

## Legislators Convert Voter-Approved Loans to Grants

### Some Critics Question Shift of Responsibility for Water, Sewer Projects

By RICHARD WAGNER  
Editor

RALEIGH  
Should residents of one area of North Carolina donate hundreds of millions of dollars to improve sewer systems of localities in other parts of the state?

Rep. Fern Shubert, R-Union, has been the most vocal critic among a handful of state legislators who don't think so. Passage of a Senate bill that converts millions of dollars in proceeds from a bond referendum would be "ridiculous" at a time the state is facing yawning budget deficits and legislators are pondering a massive tax increase, she said.

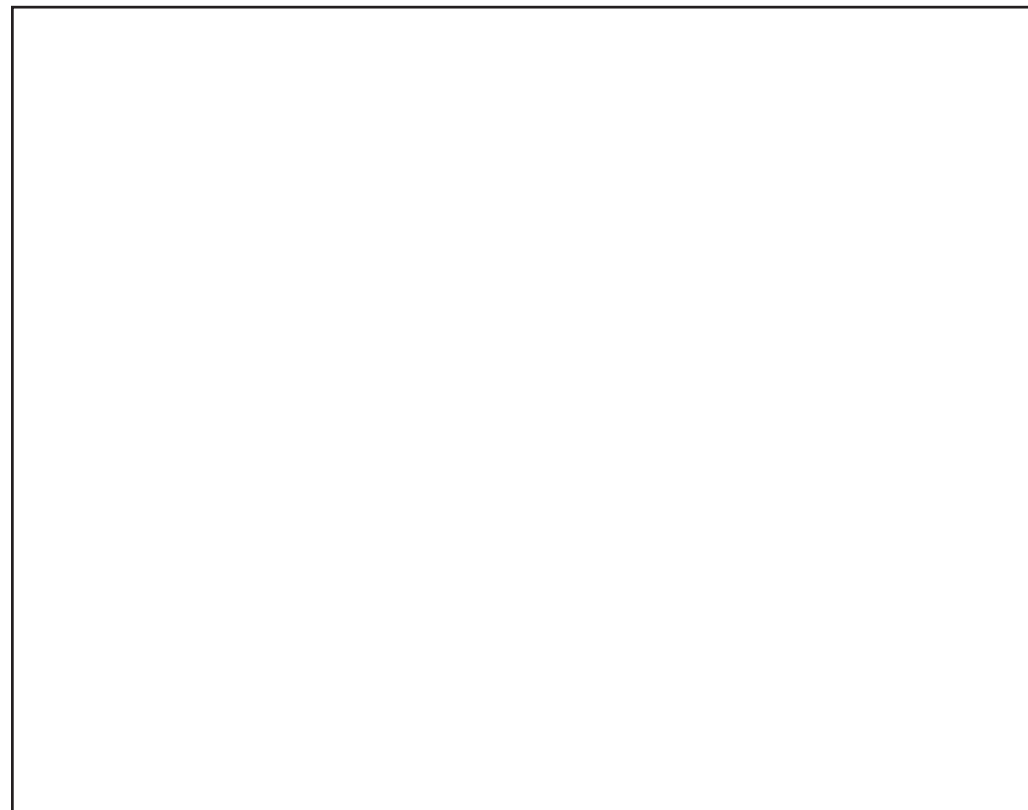
The bill, versions of which have been approved in both legislative chambers, finalizes the reallocation of money from an \$800 million bond package for water and sewer system improvements approved by state voters in 1998.

Reallocation of the loans marks a major shift in policy over who should shoulder responsibility for the upkeep of water and sewer systems. While state and federal funding has traditionally played a role, most localities have borne responsibility for water and sewer projects. The bill would shift more responsibility to the state — at the same time taxpayers are being asked to pay more to close a state budget deficit.

"The day after they passed [a tax increase] in House Finance, they bring this bill to the House floor that's just giving away money," Shubert said. "And most of the state is going to be paying for somebody else's sewer."

However, Sen. John Kerr, D-Wayne, sponsor of the bill, said the grants were justified because many localities across the state, not only those in his district, couldn't afford the loans. "In the long run of things it's not a lot of money. This is all that's left out of \$800 million ... spread over three or four years to release these grants," he said.

Shubert remained unconvinced. "Isn't it rather tacky to say you're broke while you're trying to give away millions and millions and millions of dollars? I think it



The Neuse River Wastewater Treatment Plant at Raleigh was launched with seed money.

casts serious doubts on the overall truthfulness of the assertion that the state is broke," she said.

Although this year's budget shortfall has heightened Republicans' scrutiny of state programs, in 1998 the Clean Water Bond Act passed with bipartisan support. It allocated \$500 million for grants and \$300 million for loans to local governments. At the time, the localities were expected to repay the full amount of the loans.

Few of them, however, applied for the loans, and last year legislators decided to allow localities to apply for grants instead. At that time, the Assembly reallocated \$200 million of the remaining \$285.2 million of the uncommitted loans to grants.

#### Last of the Money

On Aug. 23, the House Appropriations Committee overwhelmingly voted to send to the full House a bill that converted an estimated \$75 million of the remaining loans to grants. The House also approved the measure by a wide margin.

Despite Shubert's complaints that the money is going to towns and counties that have neglected their responsibilities, Kerr said the grants "have helped a tremendous amount of small towns in the east and

west."

"What are you going to do? Are you going to shut down the towns? You want to pollute the rivers?" Kerr asked. "We need a dedicated structure. This is an \$8 or \$9 billion problem, and we've started addressing the issues."

Some of the localities, such as Kinston, were fined by the Department of Environment and Natural Resources for repeated violations of clean water regulations.

"That's what's wrong with the Neuse," Kerr said, referring to sewage spilled from leaky pipes that has polluted the Neuse River, which runs through Kinston. "We have completely neglected our infrastructure."

"We look good on the outside. We've got a new suit. But we've got cancer on the inside," Kerr said. "And the only way to fix it is to get some help."

Other localities around the state face the same problems as Kinston, Kerr said. "All the schools in Wayne County are on a defunct system," he said. "Stuff was bubbling out of the damn ground."

The grants are combined with loans and federal funds to pay the total bill for

### Hundreds of Millions of Subsidies Flow Largely to Democratic Counties

By RICHARD WAGNER  
Editor

RALEIGH  
Grants totaling \$319.3 million of an \$800 million pool of loans and grants approved by the North Carolina General Assembly and state voters have been issued to 85 of the state's 100 counties, according to an investigation by *Carolina Journal*.

Six of the top 10 counties that have won grants lie in the eastern part of the state. Those eastern counties — Wayne, Beaufort, Duplin, Bertie, Wilson, and Johnston — have received \$88.4 million, or 28 percent, of the grants doled out so far, data supplied by agencies that administer the grants show.

Grouping the county grant data by legislative districts showed that nine of the top 10 legislators securing water and sewer grants were Democrats.

When counties themselves were ranked, legislative representation of the 10 counties with the largest grants were also heavily Democratic, by a ratio of 3 to 1.

#### Kerr's County Ranks First

Wayne County, which has received \$19.6 million, ranked No. 1 among grant winners. Wayne County also happens to be the home of Democratic Sen. John Kerr, sponsor of the bills that reallocated the money.

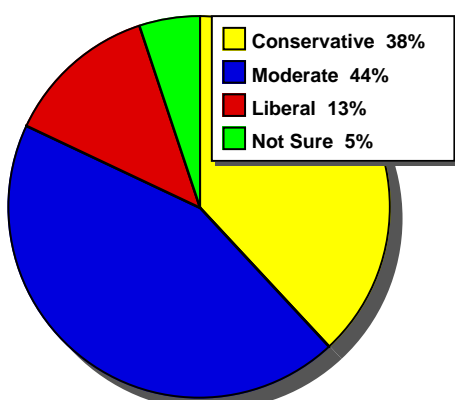
Beaufort County, which collected \$18.5 million, and Duplin County, at \$18.4 million, rank No. 2 and No. 3, respectively. Bertie County, at \$14.2 million, ranks fourth. Ten Democrats — and no Republicans — represent those counties.

Despite the success of Eastern North Carolina counties in grabbing the lion's share of the grants, Kerr said the Department of Environment and Natural Resources, a state agency, and a nonprofit group called the Rural Economic Development Center have been fair administering the money. "We've looked at the distribu-

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#### Political Philosophy of North Carolinians



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## Calendar

### Rep. J.C. Watts To Make Rescheduled Headliner Date

Rep. J.C. Watts will make up for a previously canceled appearance when he speaks at the John Locke Foundation's Headliner Luncheon at noon, Thursday Sept. 27, at the North Raleigh Hilton.

Watts is chairman of the House Republican Conference, and was part of the historic Republican freshman class of 1994.

As one of the leading spokesmen for the Republican Party, and a member of the Special Oversight Panel on Terrorism on the Armed Services Committee, Watts should have some salient remarks in light of the recent attacks on our country.

• John Locke Foundation Chairman and President John Hood will continue to tour throughout the fall promoting his new book, *Investor Politics: The New Force That Will Transform American Business, Government, & Politics in the Twenty-First Century*. See the Locke Foundation website ([www.johnlocke.org](http://www.johnlocke.org)) for dates and locations.

• In October the Pope Center for Higher Education Policy will hold its annual Higher Education Conference. This year's conference will feature Dr. Eugene W. Hickock, under-secretary-designate for the U.S. Department of Education.

Dr. Hickock is former education secretary for the state of Pennsylvania, a post he held during the mid- to late-1990s under Gov. Tom Ridge.

For the 15 years before that he taught political science at Dickinson College in Carlisle, Pa.

The Honorable Cass Ballenger, U.S. Representative from North Carolina's 10th District and member of the House Committee on Education and the Workforce, will

#### Rep. J.C. Watts

give closing remarks.

The conference will be held Oct. 20 at the North Raleigh Hilton. For more information, call (919) 828-3876.

• Also in October the N.C. Education Alliance will release the first annual What Works report to identify and highlight schools, programs, and businesses that are demonstrating exceptional success in serving high-risk populations.

The Alliance will tout the release on a 12-city tour across North Carolina, from Wilmington to Asheville. Nineteen schools and five programs will be featured.

