in-depth reporting, informed analysis, and incisive commentary about the most pressing state and local issues in North Carolina. Now Carolina Journal has taken its trademark blend of news, analysis, and commentary to the airwaves with **Carolina Journal Radio**. A weekly one-hour newsmagazine, **Carolina Journal Radio** is hosted by John Hood and Dawn Martinez and features a diverse mix of guests and topics. The program is currently broadcast on these 21 commercial stations — from the mountains to the coast:

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Greensboro/Washington	WDLX	AM 950	Saturdays	10:00 AM
Hickoryville	WHKP	AM 1050	Saturdays	5:00 PM
Jacksonville	WJNC	AM 1200	Saturdays	7:00 PM
Lenoirville	WUNC	FM 102.5	Saturdays	1:00 PM
Newport/New Bern	WTKF	FM 107.5	Saturdays	7:00 PM
Salisbury	WSTP	AM 1090	Saturdays	11:00 AM
Siler City	WNCA	AM 1570	Saturdays	6:00 AM
Sanford/Pike	WBBB	AM 990	Saturdays	8:00 AM
Whiteville	WTKY	AM 1500	Saturdays	10:00 AM
Wilmington	WRAY	AM 900	Saturdays	1:00 PM
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For more information, visit www.CarolinaJournal.com/CJRadio

North Carolinians for Home Education

The MISSION of NCHE is to:

- PROTECT the right to homeschool in North Carolina.
- PROMOTE homeschooling as an excellent educational choice.
- PROVIDE Support to homeschoolers with conferences, book fairs, and other resources.

The IDEALS of NCHE are:

- Educational excellence.
- Parental authority and responsibility for education.
- Protection and promotion of the family.
- Diligence in moral and ethical instruction.
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- Defense of Constitutional rights.



Over 9000 people will attend the annual conference and book fair in Winston-Salem May 26-28. For more information about NCHE, you can call the office at **919-790-1100** or visit the website at www.nche.com

As of January 2005, there were over 60,000 homeschoolers registered in the state of North Carolina.

Commentary

Anonymous Sources Essential

How me an editor who won't let reporters use anonymous sources, as one-fourth of those who responded to a recent Associated Press survey claimed, and I will show you a newspaper that probably ignores its constitutional purpose.

That's because any journalist who won't bother with unidentified sources will never get at the heart of corruption in government. It's the nature of the creature that where there is criminality, waste and self-dealing in public affairs, there is secrecy. And reporters don't get told secrets unless they promise to keep the secret-tellers secret. So not permitting use of anonymous sources eliminates one of the most important devices in a scribe's toolbox.

The Associated Press survey, which elicited responses from 419 of the country's 1,450 daily newspapers — about 28 percent — found editors at 103 papers never allow their reporters to use anonymous sources.

"Our policy is to get people on the record—period," Eileen Lehnert, editor of the *Jackson (Mich.) Citizen Patriot*, told AP reporter David Cray. "Once you operate from that standpoint, you rarely have to reconsider your position."

And if you operate from that standpoint, you rarely get a glimpse of how political leaders exert their power; how bureaucrats are pressured by elected officials; how wealthy business interests win political favors; how government resources are wasted; and so forth. Witnesses of misbehavior rarely come forth without assurance of anonymity, for fear of their jobs and of their physical well-being.

So readers of these timid newspapers are left with little community-interest stories, and reports on local government based on public testimony. Such content is sometimes useful and entertaining, but it hardly captures the activity that really drives political decisions — and dishonesty.

The First Amendment to the Constitution promoted free speech and a free press to keep government accountable to the people. Because the government has confiscatory power over its citizens, the media should explore every bureaucratic cranny into which public pennies fall.

According to the AP survey,

almost all editors who refused to use anonymous sources came from small cities. Ken Stickney, an editor for the *News-Star* in Monroe, La., said he refuses to let his own reporters keep sources unidentified but carries new service stories with them, "because sometimes you can't get anything out of Washington without them."

That is illogical. The nature of extracting information from the nation's capital is no different than getting it out of local government. Often it's the city and county officials who get away with mischief because small-market papers focus too much on human-interest stories.

Yes, the preference should be for attributable quotes. It is always

desirable to see who is behind an allegation.