Speakers on the tour include Paige Holland and Sherri Joyner of the Education Alliance, and John Hood with the Locke Foundation.

The tour will begin in Greensboro Oct. 2, and carry on through Oct. 10. Other city stops include Blowing Rock, Hickory,

Asheville, Charlotte, Raleigh, Rocky Mount, Greenville, New Bern, Wilmington, Clinton, and Fayetteville. See the Alliance's website at [www.nceducationalliance.org](http://www.nceducationalliance.org) for venues, dates and times.

#### Shaftesbury Society

Each Monday at noon, the John Locke Foundation plays host to the Shaftesbury Society, a group of civic-minded individuals who meet over lunch to discuss the issues of the day.

Featured speakers for the fall include George Chapman, director of planning for the City of Raleigh (Sept. 24), Michael Lowrey, an associate editor for Carolina Journal (Oct. 1), Anders Gyllenhaal, executive editor for the *News & Observer* of Raleigh (Oct. 8), and Michael Munger, chairman of the political science department at Duke University (Oct. 22).

The meetings are held at the Locke Foundation offices in downtown Raleigh at 200 W. Morgan Street, Suite 200. Plenty of parking is available in nearby lots and decks.

If you'd like to suggest a speaker for Shaftesbury, or if you'd like to join us, call Kory Swanson for details or email [events@JohnLocke.org](mailto:events@JohnLocke.org).

#### "Locke Lines"

The John Locke Foundation publishes a monthly audio magazine called "LockeLines" that features speeches made at Locke events that month.

"LockeLines" includes Headliner speeches as well as Shaftesbury Society speeches and commentary by Locke staff.

To subscribe, call Kory Swanson at (919) 828-3876. *CJ*



## Legislators Convert Millions in Water, Sewer Loans to "Giveaways"

Continued From Page 1

sewerage upgrades. "By using this as a supplemental grant program ... you've got these towns that are under moratorium, being fined, and they've got their water rates at the maximum," Kerr said.

Shubert, however, thinks each locality, not the state, should foot the bill for maintaining its own sewerage.

"This reminds me of Pogo," Shubert told a session of the House Appropriations Committee. "We have met the enemy, and it is us.

"A Democrat precinct chairman approached me a couple of weeks ago and asked me to be sure that our county commissioners were not taxing him to give money to extend sewer in other areas because he was never going to see sewer in his lifetime. He couldn't see why people that were paying for their own water and sewer were supposed also to pay sewer for the developers in our county."

Not only have legislators created gifts for localities, Shubert said, but the state has possibly set itself up for "some unintended side effects" if localities use the money to extend sewer lines.

Developers ultimately will be the big winners of the grants, Shubert said.

"If you take money and spend it on what's already there and charge the customers for that, you can use the money you get from the customers they're not having to pay for new lines to extend to new areas," she said. "And developers who know where development is going before anybody else can make a fortune."

Taxpayers will get only a few cents out of each dollar they contribute, Shubert said. Meanwhile, legislators will boast that they brought state funds to their districts.

"What this bill is is taxing people who are never going to see water and sewer to give money to people who'd like to have it, and I don't blame them for wanting to have

it, but when this bond was originally passed, the voters were told we were going to set \$300 million aside for a loan pool — that's something that doesn't affect the General Fund," Shubert told members of the Appropriations Committee before its vote on the measure.

"If you pass this bill, you are obligating the taxpayers of the entire state to cough up \$129 million to provide sewer in certain, selected areas of the state," she said.

Rep. Carolyn Russell, R-Wayne, rejected that argument. Many cash-strapped localities in underdeveloped parts of the state need the grants, she said, so they can get back on their feet.

Some of the towns with the worst sewerage problems have been slapped with moratoria that prevent them from adding new customers, including industrial clients. "If we don't do something about this, it won't do any good to recruit industry," Russell said.

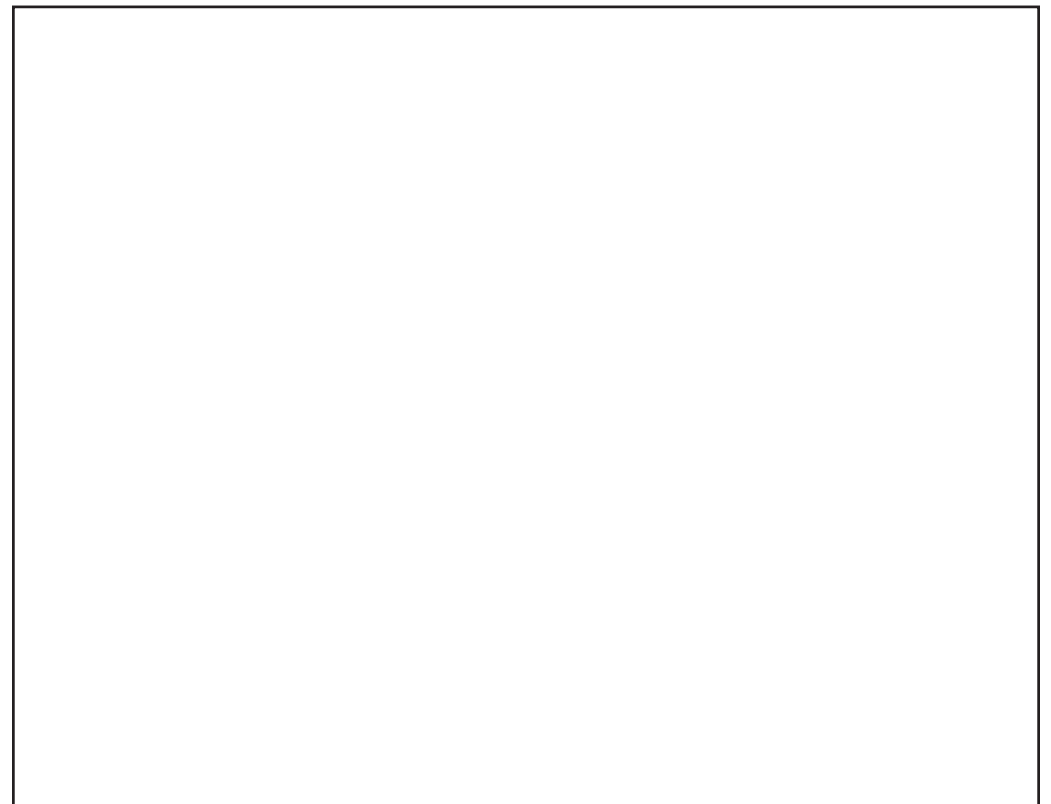
### Bypassing A Key Committee

To make matters worse, Shubert said, the grants bill was misrouted through the Senate and House and pushed all the way to the House floor without being considered by the Appropriations Committee, the one panel specifically charged with exercising discretion over the budget.

"How do you do a budget with numbers in it from a committee that never met?" she said. "Kind of makes you wonder if the other committees actually did anything or if they're just there for window dressing, doesn't it?"

The bill, which was introduced in the Senate, originally was referred to the Senate Finance Committee, where Kerr is the chairman. It received a favorable report in the committee and then was approved by the full Senate.

It was referred to the House Finance Committee, where it was approved, and



Rep. Fern Shubert talks with Rep. Joe Kiser, R-Catawba.

Photo by Andrew Cline

sent to the full House. It was withdrawn from the House floor and re-referred to the Appropriations Committee, Shubert said, probably because of her insistence.

Eventually, the Appropriations Committee sent the bill to the House, where it was approved.

House rules require spending bills to go through the Appropriations Committee "because you need some kind of point in which you know whether the money is being spent or not," Shubert said.

Shubert said she thinks the Appropriations Committee was bypassed because some legislators didn't want the public to know how much money they were spending and because the Finance Committee was "stacked" with Democrats who would automatically vote for the bill.

"We are raising taxes on taxes on taxes," she said. "I mean, 'Well, it's just a little bit, just a little bit.' I think going around talking to folks, just, the working-class folks that supposedly the other party is here to look after?"

"They're dying on the vine. They can't make ends meet as is. And even a 'little bit' is more than they have."

But Kerr pointed to the Assembly's recent approval of \$75 million in grants as just a continuance of a decision that was reached years ago. "We had this bond issue in 1998, I think, the state of North Carolina decided to do this and gave us this flexibility to swap this money. Everybody supported this. We've done this before. We've released some money before. This is the last of it," he said. *CJ*

## Clean Water Grants Flow Largely to Democrat-Controlled Counties

Continued From Page 1

tion of these funds and they've been pretty well-spread all across the state," Kerr said.

The Rural Center has a good record, Kerr said. "As far as I know, nobody has ever complained," he said. "I'm on the infrastructure council. We've had hearings about it. Billy Ray Hall is very responsive, and we've had no problem with DENR." Hall is president of the Rural Center.

Rep. Mitch Gillespie, R-McDowell, said localities are having a hard time meeting strict regulations imposed by the state. "Every day the state passes laws and regulations that make it harder for towns. I think the Rural Center will do a good job distributing the money," he said.

### Ranking Lawmakers By Grants

Counties represented by Democratic Sen. Marc Basnight reaped the greatest share of the grants. Those counties — Beaufort, Bertie, Camden, Chowan, Currituck, Dare, Hyde, Pasquotank, Perquimans, Tyrrell, and Washington — won about \$52 million in grants.

Following Basnight was Rep. Larry Bell, D-Duplin, whose district won \$44.3 million in grants, and Sen. Robert C. Carpenter, of Macon County, the lone Republican among the top 10 legislators. Counties represented by Carpenter won \$36.1 million.

Created in 1998 by the legislature and voters in a statewide referendum, the Clean

Water Bond Act originally allocated \$500 million in grants and \$300 million in pass-through loans to help towns and cities repair and extend sewer and water systems.

Last year the Assembly reallocated to grants \$200 million of the uncommitted loans, and then again this year converted the remainder, or \$75 million, of the loans to grants.

The Rural Center has been given part of the responsibility for administering the grants because, Kerr said, DENR is overloaded with work during the state's budget crunch.

Need determined which localities got the loans, Kerr said. DENR set up a point system, based upon "critical need," and localities that received the most points got the loans.

"We require that you have a water rate to show an effort, and this lets them match what they can borrow plus what the supplemental they can get from the Rural Center to get themselves off of paying fines," he said.

Jean Crews-Klein, vice president of the Rural Center, explained the decision-making process.

"Critical need can be defined as an environmental critical need, which is wastewater; a public health critical need, which is drinking water, or an economical critical

need, which we measure by job loss," she said.

The Rural Center is a private, non-profit organization that raises some private funds but survives largely on tax money. It has three core functions: It is a distributor of funds to the needy, an advocacy group for the rural poor, and a think tank.

"The mission of the North Carolina Rural Economic Development Center," according to the group's

first annual report, published in 1988, "is to improve economic conditions, support increased entrepreneurial development and make more and better jobs available in rural areas with a special focus on low-income residents."

When the Rural Center was incorporated in January 1987, some criticized it as nothing more than a way to provide jobs for Democrats and funnel money to pet projects favored by Democratic legislators because Republican Gov. Jim Martin had recently taken control of the executive branch.

Hall, an official in Democratic Gov. Jim Hunt's first two administrations, was the first president of the Rural Center, and he still serves in that capacity.

The Rural Center operates a variety of programs similar to those operated by the N.C. Department of Commerce, the N.C.

Department of Environment and Natural Resources, and the private sector. Although the center is required to report to the Joint Legislative Commission on Governmental Operations, the reporting requirements allow the information to be more than a year old.

### Questions About Access

Rep. Fern Shubert, R-Union, an outspoken critic of the reallocation bill, said she recently started looking into the Rural Center.

"It's a very interesting organization," she said.

So interesting, in fact, that she's curious why her town was overlooked when the money was being handed out.

Union officials told Shubert that the Rural Center had not notified them of a workshop that was conducted to teach local officials the procedure for filing for the grants.

"The notice for the workshop said that if you don't go, you can't get grants," Shubert said. "So, who got informed of the workshop is kind of a serious question. And since I know for a fact that not everybody got informed that was eligible I certainly have a few questions about how they decided who to let in on the secret." *CJ*

Associate Publisher Don Carrington contributed to this story.

**Nine of the top 10 legislators in securing water and sewer grants for their counties were Democrats.**



## Around the State

- Two Charlotte-based BellSouth employees were on the losing side of a National Labor Relations Board ruling that requires them to wear uniforms bearing a half-inch union logo. According to the Associated Press, the workers sued the Communications Workers of America in 1996, claiming they would be fired from their jobs if they didn't wear the uniforms. The two men, who refused to join the union, were defended by a right-to-work legal organization, which plans to appeal the ruling. North Carolina is a right-to-work state.

- The state was within its rights to withdraw a half-million-dollar grant from a Greensboro anti-poverty group because of its past mismanagement of government funds, U.S. Health and Human Services Secretary **Tommy Thompson** ruled in August. The *News & Record* of Greensboro reported that state officials cut funding for the Guilford County Community Action Program, run by Greensboro City Councilman **Earl Jones**, because the organization could not account for how it spent \$700,000 in federal grant money it had received. Jones said the missing records were the result of a "computer crash," but "a computer crash cannot explain many of the unchallenged findings, including ... the failure to timely pay federal and state payroll taxes, the filing of inaccurate federal and state payroll tax reports ..." a DHHS official said last week. Jones said he would file a lawsuit to get the grant money back.

- The nonprofit group Citizens United Against the Lottery claimed that lottery opponents have gained 20 votes in the North Carolina House since March.

- The Associated Press reported that community college administrators are complaining that voter-approved bond money is trickling too slow to keep up with enrollment. The bond issue was based on a growth of 3 to 4 percent, but North Carolina's 59 community colleges have seen enrollment grow by about 10 percent from last year. Administrators said the gradual release of funds contributes to the problem. The state plans to sell the first \$48 million in bonds next March, with the remainder of the approved \$600 million sold over the following five years. Community colleges are also required to match state funds dollar for dollar in order to receive the construction funds, which has become another obstacle because of the state's sagging economy.

- North Carolina's child support collection program is better than the national average at collecting money, but does not operate as efficiently. A report from the U.S. Office of Child Support Enforcement found that the state was better at collecting current and overdue payments. However, North Carolina collected \$3.86 for every dollar spent on child support enforcement, below the national average of \$4.21.

# Behind the Scenes of Easley's Tax Speech

## State Employees Write Scripts for Governor's Address and Campaign Advertisements

By **DON CARRINGTON**  
Associate Publisher

**T**o some, Gov. Mike Easley's public service address Aug. 16 may have looked like a political commercial. That may not be far from the truth.

The video was produced, directed, and financed by the Mike Easley Committee, Easley's political organization. Portions of that address Thursday evening later ran as 30-second political commercials on several North Carolina television stations during the Sunday NBC show *Meet the Press*. But the scripts for both the address Thursday night and the political ads Sunday were written by state employees in the governor's communications office.

Cari Hepp, spokeswoman for Easley, told *Carolina Journal* that the governor's communications staff wrote the scripts but that a local video company hired by the Mike Easley Committee did the other work in producing the final tapes.

One of the television stations contacted by *CJ* said, "The Sunday ads were placed by Shorr and Associates for the Mike Easley Committee, Jay Reiff Chairman." Shorr is the Philadelphia-based political consultant who worked for Easley's 2000 campaign for governor. When asked whether Saul Shorr was involved in the production of the address Thursday, Hepp said, "Not that I am aware of."

When asked whether it was appropriate for Jay Reiff to be chairman of the Mike Easley Committee at the same time he was

a state employee in the governor's office, Hepp said, "He is a temporary employee and he is no longer affiliated with that group. He is not employed by the Mike Easley Committee."

On Wednesday, Aug. 15, the governor's press office announced he would deliver a statewide address the following evening "to discuss his proposal for solving the state's budget impasse." The release noted that Easley's address would air on network stations throughout North Carolina.

But also on that day Shorr sought quotes from television stations to run paid ads on Sunday. At least three of those ads were purchased prior to Easley's statewide address Thursday evening.

The Thursday evening project started when the governor asked the North Carolina Association of Broadcasters to set up a network feed for an address by the governor on the state budget situation. The association agreed, but stipulated that a Republican response was appropriate, which was also broadcast. UNC-TV handled the broadcast and all North Carolina stations were able to pick up the feed.

Representatives of both the NC Association of Broadcasters and UNC-TV assured *CJ* that they were very careful to make the overall presentation balanced. Neither the broadcasters nor UNC-TV, however, knew Easley purchased time for political ads to air portions of the same message.

Reiff managed Easley's 2000 campaign,

and prior to that worked as a publicly funded consultant for Easley when Easley was attorney general. Records indicate he was involved in the production and placement of the then-attorney general's controversial "public service" ads warning citizens about predatory lending. Those ads ran for several months throughout the state, prior to Easley's 2000 campaign for governor.

An investigation by *CJ* revealed that Shorr was also linked to the production of Easley's predatory lending ads, but Easley never admitted that Shorr was involved. The ads were highly criticized by Easley's primary opponent, Lt. Gov. Dennis Wicker, as well as Richard Vinroot, the Republican candidate in the general election.

### Reiff's Other Duties

In addition to his duties in the governor's office and an alleged, but disputed, role with the Mike Easley Committee, Reiff was also a registered lobbyist for two organizations. He resigned Sept. 10.

According to the North Carolina Secretary of State's records, Reiff represented a Chapel Hill-based group named Citizens Conservation Services. Reiff was also a lobbyist for the Lottery for Education Coalition, NC. The latter group is working to establish a state lottery.

Officials with the secretary of state's office told *CJ* that they knew of nothing in the NC Lobbying Act that addressed the issue of state employees being registered lobbyists for non-state organizations. *CJ*

# Catawba Valley Fights for Property Rights Again

By **GEORGE STEPHENS**  
Contributing Editor

**I**n the American Revolution the Over Mountain Men followed Coxe's Creek down the Blue Ridge, and Catawba Valley men joined them. Their farms had been threatened and the Patriots of western North Carolina and western Virginia pursued the British-commanded Loyalists to King's Mountain.

Now the Catawba descendants are fighting again for their land, this time against the government of their own state, which plans to take their stream sides for public use without compensation, violating rights they won in the Revolution. To them it looks like the same sort of despotism.

In 1780 the alarm was carried hundreds of mountain miles by horseback riders. Today it is done on the website of the Upper Catawba River Landowners' Alliance ([www.ucrla.org](http://www.ucrla.org)). It holds meetings twice a month, has protested in regional hearings and has demonstrated at the state legislature in Raleigh, where they shocked lawmakers and officials who didn't expect such a reaction because the rules had been installed in the urbanized Neuse River basin with hardly a whimper.

### Proposed Rules Spark Reaction

What caused this rebellion? The people who live on the tributaries of the Catawba River are fearful about proposed stream "buffer" regulations of the Environmental Management Commission under the North Carolina Clean Water Act of 1999. EMC's purpose is to reduce stream sedimentation,

fertilizer and pesticides, using as a model a rule it made for buffers on the Catawba River lakes and its main stem below Lake James. (Similar rules will cover all of the state's river basins). Developed by the Division of Water Quality of the N.C. Department of Environment and Natural Resources, it required 50-foot vegetated buffers. The first 30 feet from the bank must remain essentially undisturbed, with limited uses in the next 20 feet.

The practical problem for these landowners is that valleys like Coxe's Creek are narrow, so a 50-foot buffer on both sides of the stream takes much or all of their useable land. In some cases owners will be allowed to use them by "mitigating," paying a state fee of about \$80,000 per acre for disturbance of the buffer.

Of course, they must continue to pay taxes on their lands. There are penalties of up to \$25,000 per day for noncompliance with the regulations. No landowner may refuse to let a water quality inspector on his property, and the regulations do not require the inspectors to have a search warrant.

The DWQ staff expresses sympathy for the landowners and state that the division is trying to accommodate them as much as possible. For example, DWQ will consider narrowing the buffers in some places. The owners are not reassured, however; they said the buffers can be widened again. In any case, they say, varying the rules is not a solution to the lack of compensation.

They say the state must buy the development rights in the buffers, which is less expensive than buying the fee title to the land. If few landowners will actually be affected, as state regulators claim, the unconstitutional rules are hardly needed, land-

owners claim. Granted, there is the problem of the irresponsible owner who scrapes his banks bare and silts the stream. A suit for damages by people downstream and/or the county government, and a court order to repair the damage, would be one possible remedy.