But that simply is not always possible, so anonymity rules are necessary. Information obtained from unidentified sources should be substantiated with another resource, either an individual or some authoritative documentation.

The recent *Newsweek* fiasco, in which the magazine made a false report based on a faulty source about Koran abuse at Guantanamo prison in Cuba, has overheated the current backlash against using anonymous sources. The long-refined journalistic process, which traditionally demands serious editorial scrutiny, has largely shown a sense of responsibility when it comes to anonymity. The established ethic is to provide more information, not less.

Sloppiness — most notably by the CBS News false report last fall about President Bush's National Guard service — tainted the journalism profession.

But that doesn't change the standards, and it doesn't nullify the ongoing need for behind-the-scenes sources to come forward with important information.

How much more efficient, clean, and responsive would government be if every newspaper used anonymous sources — responsibly, of course? Sadly, the readers of as much as 25 percent of the nation's dailies might never know. CJ

Paul Chesser is associate editor of Carolina Journal.



Paul Chesser



Editorial

One Man's Sphere of Influence

How many fiscal disasters and disgraceful abuses of government power can North Carolina absorb? One person to whom this question should be posed is Marc Basnight, president pro tem of the state Senate. For whatever reason, many of the state's misuses of tax dollars and public authority seem to involve personalities, communities, or projects within Basnight's sphere of influence.

Take for instance the most recent scandal in the often-troubled North Carolina Ferry Division. In our Page One story this edition, Executive Editor Don Carrington details how the Senate leader — in his relentless campaign to help the relatively disadvantaged northeastern part of the state — appears to have wielded such power within the Ferry Division that its operations and decisions have been compromised.

Rewind a few years to other controversies involving Basnight, his family members, or his political allies:

- The actions of Golden LEAF, which receives hundreds of millions of dollars from the landmark settlement with tobacco companies and is controlled by appointees of Basnight and other state leaders. The organization doles out truckloads of money — misdirected from its original intention of allaying health-care costs associated with smoking — to questionable "economic development" projects.

- The attempted takeover of DFI Group, a start-up ethanol company owned by Raleigh businessman Bill Horton. The takeover attempt was linked to the Northeast Partnership, an economic development agency with strong links to Basnight and a nephew, R.V. Owens. The agency also sought equity in other companies it recruited with state "incentives."

- The construction of a natural-gas pipeline to 22 counties in northeastern North Carolina, funded by \$200 million in bonds approved by state

voters. The pipeline failed to attract enough customers, and the state Utilities Commission — stacked with Basnight allies — granted the operator, Eastern North Carolina Natural Gas, a merger with Piedmont Natural Gas Corp. Now Piedmont's customers likely will have to suffer a rate increase to bail out the faltering project.

- Basnight being called to testify in a grand jury investigation of the John A. Hyman Memorial Youth Foundation, a corrupt organization that was organized and led by former U.S. Sen. Frank Ballance. Ballance pleaded guilty to one count of conspiracy for diverting more than \$100,000 of state funds to his personal or family's use. Basnight had said he didn't know about the state-funded foundation until news stories of its problems were reported in 2003. But Basnight in 1996 arranged for the Hyman Foundation to receive \$140,000 from a fund that he controlled.

- Slush funds of about \$35 million sneaked into the state budget. House Speaker Jim Black and former Co-Speaker Richard Morgan also received the money. Basnight admitted that he was wrong to have spent the money. But in 1997 *Carolina Journal* also revealed that Basnight shared \$21 million in slush funds. The state Attorney General's Office, instigated by a State Auditor's report, is investigating the honorables' most recent use, or dare we say misuse, of discretionary funds.

Perhaps Basnight's next coup will be to have the state capital moved from Raleigh to Elizabeth City or back to Edenton. After all, with legislative sessions lasting long into the summer or even early fall, the wining and dining of all those politicians, lobbyists, and hangers-on could serve to invigorate the economy of northeastern North Carolina — where, it just so happens, relatives and friends of the senator are heavily involved in "economic development." CJ

Busing Detour Is Closed

Policy created more problems than it solved in past 30 years

Advocates of forced, race-based busing have tried to resurrect the policy through the state courts, having failed to maintain federal court supervision over where children attend school. They failed, fortunately.