Another arm of the solution is education and technical assistance, which soil and water conservation districts, county agricultural agents, and private consultants are well-equipped to furnish. Most people will do the right thing, if they know what to do. The counties can send out reminders of the need for good riparian practices along with tax bills.

### Courts Shifting Emphasis

The state has legal precedent for its regulatory strategy, because in 1926 after 135 years of strict enforcement of property rights the U.S. Supreme Court began to allow partial takings of property value without compensation (eventually up to 95 percent).

In 1994 it reaffirmed that the Fifth Amendment Takings Clause is as important as the rest of the Bill of Rights, and as recently as July 2001 it said that partial takings must be compensated. Property-rights advocates say the era of riding roughshod over property owners is drawing to a close.

The General Assembly must approve the final regulations. A bill is being introduced to postpone them to 2003, though they would have sailed through were it not for the rebellion of Catawba Valley. The outcome of the current battle is not certain, but it should be remembered that at King's Mountain the Catawba Valley people and their allies won a complete victory for property rights. *CJ*

### A NEWS ANALYSIS



# House Votes To Nix Customer Satisfaction Program

*State Auto Dealers Association says Ford program harmful, though Ford employees and customers like it*

By **ANDREW CLINE**  
Managing Editor

RALEIGH  
House members overwhelmingly approved a bill (by a vote of 87-8) that would outlaw Ford Motor Company's Blue Oval customer service program after heavy lobbying by the N.C. Automobile Dealer's Association (NCADA), which says the program is unfair to local dealers.

"Incentive programs are a mechanism between the manufacturer and the dealer," said Robert Glaser, executive vice president of the NCADA. "In many cases the incentive is so material that it amounts to economic extortion. The dealer has to participate in the incentive program if they like it or not."

Ford dealers say they like the program.

Numerous Ford dealers testified in committee that the program benefitted their employees and customers.

"There are a lot of good benefits with the Blue Oval program," said Vernon Smith, owner of Morehead City Ford in Morehead City. "Blue Oval in itself has been very good for us, and overall it's been very good for the customers, which is what it's all about. I did have some concerns about the fact that they were allowing other manufacturers to have basically the same program and outlawing it for us. I have some very strong feelings about that, but I will do whatever the law says."

Smith and other dealers said the program made their employees more sensitive to satisfying customers. "My people liked it," Smith said. "It brought the team together in ways that I couldn't imagine.

They'd come in on weekends."

Dave Horne, a lawyer who represents Ford in the General Assembly, said the majority of Ford dealers loved the program, but the General Motors and Chrysler dealers wanted it done away with.

"Ford dealers throughout North Carolina have written, called and asked their legislators to treat them at least as well as they do foreign car dealers, and they have asked that this program be allowed to continue because it is having a very positive impact on their employees and on the pride instilled in their employees and because of the benefits their employees enjoy," he said.

But Glaser said the program had to be abolished.

"There's a piece in there that says to become Blue Oval certified you have to renovate or update or remodel or your facility has to be better than your competitors," Glaser said. "We believe the issue of customer satisfaction should be up to the person on the front line, not dictated from Detroit. Ford's program is basically a cookie-cutter program."

Horne said the bill would harm the consumers by prohibiting car makers from instituting customer satisfaction initiatives.

"It's a terrible bill for consumers because it eliminates entirely the option for

voluntary programs that will reward dealers for making their customers happy," Horne said. "Customer satisfaction programs are outlawed by the General Assembly, probably for the first time in the history of our state. People selling a product that adult consumers *must* have will no longer be eligible to receive financial incentives for doing a good job."

In addition to outlawing Ford's Blue Oval program, the bill would prohibit manufacturers from forcing dealers to change all their signs at once should the manufacturer employ a new logo. It also would give the NCADA automatic standing in court to sue automakers. That would make the group the only professional organization in the state granted automatic standing.

If approved, the bill would add multiple pages to the thick section of N.C. statutes that govern automobile franchises.

"North Carolina law makes it practically impossible to get rid of a bad franchise dealer," Horne said. "It's easier to get rid of leukemia than it is to get rid of a bad franchise auto dealer."

"This bill assures franchise dealers that their lock on the marketplace is further tightened and that they cannot be required to have even the most minimal of standards to treat customers fairly." CJ

## Bill could increase health care costs by \$750 million

# Managed Care Regs Proceed

By **ANDREW CLINE**  
Managing Editor

RALEIGH  
Conferees were appointed in early September to hammer out a compromise between the House and the Senate on Senate Bill 199, the "Managed Care Patients' Bill of Rights."

The 31-page bill would institute a host of changes to the way managed care companies, or HMOs, do business in the state. Supporters say the legislation is needed to keep HMOs from abusing patients. Opponents say some of the regulations are poorly thought out and would result in greatly increased health care costs.

Managed care companies emerged in the 1980s as a way to control health care costs in an era in which employers, rather than employees, paid most of the costs of medical treatment. Though most HMO patients report being satisfied with their medical treatment, activists say HMOs don't play fair, and legislators have responded by trying to undo some of the cost-cutting measures HMOs have instituted.

"None of the things we used to try to do to control costs are allowed any more," said Harry Kaplan, a Raleigh lawyer who represents HMOs at the General Assembly. "Frankly, we're just throwing our hands up and saying, 'What are we gonna do?'"

The bill "continues the trend toward lifting restrictions on people's access to providers in managed care plans," Kaplan said. "It gives people more freedom, but it increases costs more."

Dr. Chris Conover of Duke University said the bill would increase health care costs in North Carolina by \$49 million to \$750 million. "That is a combination of impacts directly on the HMOs, but also spillover effects onto the rest of the health-care sector," Conover said.

"One of the things that really concerned me when I looked at this is that our health costs in North Carolina have been going up 1 to 2 percent a year faster than the rest of the nation since the 1980s. That's of real concern. And to the extent that we're moving in the direction that we're adding to our costs by legislation such as the Patient's Bill of Rights is only going to accelerate that trend, and I think that's regrettable."

The North Carolina Health Access Coalition, which has lobbied hard for the Patients' Bill of Rights, says there are three

things the state must do to protect consumers from bad HMO decisions: 1) Establish a true independent external review when an HMO denies health care; 2) Create a patient advocacy program; 3) Hold HMOs accountable for bad decisions to deny care.

HMOs say they don't have a problem with these goals *per se*, only with some of the methods the bill would use to get there. For example, HMOs are in favor of having a patient assistance program. But the bill would allow the governor to set up this program in any state agency of his choice and staff it with members of his choice. The HMOs say the program should be run out of the Department of Insurance.

"Why should this program be placed in the governor's office when DOI already does most of this stuff?" Kaplan asked. "What if DOI and this separate agency have different opinions? Several other states have had bifurcated regulatory regimes and it's been a disaster."

"California had that problem. They had two different agencies regulating managed care. They eventually had to set up a single agency."

"Here we have a DOI known throughout the country as a model for managed care regulation, and they don't want to use it."

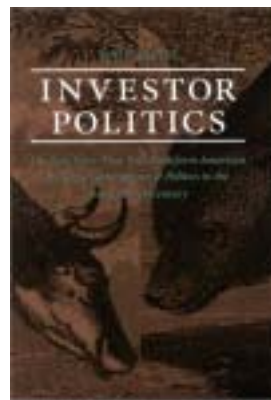
Other ideas in the bill have HMO support, but HMOs warn that the provisions aren't going to be free.

"[The independent review panel] is something we strongly supported," Kaplan said. "This is probably a very good idea — but it's definitely going to cost something."

Other parts of the bill are unnecessary and could even be harmful, HMOs say. "The bill prohibits certain managed care provider incentives," Kaplan said. "It says you can't provide a financial incentive to a provider to delay, withhold, or delay a medically necessary service. I don't know anybody who does that. To the extent that it creates uncertainty, it may stop insurers from offering incentives to reduce unnecessary care."

Two new mandated benefits: Coverage of newborn hearing screenings and direct access to pediatricians are things HMOs already do, Kaplan said.

"Unfortunately it's a lot more regulation, but on balance it's not that bad because a lot of the stuff the industry already does," Kaplan said CJ



## John Hood

President, John Locke Foundation  
and Publisher, Carolina Journal

Begins a Statewide Tour on September 11  
to Read from & Discuss His Latest Book:

**Investor Politics: The New Force That Will Transform American Business, Government, and Politics in the 21st Century**

Confirmed Dates So Far Include:

- Sept. 11, 12 p.m. Brownstone Hotel, Raleigh
- Sept. 18, 7:30 p.m. Barnes & Noble, Wilmington
- Sept. 23, 3:30 p.m. Gardner-Webb University, Boiling Springs
- Sept. 24, 7 p.m. Little Professor Book Center, Charlotte
- Sept. 25, 12 p.m. Literary Book Post, Salisbury
- Sept. 25, 7 p.m. Barnes & Noble, Greensboro
- Oct. 15, 7:30 p.m. Quail Ridge Books, Raleigh

"John Hood has produced a timely and informative account of . . . the most significant demographic shift of this century — the rise of a shareholder democracy in America. Anyone who is interested in how this demographic shift will shape American politics in the 21st century should read this book."

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For more information about these events or to schedule other appearances, call 919-828-3876 or visit [www.JohnLocke.org](http://www.JohnLocke.org). More information about *Investor Politics* can be found at [www.TempletonPress.org](http://www.TempletonPress.org).



## School Reform Briefs

• "Bright Beginnings," a program for at-risk four-year-olds designed and run by the Charlotte-Mecklenburg Schools, is now in its fourth year of operation. New evidence suggests that the program, which makes use of both school facilities and day-care centers, is generating long-term gains for participating students.

A new CMS study of third-graders who went through Bright Beginnings in its first year found that reading and math scores were still higher than average for their demographic category. Specifically, 71 percent of Bright Beginnings participants scored at grade-level in reading last year, compared with 62 percent of second-grade students with similar backgrounds who were not enrolled in the program as preschoolers. In math, 66 percent of the Bright Beginnings students were at grade-level as second-graders, compared with 59 percent of eligible nonparticipants.