The trial judge in the long-running *Leandro* case, Wake Superior Court Judge Howard Manning, Jr., heard the busing argument from Julius Chambers and several other attorneys representing black plaintiffs in Charlotte-Mecklenburg. Chambers, one of the litigators in the original *Swann* case that imposed racial-balance dictates on the local school system in the early 1970s, tried to sell Manning on the idea that the *Leandro* interpretation of the state constitution — that it guaranteed all students the right to an opportunity for a sound, basic education — also required forced busing.

We wish we could say that Manning tossed this argument out of court with a deservedly dismissive snort, but his rejection was far more ambiguous. According to an Associated Press report, Manning told Chambers that busing was not the answer because it was impossible to “move all the children out” of poor schools. “Shuffling [students] around on a bus may not be the answer,” he concluded.

May not be the answer? We can't conceive of a reasonable question for which it would ever be the answer.

We don't doubt that most advocates of forced busing mean well. They believe that poor, minority children will suffer unless they prevail.

But they are mistaken. And their policy is worse than mistaken — it is abominable.

The key to understanding why is to consider a fact that few would contest: it is highly unlikely that forced busing results in higher academic performance for most of the students involved. The assumption is that either because of classroom culture, teacher expectations, or a more equitable distribution of resources, the presence of a critical mass of either white or less-poor students is necessary for less-advantaged students to prosper.

We don't buy the assumptions behind the busing policy. The right set of policies and personnel can lead to minority-student success regardless of whether their share of the student body is 20 percent, 50 percent, or 80 percent.

But even if we did, we would be deeply troubled by the policy because it treats children — most children in the community, in fact — as means to an end, rather than as ends in themselves. CJ

Solution to Medicaid? Say No

Being able to turn down influential groups is what will matter

Tucked down inside all the bad news about the passage of a North Carolina state budget — and there were lots of depressing fiscal shadows in there to hide in — was a feature of the spending plan that didn't get much initial attention. Health and Human Services spending, long a major source of fiscal pressure in state government, will actually grow at a slower rate (6.5 percent) than the General Fund budget as a whole (either 7 percent or 8 percent, depending on whose accounting you buy).

By far the largest component of the HHS budget is Medicaid. In Gov. Mike Easley's original budget, rapid Medicaid growth helped propel a 7.9 percent growth rate in General Fund expenditures for HHS. The North Carolina Senate, showing a remarkable and praiseworthy grasp of fiscal reality, included a number of provisions in its version of the 2005-07 to tighten Medicaid reimbursements, move some dual-eligibles off the rolls, and make other adjustments. The result was a much-improved 4.5 percent growth rate, representing about \$130 million in savings for taxpayers.

Naturally, this couldn't be allowed

to stand. The House version of the budget pushed the HHS growth rate back up to nearly 8 percent. In the conference committee, most of the Senate's specific savings recommendations for Medicaid didn't make the cut. But the Medicaid amount, and HHS as a whole, did come in a bit lower, thanks in part to reassessments of the likely service demands for the coming fiscal year.

Legislators and other policymakers shouldn't get used to that. Medicaid and other health programs are still likely to grow faster than other state expenditures in the coming years. Indeed, 6.5 percent growth still represents hundreds of millions of dollars in new HHS spending this year, and looks “good” only by comparison to the far-greater splurging in other areas.

It is likely in the future that any state program devoted to covering health-care expenses will see its cost grow faster than the rest of state government. The kind of action that will really matter will require the courage to say “no” to influential interest groups, some with political heft, some merely loud, and to middle-income North Carolinians seeking to use Medicaid as inheritance insurance. CJ

Commentary

Sticking It to State Employees

I've never liked the political promise to “run government like a business.” It sounds good, but it glosses over the critical truth that government and business are dissimilar institutions based around entirely different incentives.

Still, governments and businesses do interact in important ways. Governments purchase services from businesses and compels them to collect taxes. Businesses receive services from government, albeit of varying quality: public safety, transportation access, educated workers, etc.

And they compete for labor. Traditionally, many state employees with roughly similar skills and experience could make more in the private sector but nevertheless chose public employment because of more attractive non-wage benefits, job security, or other perks. Here in North Carolina, that's becoming less true.