In both cases, however, the Bright Beginnings students continued to score lower than students who were not eligible for the program. Moreover, their performance as third-graders in 2001-02 may be critical in gauging the effectiveness of the program, since studies of other preschool interventions, such as Head Start, show a "fade out" in benefits as participants complete the third grade in public schools.

• In the journal *Education Next*, scholars defending the National Board of Professional Teaching Standards responded to criticisms by Michael Podgursky, some of which were also included in a *Carolina Journal* story on the NBPTS ("Testing the Waters of Teacher Quality," June).

In particular, Lloyd Bond of the University of North Carolina at Greensboro defended his study linking national board certification and student outcomes. Podgursky had argued that Bond's study used skewed samples of certified and noncertified teachers and failed to adjust for the backgrounds and past test scores of students in each category of classrooms (those with a NBPTS and those without one).

Bond answered that scores on standardized tests were only one way of measuring the impact of board certification on student learning. "We believe that setting worthwhile goals is a crucial aspect of accomplished teaching, and the extent to which students have met the goals set by their teachers is a rational and utterly defensible measure of student achievement," he wrote.

Bond also asserted that failing to adjust for differences in student background and prior performance weren't needed because the study wasn't based on test scores but on assessment by "observers."

Podgursky's reply? He said that Bond assertions were "speculative," "extraordinary," and "without evidence."

"A rigorous study design would have compared certified with noncertified teachers who work with similar student populations, or it would have collected extensive control data on students's backgrounds," he wrote. "The researchers did neither." CJ

## N.C. Teacher Pay Ranks 7th in Nation

## Adjusting for Variations in Living Costs Scrambles State Rankings

By ANDREW CLINE  
Managing Editor

RALEIGH

**N**.C. legislators often cite the need for additional teacher compensation. Just last year, the North Carolina General Assembly appropriated the final installment of former Gov. Jim Hunt's plan to raise teacher pay to the national average. The raise, which was included as part of the Excellent Schools Act, was sold as an attempt to raise teacher salary to the national average by hiking annual pay by roughly \$1 billion over four years.

As a general rule, ranking teacher salaries by state is a common practice with little or no attention given to the differences that may exist from state to state. All too often educational leaders and politicians assume states are identical. For instance, the American Federation of Teachers (AFT) is one of the only organizations in the nation that considers cost-of-living when calculating a state-by-state comparison of average teacher compensation.

However, *Rankings on Teacher Pay 2001*, an annual study released this month by the North Carolina Education Alliance, may bring the issue into a better perspective by including other important statewide factors.

The report ranks North Carolina above the national average, above the national median, and 7th in the nation.

The study uses three measures to present a more accurate picture of teacher compensation in North Carolina and elsewhere:

- Teacher benefits. The study added the value of teacher pension plans reported by AFT in 1998 to average salaries in order to provide a more complete picture of the full compensation teachers receive.

- Teacher experience. Because pay correlates with age and experience, cross-state comparisons should adjust for the composition of the teaching profession. The most recent average teaching experience reported by AFT in 1993 was normalized into a teaching experience index with a 1.0 base.

- Cost-of-living. A useful index of living costs was created and normalized by updating one of the few interstate indices (last released in 1990) with more recent city-by-city observations.

Arguing that these three adjustments are necessary if the goal is to measure teacher compensation accurately, the author, Sherri Joyner, said that the report is designed to promote a more informed debate about education policy. Even after adjustment, some complexities remain, she said.

"In each case, statewide differences can often mask differences among cities," she said. "However, since teacher salaries are reported by state, this paper uses a similar approach to adjust salaries based upon statewide averages."

All the factors had a large impact on teacher salary. Living in a state that has an index number lower than the national average of 1.0 raised the real dollar value of the salary. Likewise, a cost-of-living index number higher than the national average lowered the real dollar amount.

According to *Rankings on Teacher Pay 2001*, once adjusted for interstate differences, the average teacher compensation in North Carolina was \$46,779 —

higher than the national average of \$42,397 and the national median of \$39,522.

Georgia received the highest mark, ranking 1st with an adjusted average compensation of \$54,448.

Overall, North Carolina moved up 16 places in the ranks, from 23rd to 7th when compared to previous, raw teacher salary data. The report also ranks North Carolina 3rd in adjusted teacher compensation among the Southeast states.

Georgia, Texas, and Florida ranked in the top three of the study while several states with higher raw teacher salaries, such as Connecticut, Massachusetts, and New York, came in near the bottom of the list.

## Highlights from the Report

Although factors impact average teacher compensation vary widely from state to state, the report is able to take into consideration some of these differences and report major trends. Here are some of the highlights:

- The adjusted average teacher compensation for 1999-2000 of \$45,604 represents a 10 percent increase over the previous year's adjusted average compensation of \$41,413.

- Even though Massachusetts' raw teacher salary ranked 9th, the state dropped to dead last with real average compensation of \$29,685 when adjusting for state differences.

- Massachusetts had the highest cost-of-living index at 1.28, followed by New York at 1.28, and Connecticut at 1.25.

- North Carolina's cost-of-living was below the national average at .96.

- Out of 11 Southeast states, only Georgia and Florida had adjusted teacher compensation higher than North Carolina's

- North Carolina gained substantial ground in 1999-2000. Last year, the Alliance reported North Carolina's adjusted rank as 18th in the nation.

## Problems and Criticisms

Last year, the Alliance released the report for the first time and received a number of criticisms from teachers upset over what they considered to be the report's

stance against raising teacher pay.

But Joyner says no opinion was included in the report to indicate the organization, or herself, was against paying teachers more.

"I never even considered the issue of whether teachers should be paid more in this report, this year or last," she said. "It wasn't an issue. The goal was generating a more accurate state ranking."

"Often times, I have cited the need for teachers to be paid on a scale closer to that of other professionals. Not only would it seem fair, but it would attract more qualified people to the field," she added.

Unfortunately, the report is missing some data. Cost-of-living data for five states and the District of Columbia were not available to include in the report and the teaching experience data were older than Joyner would have liked.

Although the availability of more recent data might have affected North Carolina's ranking, many of the states excluded, including Hawaii, New Jersey, and Rhode Island, would most likely have higher cost-of-living indices—thus affecting North Carolina's ranking very little.

But the author warns of any direct policy resulting from the study due to missing data and the lack of recent material.

"This study tries to delve into a very complex issue, but in no way should it be considered the final word," she said. "The Alliance obtained the most recent, reliable data to put North Carolina's average teacher salary into a proper perspective and to give taxpayers an idea of what the average teacher compensation really is."

In fact, the report is the first in the nation to include a state-by-state ranking of teacher salaries under a variety of statewide criteria.

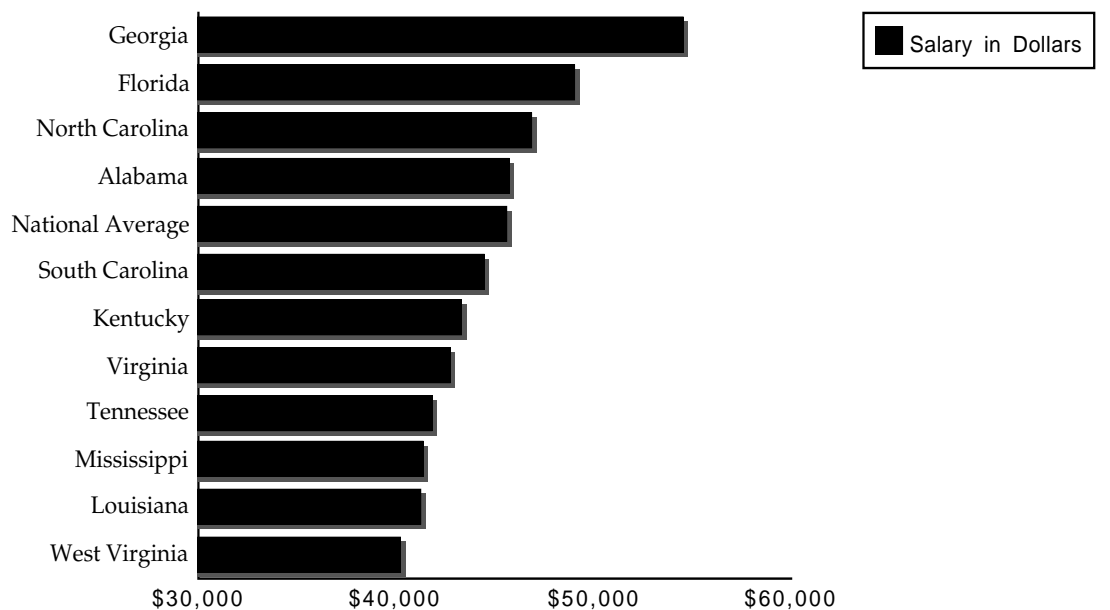
Other reports, including those by the teacher unions, cite teacher benefits and experience as altering differences, but fail to use them to compare compensation.

Joyner said that the report should come as good news to legislators and education leaders who have set out to ensure our schools are competitive. After years of increasing salary to be at the "national average," we are actually above it, she added.

For a copy of the full report see [www.nceducationalliance.org](http://www.nceducationalliance.org) or contact the Alliance at (919) 832-9756. CJ

*The report uses three measures to adjust average teacher salaries: teacher benefits, teacher experience, and cost-of-living.*

2000 Adjusted Average Teacher Compensation by State for the Southeast Region





*Mecklenburg, Wake Feature High-Profile Races***Voters to Select New Members for Some School Boards This Fall**

By PAUL CHESSER  
Associate Editor

Most of North Carolina's 100 counties will conduct municipal elections this fall, but only a handful have board of education contests. Local elections usually promise limited interest among the populace, but these races could change education dynamics in their respective counties.

*Busing in Mecklenburg County*

Charlotte-Mecklenburg County has six district board seats open for contention this fall, with incumbents Vilma Leake, George Dunlap and Molly Griffin running uncontested in three of the districts.

The hot issue in Charlotte education circles is the county's new pupil assignment plan, which gives students choice among public schools as well as a "neighborhood" school if they wish. The plan is the latest reverberation of ongoing litigation regarding the system's use of forced busing for integration. Like the citizens of Charlotte-Mecklenburg, the county board is split on the new plan and the busing issue.