Years of near-stagnant wages have made state employment less alluring. Rank-and-file employees have further seen their health care benefits become more costly and less generous, while having to face the frustrating fact that school-teachers, Highway Patrol officers, high-level legislative and executive-branch aides, and a few others have gotten much higher raises.

In the new 2005-07 budget, the shoddy treatment of state employees continues. They will apparently receive only 2 percent average raises, or \$850, whichever is greater. The day before the budget vote, an effort to give them an extra \$150 minimum raise, costing about \$22 million, fell short after Gov. Mike Easley threatened to veto the entire state budget if it included the amendment.

The veto threat was preposterous. The governor claimed that he opposed the extra money because it would exceed his spending cap, which is tied to personal-income growth and would allow a 5.6 percent increase this year. But the budget, properly accounted for, had already busted Easley's spending cap to smithereens, either in 2005-06 or, retroactively, in the previous fiscal year.

Even if you lend credence to the Easley administration's Enron-like accounting gymnastics, it still can't explain his veto threat on the merits. Why not agree to

the state-employee raises and then threaten to veto the budget unless \$21 million in pork-barrel spending was removed? By some accounts, the 2005-06 plan contains twice that much in pork. Or why not threaten a veto unless the new \$20 million grant to the Rural Economic

Development Center was transferred to employee raises? Commerce-related spending soars by a staggering 78 percent in the new budget.

It made no sense to argue that a decent pay raise was the one thing that would push the state budget over the fiscal precipice. Money is fungible. Any expenditure of a roughly similar magnitude could be said to have “exceeded” the

spending cap. The only thing that does make sense, unfortunately, is that the governor decided to stiff the state employees because the State Employees Association chose not to endorse him in the 2004 election.

Legislative leaders hasten to add that they've still done good by workers in the budget because it gives them another week of vacation — and that's worth more than \$150. Sorry, but this won't fly. Most employees evidently prefer cash. And it is telling that state legislators, unwilling to budget sufficient money for raises, apparently believe that giving state workers a week off imposes no significant cost on taxpayers. Do they really have that low an opinion of the value of the work state employees perform?

I, for one, actually want the state to employ skilled and productive prison guards, mental-hospital workers, and highway engineers, among others. If government is going to perform certain tasks for us, it ought to be sufficiently business-like to set the right priorities and treat its employees as resources to be cultivated, not pests to be swatted away.

By all means, let's make government smaller. Let's eliminate entire state programs and functions. But to carry out the core functions we retain, let's pay a wage consistent with the goal of effectively serving the public. CJ



John Hood

Hood is president of the John Locke Foundation, publisher of Carolina Journal.com, and host of the statewide program, “Carolina Journal Radio.”

Editorial Briefs

Staying at minimum wage rare

Many left-wingers enjoy spreading the notion that there are many U.S. households in which the highest-income-earner scrounges by on minimum wage. So when documentarian Morgan Spurlock ("Supersize Me"; "Thirty Days") and his ilk go on and on about how a household cannot survive long-term on mere minimum wage, they make a strawman argument, says Stuart K. Hayashi of TechCentralStation.com.

It's untrue that the majority of minimum-wage earners make such low wages for years. According to the U.S. Bureau of Labor Statistics, 63 percent of minimum-wage workers receive raises within one year of employment. Only 15 percent still earn the minimum wage after three years.

Moreover, minimum-wage earners comprise only 3 percent of all workers paid by the hour and only 1.8 percent of American wage and salary earners. Many minimum-wage earners are young people: 27.5 percent are between 16 and 19 years old and those between the ages of 16 and 24 constitute 52.6 percent.

A 2004 study by Joseph Sabia and Richard Burkhauser examined the percentage of minimum-wage earners that came from households falling under the poverty line. The researchers found that only 5.3 percent came from homes that were below the official U.S. poverty line. About 40 percent live in households where the total yearly income is at least triple the maximum amount of income a household can receive and still be classified as living in poverty. About 63 percent of those who earn the minimum wage are not the highest income earner in their household.

Physicals often not needed

Most doctors in a recent survey said annual physical examinations were effective in detecting illness in apparently healthy patients even though there is little scientific evidence to support the exams, *The New York Times* reports.

The report, published in *Archives of Internal Medicine*, found physicians were largely unaware that current federal government guidelines did not recommend annual exams for healthy adults without symptoms. It also showed that when performing annual physicals, physicians routinely ordered screening tests that had not been proved useful for patients with no symptoms.

Of the 783 physicians surveyed, 65 percent said that an annual physical was necessary, and 55 percent said they thought annual physicals for healthy adults were recommended by national organizations.

According to federal guidelines, a complete blood-count test has no proven value for asymptomatic people, but 39 percent of physicians indicated they would order one yearly. About 45 percent asked for urinalysis, 46 percent wanted blood glucose levels, and 32 percent requested kidney function tests, even though none of these is recommended by the government as a routine screening procedure.

Patients like tests and the survey shows physicians order them frequently. But Allan Prochazka, lead author of the study, said unnecessary testing is not harmless. In fact, he said, to the extent that one does a lot of testing of unproven value, it may actually detract from taking actions known to be beneficial. CJ



Gas Prices Need Historical Context

Gasoline prices are high. Prices everywhere are well above \$2 a gallon for regular-grade gasoline, and most motorists are paying more than \$2.50. It is not unusual to see today's prices or even the prices of a year ago — in the \$1.80s — referred to as "record breaking." Recently, columnist and Fox News analyst Cal Thomas referred to the good old days of "cheap gas," when discussing the 1940s and '50s. These were times when people were paying about 20 cents a gallon at the pump. Many in my own Baby Boomer generation remember when, as 16-year-olds, we could fill the tank of our father's car for \$5 and still get some change back.

But it makes little sense to compare the price of gas at the pump today with the price at the pump 30, 40, or 50 years ago. Based on this comparison, it is more absurd to proclaim that prices today are "the highest ever." By this standard, we could say the same for the price of bread or a pair of pants. After all, when I was a kid in the 1960s we paid 25 cents for a loaf of bread and less than \$5 for a new pair of Wrangler jeans. But inflation happens — we'll leave aside why for this discussion — and a dollar today is not the same as a dollar in the 1930s, '40s, or '50s. So, while it won't make us feel any better when having to shell out \$40 for a fill-up, a look at some real gasoline-price history might give us an appreciation for both our current burden and a more accurate perspective on the past.

As noted, gas prices at the pump during the 1940s and 1950s hovered around 20 cents a gallon, which sounds cheap from our perspective. But in fact, our perspective doesn't mean very much. What did 20 cents mean to people who were actually paying it? If we adjust 1940s prices to reflect inflation — that is, if we put 1940s prices in terms of 2005 dollars — we discover that gasoline prices for the entire decade stayed well above \$2 a gallon. The average price from 1941-1950 was \$2.25. The peak price was \$2.52 in 1941. Prices probably would have been higher had there not been wartime price

controls, and of course the shortages and rationing that always go along with such controls.

How about the 1950s? After all, we never heard Ward Cleaver complaining to June about the price of gas. Once again, with the exception of 1952 (\$1.98), the inflation-adjusted price was more than \$2 per gallon for the entire decade, with an average price of \$2.07 a gallon and a peak price in 1956 and 1957 of \$2.15 a gallon.

Going back to the Depression years of the 1930s, gas prices, in real terms, were generally higher than they are today. The average inflation-adjusted price of gasoline in the 1930s was a whopping \$2.62 per gallon. Prices reached peaks of \$2.76 per gallon in 1934 and again in 1937. These were the prices that those who were written about in *The Grapes of Wrath* paid as they made their way from the dust bowl of Oklahoma to California.

If we go back even further to the early days of the automobile we find that the real price of gasoline was higher still. In 1918, for example, the per-gallon price was \$3.22 and in 1922 the price was \$2.90.

The fact is that Americans did not begin to pay less than \$2 a gallon on a regular basis until 1963. Since then, there have been several price spikes, which have sent prices soaring to well above the \$2 mark. The post-World War II record was set in 1981 when the inflation-adjusted price was \$2.80 a gallon.

This doesn't mean that today's gas prices aren't high. They are. Clearly these higher prices are causing people to reconsider travel plans and to find ways to reprioritize their household budgets. But the prices we are paying today are not unprecedented. There have been times in our history when they have been significantly higher and for much longer periods than we have experienced thus far. CJ

Roy Cordato is vice president for research and resident scholar of the John Locke Foundation.