In its most recent episodic development, the busing issue dates back to a 1999 decision by a 4th District Court judge's ruling that Mecklenburg must end race-based assignment. A court panel overturned that decision, and now the county awaits the outcome of an appeal to the 4th's full judicial body.

In the meantime the school board has attempted to pass its new choice-based assignment plan without racial criteria, which was accomplished in July. However, the court decision could change that.

The makeup of the school board could change things, too. Many see District 4 as the "swing" race, with incumbent Louise Woods challenged by Julian Wright. Until the most recent board vote, Woods had supported the deferral of the new assignment plan.

With an election on the horizon, the entire board (except for Chairman Arthur Griffin) voted in July to implement the plan without racial integration as its primary goal.

Larry Gauvreau, one of the original plaintiffs in the suit that (so far) has overturned forced busing, and former school board member Pam Mange are competing for the District 1 seat on the board. Mange served on the board six years ago after winning a close election, and in 1999 Gauvreau lost his own bid for an at-large seat by 1 percent.

Mostly conservative District 6 features an open race to replace Lindalyn Kakadelis, who directs the Children's Scholarship Fund of Charlotte.

Dr. Lee Kindberg, a former executive with KoSa (and a board member of the John Locke Foundation), and Michael Kasper are competing for her seat.

*Tax Issue in Wake County*

Bill Fletcher and J.C. O'Neal each seek to serve a third four-year term on the board of education in Wake County. Each is challenged by an upstart who believes there is a disconnect between the school board and

Wake parents.

"I don't think the public has been well-informed, and as a result the public has lost faith in the public school system," said Amy White, a former teacher who is challenging O'Neal in a newly redrawn District 2.

The board's push for higher taxes this year despite winning approval in November for a \$500 million school construction bond on a "no new taxes" pledge elevated public distrust.

Also, a plan to expand the number of year-round schools was met with strong opposition by families affected by the switch.

Ray Martin, a teacher in the Chapel Hill-Carrboro school system who is running for Fletcher's District 9 seat, says he would propose greater parent oversight at individual schools.

"I believe in a school governance committee at each school," said Martin. "They would have the authority to decide how their discretionary funds are spent."

Martin, who formerly taught in the Wake system, believes control is too centralized and overly bureaucratic. "The problem is, who do you go to when you have a problem with the schools?" he said. "Look what's happened in the last eight years. The number of private schools has skyrocketed."

Education leaders have set the goal of having 95 percent of third- and eighth-graders performing at grade level by 2003.

In other Wake races, District 7 has Patti Head, Ruthie Jones and Jean Stewart competing for the seat vacated by Judy Hoffman. Board Chairwoman Kathryn Quigg is running unopposed for her second term in District 1.

*Change in Chapel Hill-Carrboro*

Five candidates will compete for three seats on the Chapel Hill-Carrboro Board of Education. Nick Didow and Valerie Foushee are incumbents; Joel Dunn, Chon Shoaf and Lisa Stuckey are seeking their first terms.

Growth issues and teacher retention are the leading issues for Chapel Hill-Carrboro.

"We need to do a good job recruiting," said Stuckey, who has served as a PTA president twice at the middle school level. "Chapel Hill has been doing some innovative things, like going overseas. I think that's the kind of thing we need to be doing."

Most North Carolina school districts struggle with gaps between white and minority student achievement, but Chapel Hill-Carrboro is making strides.

The cities' student population is almost 70 percent white, and overall performance on standardized tests is among the highest in the state.

The district's SAT scores for 2000 were tops in North Carolina, and performance by blacks on the exam improved 26 points on combined verbal and math scores compared to last year.

The winning candidates' message in the Chapel Hill-Carrboro system may well be: "Stay the course."

*Other School Systems*

Five candidates are running for three positions on the Kings Mountain Board of

**Set Priorities in Education**

As I reflect on the never-ending budget discussion down the street at the North Carolina General Assembly, the words "baffling" and "arcane" seem to drift repeatedly to mind.

Most unbelievable of all is that North Carolina exists in a state of educational crisis that continues to escalate, and guess where some of the biggest proposed cuts were targeted, or should I say supposedly, targeted. And more importantly are those cuts real or part of a bigger strategy?

Let's assume first that the proposed cuts are meant to be taken seriously. At the same time some lawmakers are threatening to withhold teacher bonuses or eliminate teaching positions unless they

get a tax increase, Gov. Mike Easley is promoting a reduction in class size which — while there are some obvious benefits to smaller class sizes — is a very expensive and not particularly effective option for improving outcomes.

But this example clearly illustrates the nonsensical approach we are observing — make huge cuts in one place causing stress and panic for educators and service providers, then turn around and put a high cost, marginally effective option like smaller class size in place. We are right back where we started! A cut plus increased spending does not equal a reduction . . . at least it didn't when I went to school.

*Setting Clear Priorities*

There is also the issue of priorities. In uncertain economic times state leaders need to prioritize, just like your family or your business must do, if they are to be good stewards of the tax "contributions" of North Carolinians. We should never forget that the state generates its revenue from the hard work of our people.

If we are touting education as our top priority make it the top priority! Before budget discussions even begin determine your priorities and stick to them. If classroom teachers are number one, don't entertain discussions about cuts in this area. Look for them elsewhere.

State legislators and outside groups such as the John Locke Foundation and Citizens for a Sound Economy have identified hundreds of millions of dollars in potential budget savings that wouldn't impact classrooms or other critical ser-

vices. These include consolidating duplicative programs, cutting back on unwarranted subsidies for corporations and university research, shaving vacant positions, and reforming Medicaid and the state employee health plan.

Which comes back to the question: Are proposed cuts in classroom teachers and other high-priority items real or just part of a bigger strategy?

Instead of discussing reasonable alternatives, some of our state leaders continue to use educational cuts as scare tactics to generate panic among the general public. Syndicated columnist Paul O'Connor hits the nail on the head in a recent piece: "The plan is simple. Make the public feel that a tax increase

is preferable to cuts in public education, the universities, mental health and human services."

Senate Minority Leader Patrick Ballantine (R-New Hanover) concurs with O'Connor. "The budget impasse grows from budget proposals that raise spending faster than the projected four percent revenue growth rate," he said. "We don't have a revenue crisis. We have a spending crisis."

"It is deplorable that some of our legislative leaders continue to generate news of deep cuts to education, social and health services in order to build support for increases in taxes."

Oddly, while there seems to be little agreement on anything budget related between Senate Democrats and Republicans, they seem to agree that these cuts don't need to happen. In a recent *Winston-Salem Journal* article, Senate President Pro Tem Marc Basnight said, "I don't believe the dreaded cuts will occur. I know they will not occur."

In conclusion, I would ask you to remember the words of the principal author of the Declaration of Independence and the 3rd President of the United States, Thomas Jefferson: "Honesty is the first chapter of the book of wisdom."

Unfortunately, until our leaders paint an honest picture of North Carolina's financial situation, the solution will continue to elude them at the expense of critical education needs. *cj*

Holland is director of the North Carolina Education Alliance.

Paige Holland

Education this fall. Board members who get elected may face the possibility of extinction, however.

In April 2000, the Cleveland County Board of Commissioners voted to merge the Kings Mountain, Shelby, and county school districts. However, the move faced opposition from the individual districts, particularly Kings Mountain. Various groups filed four different lawsuits protesting the decision.

Michael Smith, a candidate for an at-large seat and former teacher in the Kings Mountain city school system, says the small district makes them more effective and unique.

"If larger were better, then larger systems would have the best schools." But that just is not the case, he said.

Kathy Falls, a stay-at-home mother of three and the only other Kings Mountain candidate running who is not an incumbent,

believes it is important to remain firm in opposition to the merger. "We are standing alone saying a small system is better."

Elsewhere, Newton-Conover and Hickory (both in Catawba County) will also conduct city school board races. All seven districts are running candidates with no opponent.

Neighboring Burke County, a unified school system, features nine candidates seeking three district seats.

Five candidates are vying for three seats in the city school system of Roanoke Rapids, with one candidate up for another vacated seat.

And the Asheboro Board of Education has five candidates vying for four open seats. *cj*

JLF intern Brian Gwyn contributed to this article.



## School Reform News From Across the Nation

## NEA Drafts New Charter Policy

At its annual Representative Assembly in Los Angeles in July, the National Education Association adopted a new policy on charter schools that would force charters to operate much like traditional public schools . . . without the benefit of access to tax dollars to pay for startup and construction.

The new policy reaffirmed the union's opposition to granting charters to for-profit companies.

"We do not believe that charter schools ought to exist just as a choice," said Eddie Davis, chairman of the NEA Special Committee on Charter Schools, when presenting the committee's report to the delegates. Davis is a teacher at Hillside High in Durham.

The new union policy would prohibit the creation of single-sex charter schools by insisting on "equitable, non-discriminatory admission procedures."

The NEA policy's other provisions for charter schools include:

- hiring only certified teachers;
- allowing teachers to keep their collective bargaining rights;
- carrying out the same student tests as traditional public schools;
- having sufficient funds for startup and construction without relying heavily on tax revenue.

"They like charter schools as long as they look and act like public schools," observed Jeanne Allen, president of the Center for Education Reform.

From *School Reform News*, Heartland Institute, [www.heartland.org](http://www.heartland.org).

## Organizing Charter Employees

In May, the Education Intelligence Agency exclusively exposed how the Pennsylvania State Education Association last November had adopted a task force report outlining a new strategy for bringing charter school employees "under the umbrella of collective bargaining." The task force viewed corporations operating multiple charter schools as an opportunity to create cost-effective statewide bargaining units.

The task force report pointed out that, while only one of Pennsylvania's 68 approved charter schools was unionized, the small size of the average charter school — only 16 teachers per school — made representation "not cost-effective." Traditionally, the union had opposed the formation of such schools, but the task force suggested this opposition was unlikely to succeed and could backfire on the union in terms of negative publicity.

"[Charter schools] will continue to extend their reach because they provide an expanded range of consumer choices and also provide options for students who are not fitting well into their regular public schools," wrote the report's authors.

Since this type of outsourcing had led to a decline in union membership in other industries, the task force recommended establishing the objective of organizing all charter school employees. "If we lose our grip on the labor supply to the education industry, we will bargain from a position of weakness," de-

clared the task force.