Dr. Roy
Cordato

The John Roberts I Remember From Prep School

By DOUGLAS NEWCOMBE

Guest Contributor

PHOENIX, Ariz.

When President Bush announced his nomination of John Roberts to the Supreme Court, I felt an overwhelming surge of pride. I spent four years with John in a small college prep school called La Lumiere, a special place that formed the character and drive we would retain for the rest of our lives.

It was at La Lumiere that John and I grew from boys to men.

I knew him well. You can't get up every morning and brush your teeth next to someone for four years without getting to know him. We were 15-year-old kids in the rigors of an Ivy League education, speaking Latin phrases to each other and reciting 200-year-old poems while putting on coats and ties for class.

La Lumiere was founded as a boys' school only a few years before we arrived. A group of Chicago-area businessmen wanted to create a top-notch college preparatory boarding school in the Midwest. Today, it is co-ed and one of the most international high schools in the country, with nearly one-fourth of its students

John was No. 1 in the class, but what was most striking about him was what he did with his abilities. He was a workhorse. John always put in 100 percent.

from Europe, Asia, Africa, and South America.

John was No. 1 in the class, but what was most striking about him was what he did with his abilities. He was a workhorse. John always put in 100 percent.

I remember dragging myself out of bed at 4 in the morning, determined to catch up on my Latin. I tiptoed down to the basement, and there was John, already studying. I was trying to catch up, but he was studying to stay ahead.

One time in my senior year we faced a particularly difficult calculus exam. We were nervous, but our teacher told us not to worry because we would be graded on a curve. After the test, he was distraught when he had to tell us there were a handful of D's and the rest were all F's because one of the students had scored 100

percent. This was a serious issue, since we would all be applying for college soon. But we couldn't keep from laughing because we knew who aced it. It was typical of John to excel in the final stretch. And it didn't hurt us. We all went on to good colleges.

John didn't just succeed in academics, but in every aspect of his life. And he was kind. He was always there whenever I needed help. He encouraged me to press on when things got tough. John was an inspiration to me — to all of us.

Back then each student was assigned to wait tables for an entire week every six weeks — breakfast, lunch, and dinner. We had to bring out the food, keep the pitchers of water and milk filled, and bus the tables at the end of the meal. John was no exception.

He was one of the smallest mem-

bers of the football team, but somehow, it was fitting that he became cocaptain. The team wouldn't have it any other way. His determination and perseverance were truly motivational.

By our senior year, John and I were coeditors of the student newspaper, and I was the manager of the football team. We were good friends. But John was a good friend to all of us. It was such a small school — 24 kids in our entire class — you couldn't help but get close.

This was the world John Roberts lived in for four years during the most impressionable time of his life. La Lumiere set a very high standard for its students, and John managed to raise the bar. He inspired all of us, and I predict he will impress the entire country once people get to know him the way his classmates did three decades ago.

CJ

Douglas Newcombe is a data processing consultant who lives in Phoenix with his wife and their four children. To find out more about La Lumiere School, go to www.lalumiere.org. Column provided by Creators Syndicate.

Debt Can Be Used Responsibly To One's Benefit

My late mother was frugal. Having been raised during the Depression years of the 1930s, she was staunchly opposed to debt. She frequently told me, "If you can't pay for something with cash, don't buy it." I never saw her use a credit card, and rarely did she write a check.

Many would agree with my mother, and perhaps if more people followed her advice, households wouldn't be \$10 trillion in debt and the federal government's national debt wouldn't be \$7 trillion. But would we be better off?

Here's what I mean. Although I certainly admired my mother, she was wrong about debt. Clearly debt can be over-used, and each year thousands of households file for bankruptcy because they can't meet their debt payments. But at the same time, millions of households use debt logically and responsibly.

Consider this situation. A young family with children has been renting an apartment. They would really like to raise their children in a home they own with more space and a yard. But the family doesn't have \$200,000 in cash needed to purchase a home.

The solution: Borrow the money, buy the home and enjoy it, and repay the loan while living in the home. This is a very logical and natural use of debt. Effectively it allows the family to draw on income they will have in the future in order to purchase an asset — the home — they will use now and for years to come.



Michael Walden

In fact, the vast majority, about 94 percent, of household debt is used in this way to buy homes, other property, vehicles, and an education. All of these are assets with multi-year lives. One rule to use in financing these assets is to never have a loan repayment period that exceeds the life of the asset. For example, you wouldn't want to borrow money for 30 years to purchase a vehicle lasting only 10 years.

Hold on a minute, did I slip in "education" as an asset for which debt financing makes sense? Yes I did, and education sure is a long-lasting asset, because people use it to earn more income in the future. In today's economy, paying for more education is, perhaps, the best expenditure a person can make. So, borrowing for education is not foolish, but instead is

Government borrowing can be justified as long as it follows the same rule as for household borrowing — borrow for a long-lasting asset and repay the debt while the asset is being used.

smart.

OK, so maybe you buy my arguments that some kinds of household debt can be justified. But what about borrowing done by the government? How in the world can it be justified as responsible?

Government borrowing can be justified as long as it follows the same rule as for household borrowing — borrow for a long-lasting asset and repay the debt while the asset is being used. In this way, both today's and tomorrow's citizens who benefit from the assets will pay for them. There are many government projects that meet this definition, such as military equipment, roads, schools, and other public buildings.

Local and state governments generally follow this rule, borrowing only for "capital" projects. In fact, separate operating and capital budgets are usually kept in city halls and

state capitals. But the federal government doesn't follow this rule. All federal spending is lumped into one budget, so federal borrowing could be used to fund salaries and printer ink as well as roads and tanks. A big step forward would be taken by the feds if they kept one budget book for day-to-day operations and another for roads, buildings, and equipment.

Anyone can over-use debt or use it for illogical purposes. But this shouldn't take away from the fact that there are sensible reasons for borrowing that I bet even my mother would have approved.

CJ

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

Local Editor Wowed By Capabilities of Basnight (a CJ parody)

By FAWN AWAY
Legislative Affairs Writer

JONES STREET
News item: "Doing the deals with Basnight"

Jim Jenkins, deputy editorial page editor of *The News & Observer* of Raleigh, in a column Aug. 11, sang a psalm about the great Marc Basnight, president pro tem of the N.C. Senate. Jenkins's adulation of the awesomely powerful Basnight swelled to heavenly heights:

- "Legislation that falls out of his favor heads for the boneyard."
- "That which he favors becomes the law of the land, at least most of the time."
- "Basnight is a tall, tanned fellow with a sort of cherubic face who's in his late 50s but doesn't look it."
- "One-on-one, he can connect with anybody."
- "Without wheeler-dealers at the top ... Jones Street would resemble one of those wrestling matches with a chain link fence around it. Most of the time, Marc Basnight is the one who sees that it doesn't."

This insight into the astounding capabilities of Brother Basnight came upon Jenkins in a visit Basnight made

to the offices of *The N&O*. Amazingly, Jenkins noted, Basnight did not come via a limousine or gilded carriage.

"Marc Basnight," Jenkins shared with eager *N&O* readers, "drove himself over to *The N&O* offices last week, just as he drives himself to and from Manteo on the weekends. As state Senate president pro tem, he could, one supposes, justify a driver, or he'd likely be able to catch a ride to the coast on a state or private plane, but he doesn't. Nor does he leave all the chores at the family seafood restaurant to others. He wanders the tables himself, making small talk."

Imagine that. A politician who likes to make small talk with customers, who likely are voters as well.

But wait, as they say on bargain-basement TV commercials, there's more. A similarly obsequious sequel of Jenkins's *Ballad to Brother Basnight* will be released this Christmas by Hoi Toid studios in Manteo. It's to be crooned to the tune of "You Light Up My Life:"

"So many days I sit at my desk
Waiting for someone to sing me
Marc's song
So many dreams I kept deep inside me
Alone in my room but now

You've come along

"You light up my life
You give me hope
To carry on
You light up my days
And fill my room with song

"Drivin' your car, yourself, just to see me
Could it be at last we're looking eye-to-eye?
At last, a chance to say hey,
I love you
Never again to write all alone

You light up my life
You give me hope
To carry on
You light up my days
And fill my room with song

You light up my life
You give me hope
To carry on
You light up my days
And fill my room with song

Can it be right
If it feels so wrong?
Sure, 'cause
You light up my life.



CJ The tall and tanned Basnight at work



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