However, corporations like Edison Schools, Inc. could provide a framework to resolve this problem for the union. Edison operates multiple charter schools in the same state, a situation the task force viewed as an opportunity to consolidate charter school employees into a single statewide bargaining unit. The task force checked out Edison's business plan — making a profit by reducing administrative ex-

penses — and found it viable.

"In short, PSEA hopes the future will bring us a 'local' NEA affiliate — an Edison Schools Education Association — that would represent the employees who work for Edison statewide . . . perhaps even nationwide," noted Education Intelligence Agency director Mike Antonucci.

## Union Members and Choice

Although teacher union president Bob Chase delivers an obligatory voucher denunciation in most of his speeches, a remarkable 61 percent of his members do not consider it important for the union to speak out on the issue of school vouchers, according to a National Education Association membership survey conducted after the November election.

The survey also showed that NEA members voted for Democratic Congressional candidates over Republican candidates by a margin of almost 2-1, even though only 48 percent identified themselves as Democrats.

Immediately after each two-year election cycle is complete, the NEA commissions a formal survey of its members to discover how they voted and why. The Feldman Group, Inc., a noted Washington, DC public opinion firm, conducted the confidential poll for the most recent election and presented it to NEA officials in December 2000.

Perhaps the most striking response came to a question regarding NEA's position on certain issues. NEA members were read a list of public education issues "that NEA might address in the coming year." Each respondent was asked how important it was "for NEA to issue." The question did not ask what position the union should take, but merely if it was important to address the issue.

One of those issues was "Providing private school vouchers to parents whose children attend schools where academic progress is suffering, so parents can send their children to the school of their choice." The results were remarkable. Only 19 percent said it was "very important" for NEA to address this issue, and 19 percent said it was "somewhat important." Another 22 percent thought it was "not very important" and a stunning 39 percent said it was "not at all important."

Of the other nine issues on the list, the next highest figure for "not at all important" was 7 percent, for "testing students every year to measure their progress."

Reported by Mike Antonucci, *Education Intelligence Agency*. CJ



## National Trends Lines Largely Flat

## North Carolina Makes Slow, Steady Progress on SAT Scores

By PAUL CHESSER

Associate Editor

RALEIGH

The College Board released national SAT scores for the 2000-2001 school year Aug. 28, and North Carolina saw incremental improvement.

While combined average verbal and mathematics scores increased by one point nationally to 1020, the state's SAT average moved up four points to 992. North Carolina ranks 47th among all states in average SAT scores.

The College Board warns that SAT scores alone are an imperfect indicator of statewide performance and "should never be used alone for such comparisons because demographics and other non-school factors can have a strong effect on scores."

Nevertheless, state education officials had hoped for better performance.

"More of our students need to take higher-level courses that will better prepare them to be successful on the SAT and in college," said State Board of Education Chairman Phil Kirk in a statement. "Parents and educators need to encourage students to challenge themselves by taking tougher courses."

## Participation Rates Important

Scores are often affected by the percentage of total students taking the test in a given state, with higher participation rates sometimes resulting in lower results.

For example, 5 percent of Iowa's seniors took the SAT, and scored the highest in the nation. Conversely North Carolina saw 65 percent take the exam, at least partially contributing to its low rank among states.

Still, of the states that had more than half their seniors taking the SAT, North Carolina ranked near the bottom — 20th of 23 states in that category.

Another more favorable measurement is the improvement in scores compared to the rest of the nation. Throughout the 1980s North Carolina lagged more than 60 points behind the national average; in 2001 the gap had closed to 28.

"We're glad that the SAT results...are improving," said State Superintendent Mike Ward at a press conference. "We are still very concerned about the gaps in achievement and have to be diligent in our efforts to close these gaps."

The average score of black students in North Carolina remained unchanged from 2000, scoring 835. Nationally, performance for blacks improved only one point.

However, the gap in North Carolina between whites and blacks increased by six points since 2000. White students in the state scored 206 points higher than blacks on the exam. Nationally, the racial gap was 201 points. Hispanic students in the state scored 975, a five-point improvement over last year.

## Taking Rigorous Courses

State school officials, as well as The College Board, emphasized the need for college aspirants to take more rigorous courses to prepare adequately for the SAT.

Those claims were supported in the performance of some local and county districts. The Chapel Hill-Carrboro school district ranked highest in the state with a combined score of 1185, representing a 10-point jump and its second-highest score ever. Neighboring Orange County schools achieved a 42-point increase.

Illustrating the college-bound focus of the two districts, 92 percent of Chapel Hill-Carrboro seniors took the SAT, while 71 percent of Orange County students tested. According to city statistics, 90 percent of last year's seniors planned to attend college.

**Throughout the 1980s North Carolina lagged more than 60 points behind the national average; by 2001 the gap had closed to 28.**

Chapel Hill-Carrboro's success carried over to black students, whose performance improved by 26 points to 943 on the combined score. Seventy-three percent took the test.

Other large North Carolina districts had mixed results. Wake County schools suffered a seven-point drop to 1054 on the combined scores. Wake's performance was still fifth-highest and well above the state average. Only the districts of Chapel Hill-Carrboro, Madison County, Buncombe County and Watauga County, in that order, ranked higher.

The Charlotte-Mecklenburg Schools, the state's largest school system, saw overall scores improve by eight points to 997, with only a minimal change in students who took the test.

About 72 percent of its seniors participated, compared to 65 percent statewide and 45 percent nationally.

The counties of Durham, Guilford, and Winston-Salem/Forsyth each suffered drops of three points or less, with no significant change in percentages of seniors taking the exam.

Guilford County elevated its SAT preparation program with wildly fluctuating results. Some high schools experienced improvements by as much as 47 points, but were offset by others who declined by large margins. Last year Guilford County had improved by seven points overall.

New Hanover County experienced a 20-point improvement on combined scores, to 1027, despite a slight increase of students who took the test.

## Differences in Urban, Rural Areas

Test-takers from large cities in North Carolina compared favorably with those nationally. Students in large cities in the state averaged a combined 1029 on the SAT, while those nationwide scored 993.

Rural areas of North Carolina, however, lagged behind the national average, 992 to 957.

Students from non-public schools in the state performed above the overall national average. Religiously affiliated schools scored 1027, while other independent schools averaged 1118. Almost 400 home-schooled students took the test, and averaged 1070. CJ

For more information about North Carolina's performance on the SAT, visit the Department of Public Instruction's web site at <http://www.ncpublicschools.org/Accountability/reporting/satmain.htm>.



*School Spotlight***Seattle-Area Students Score With Seahawks Academy**By HANSMARC HURD  
Editorial Intern

Small class sizes, ample resources, tutors in every classroom, handpicked teachers, professional football tickets as a reward for doing homework — it might sound too good to be true, but this is what is happening in one Seattle public school.

The academy was initiated by the Communities In Schools (CIS) program, a national nonprofit dropout-prevention program that helps students stay in school.

In part, it uses incentives provided by the Seattle Seahawks professional football franchise, which helps to fund the school. Four other NFL teams — the New York Giants, Detroit Lions, Denver Broncos and San Francisco 49ers — support similar schools.

"I'm glad to be part of this," said former Seahawk quarterback Warren Moon, who visits the school about once a month, in a *Seattle Times* interview. "This gives kids an extra boost. It lets them know there are other people outside the classroom thinking about them."

"It's helping to take some kids who normally get in trouble and put them in an environment where they at least have a chance to be successful."

The district splits the costs with private organizations. In addition to the Seahawks, who contribute \$85,000 per year, Seattle-area supporters include Costco, Boeing, United Airlines, Global Leisure, Optix and Gatorade, which donates 75 tickets for each Seahawks home game to the students and their families.

**Unique Characteristics**

Seahawks Academy enrolls 145 seventh-, eighth-, and ninth-graders. Two-thirds of its students are boys, and 85 percent are minorities. The players mentor and tutor students at the CIS/Seattle Seahawks Academy, and also sponsor an annual awards banquet for the students.

Among its characteristics, the school features:

- Smaller-than-average class sizes (about 20 students).
- A zero-tolerance policy for fighting, truancy and class disruption. Students must sign a behavior contract before being ad-

mitted.

- Mandatory after-school tutoring if a student is not improving.

- Seventy-five on-field tickets for every Seahawks game, with each student attending at least one game a year. There are other incentives for good behavior, attendance and grades.

- On-site health care without cost to the students' families.

- After-school activities, such as tutoring, basketball, and track.

- Corporate mentors, Seattle University Masters in Teaching tutors, and Special Education support.

- Two adults for each classroom — a teacher

and a mentor.

Student scores on the Iowa Test of Basic Skills are up an average of 33 percent in math, 17 percent in reading, and 7 percent in writing compared with their scores before attending the academy. Dropout, suspension, and expulsion rates are down as well.

Ninth-grader William Kraft, who had been expelled from eight schools because of poor academics, truancy and chronic fighting, is now succeeding at the Seahawks Academy. His grade-point average has increased from 1.5 to 2.6 and his behavior has improved dramatically. "The Seahawks Academy is more personalized than other schools," Kraft told the *Times*. "There's more incentive to stay in school."

U.S. Secretary of Education Rod Paige called Seattle's Seahawks Academy an example for the nation, proving that all students, regardless of poverty or other challenges, can achieve high goals.

"All they have to do is come to this academy and see that it is actually happening, right here in Seattle," Paige said at an appearance in the city.

**CIS Programs Proliferate**

Communities In Schools, the main sponsor of the Seahawks Academy, defines its mission as an effort to champion the connection of needed community resources with schools to help young people learn, stay in school, and prepare for life.

CIS achieves its objectives by supporting a nationwide, independent network of 154 local and 15 state CIS offices. Its operations serve 1,500 school sites across



Seahawks Academy in Seattle uses athletes and other mentors to reach at-risk middle-school students.

the country in 243 school districts and 292 communities.

CIS provides training and technical assistance; a national identity; national, regional, state and local partnerships; and rigorous standards for emerging CIS efforts. Communities In Schools programs currently provide access to services for more than 1 million young people and their families.

CIS attempts to use unique ways of bringing existing resources into the schools and providing children the supportive relationships they deem necessary for the students to stay in school and lead productive lives.

Each CIS operation surrounds young

people with a community of tutors, mentors, health care providers, and career counselors—caring adults who can help them to help themselves.

Communities In Schools is an experienced organization when it comes to keeping kids in school. For the past 20 years, CIS has provided stay-in-school solutions at school sites by showing communities how to coordinate their public, private and nonprofit resources so kids can get the help they need in the public schools.

CIS provides community champions, privately supported independent teams, whose sole mission is to rally community support for children and broker services in the schools. CJ

**What Works****An October Tour of Twelve Communities From the North Carolina Education Alliance**

Featuring Presentations by **Paige Holland**, director of the North Carolina Education Alliance and columnist for *Carolina Journal*, and John Locke Foundation President **John Hood**, among others.

The North Carolina Education Alliance is a project of the Locke Foundation dedicated to fundamental reform of our state's education system. As a way to identify and publicize innovation, effective solutions to educational problems, the Alliance is hosting the "What Works" Tour, visiting 12 North Carolina cities to release a report on successful public and private schools as well as business and nonprofit programs serving at-risk youth.

The schedule for the Fall "What Works" Tour is as follows:

**October 2, 2001**

- 7:30 a.m. Downtown Marriott, Greensboro
- 12 p.m. Meadowbrook Inn, Blowing Rock
- 6 p.m. Gateway Best Hotel, Hickory

**October 3, 2001**

- 7:30 a.m. Renaissance Hotel, Asheville
- 12 p.m. Omni Hotel, Charlotte
- 6 p.m. North Raleigh Hilton

**October 9, 2001**

- 7:30 a.m. Carleton House Restaurant, Rocky Mount
- 12 p.m. Ramada Plaza Hotel, Greenville
- 6 p.m. Sheraton Grand, New Bern

**October 10, 2001**

- 7:30 a.m. Hilton Riverside, Wilmington
- 12 p.m. Agri-Expo Center, Clinton
- 6 p.m. Holiday Inn Bordeaux, Fayetteville

For more information call 919-832-9756 or visit [www.nceducationalliance.org](http://www.nceducationalliance.org)

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Bats in the Belltower

No one 'Photoshopped' in the Lederhosen Brigade

Accuracy in Academia (*www.academia.org*) has released its "Politically Correct Top Ten List" for 2000-01, and in another indication of bad times for tolerance on campus these days, the AIA list shares only two events in common with The Intercollegiate Studies Institute's "Pollys" — what ISI considered the top five "politically correct outrages" of 2001.

"The campus thought police are more active than ever," writes AIA Director Dan Flynn in introducing the list.

Flynn, incidentally, featured prominently in the list's No. 8 intolerant act. While attempting to speak at the University of California at Berkeley, he was shouted down, cursed at, and threatened by angry student activists, who attempted to rip the microphone cord from the wall. Failing that, they took and burned copies of Flynn's monograph, *Cop Killer: How Mumia Abu-Jamal Conned Millions Into Believing He Was Framed*, beneath their own signs reading "Fight Racist Censorship."

Others making the list include:  
9. Pornographic conferences funded by student activity fees at Pennsylvania State University. Decorum prevents disclosing even the name of one of the publicly funded events, but a codirector said that the enemy "is the white, heterosexual male."

7. Photo tampering to show a "diverse" campus. The University of Wisconsin superimposed a black student's face among a crowd of white students on its brochures. Auburn University and the University of Idaho also falsified photos in that fashion. The tampering became so infamous that the satirical online newspaper *The Onion* poked fun at it with a "news" story entitled "Black Guy Just Photoshopped In."

4. Missing the joke entirely. When Big Game Gaieties, an annual lampooning theatrical performance at Stanford University dating to 1911, chose to mock racial stereotypes, the producer was fired for racism. Native Americans, angered that he cast a white person as an American Indian, had made the charge. German-American students did not similarly protest the performance's boozey "Lederhosen Brigade," nor were Italian-Americans upset over the characters "Spaghetti" and "Meatballs."  
3. Fired and tarred. The University of Nebraska fired Professor Jeff Johnson for questioning a proposal to extend campus benefits to the partners of homosexuals, and school officials claimed Johnson, who had received excellent evaluations and had just been given a substantial raise, was fired because of his "subpar academic performance."

2. Do they know it's Christmas? Bloomsburg University banned Christmas music and other "Christian-oriented music" from its bell tower. Officials said they didn't want to "impose beliefs on individuals."

1. Just like the emperor. Two male freshmen at the University of California at Berkeley were given class credit for walking around downtown Berkeley in the nude in "a really open final project where it is OK to be naked." CJ

# Faculty at N.C.'s Research Universities Are Paid at Competitive Levels, Study Says

Study compares faculty pay at Duke, UNC-CH, N.C. State with their peer institutions'

By JON SANDERS  
Assistant Editor

RALEIGH

A new study shows that compensation for professors at the research universities in North Carolina — Duke University, the University of North Carolina at Chapel Hill, and North Carolina State University — remains competitive among their peer institutions. The study also finds that, over the past few years, the percentage of salary increases for faculty at UNC-CH and N.C. State have been among the highest in the nation.

The study, "Compensation of North Carolina's Research Faculty 2000-01," was conducted by the Pope Center for Higher Education Policy and featured in the center's latest *Inquiry* paper (No. 12).

The Pope Center has conducted similar studies in the past, the most recent being November 1999 (*Inquiry* No. 3). The studies are based on the methodology of research conducted by the UNC-CH Office of Institutional Research for 1992-93. As in previous years, this study takes the universities' raw salary and compensation data and adjusts it according to the cost of living in each university's location in order to compare purchasing power. The institutions chosen in the survey are those defined as "Doctoral/Research Universities-Extensive" by the Carnegie Foundation for the Advancement of Teaching.

In terms of purchasing power of faculty salaries, the study ranked all three N.C. institutions in the top quartile of the 150 institutions included. The state's only private research university, Duke, ranked sixth-highest on the list for salaries of full professors. N.C. State was 31st, and UNC-CH was listed in 36th place. For purchasing power of faculty compensation, the study found

all three were competitive; Duke was sixth, N.C. State 45th and UNC-CH 53rd.

The study points out that there is no perfect way to make these comparisons, because there is no way to account for all the decisions that go into taking jobs in differing areas. Each area offers amenities and drawbacks that do not lend themselves easily to numerical representation. To some professors an opportunity to work with so many peers as in the Research Triangle Park may be a significant lure over a slightly higher salary in, for example, Iowa. Others may enjoy amenities offered by Iowa over the RTP traffic.

### Adjusting for Amenities

With those reminders in place, the Pope Center also revisited a wrinkle to the study it added in 1999, which is adjusting faculty compensation according to the "quality of life" at the different institutions. The quality-of-life ratio used in the study, provided by David Savageau's *Places Rated Almanac*, attempts to quantify facets of life in 315 metropolitan areas. Those facets include climate, crime, health care, arts, recreation, and several others.

With quality of life considered, the compensation for full professors at the three N.C. research institutions also rated competitively. Duke's was again sixth, while UNC-CH was 26th and N.C. State's was 42nd.

The study also looked at how faculty pay has changed over the eight years since the UNC-CH Institutional Research study in 1992-93. It found that full professors at UNC-CH received the third-largest increase over that time period, receiving salaries that are 50 percent higher in 2000-01 than in 1992-93. Full professors at N.C. State received a 41 percent increase over that same time period, ranking 31st in this measure. (Readers may recall that faculty at N.C. State voluntarily gave up a pay increase in 1996-97 in order to bolster the university library.) Full professors at Duke are being paid 37 percent more in 2000-01 than in

1992-93, which ranked 56th.

In terms of how compensation has changed since 1992-93, full professors at UNC-CH received a 48 percent increase (ninth best), whereas their peers at N.C. State received a 39 percent increase (44th) and at Duke received a 37 percent increase (55th).

The study suggested that the overall picture of faculty pay at Duke, UNC-CH, and N.C. State is positive. In ranking the pay of full professors, it also compared the pay of lower-level faculty members, including associate professors and assistant professors. In many instances, the salaries and compensation for the lower-level faculty at UNC-CH and N.C. State ranked even higher among the peer institutions than did the pay for full professors.

The faculty salary and compensation data used by the study was provided by the American Association of University Professors' annual survey, published in *Academe* in the March/April 2001 edition. The cost-of-living data was provided by ACCRA, an association of chambers of commerce that publish quarterly information on more than 300 metropolitan areas throughout the United States so that members may compare purchasing power in order to help them recruit and retain businesses.

The Carnegie Foundation classifications used by the study to select universities were for the year 2000. The Carnegie Foundation is updating its classification methodology, and it plans to offer an extensively revised version later this decade. For comparison purposes, the "Doctoral/Research Universities-Extensive" classification is different from the "Research I" institutions classification used in previous years. It is more comprehensive, including 150 institutions, compared with 89. The study notes which universities were used in the original 1992-93 study.

*Places Rated Almanac*, used for quality-of-life comparisons, is the 1999 version; the almanac is published infrequently, and a newer issue has not yet been released. CJ

2000-01 Compensation of Faculty at Selected Research<sup>1</sup> Institutions, by Faculty Level, Adjusted for Purchasing Power<sup>2</sup>

Rank	School <sup>3</sup> (2000-01)	Comp-Prof	Assoc (rank)	Assist (rank)	Rank	School (2000-01)	Comp-Prof	Assoc (rank)	Assist (rank)
1	U. of Notre Dame	147.4	100.6 (1)	83.1 (5)	36	U. of Oklahoma, Norman	110.3	76.6 (52)	61.3 (77)
2	Rice U.	143.6	94.6 (4)	86.3 (3)	37	U. of Minnesota-Twin Cities*	110.0	79.7 (34)	68.0 (33)
3	Emory U.	140.3	98.6 (3)	83.8 (4)	38	UC-San Diego*	109.9	71.7 (88)	62.2 (71)
4	U. of Chicago*	138.0	92.2 (7)	79.1 (8)	39	U. of Miami*	109.8	75.3 (64)	63.0 (64)
5	U. of Virginia*	136.2	94.6 (5)	75.0 (12)	40	Mass. Inst. of Tech.*	109.3	74.9 (67)	68.8 (29)
6	Duke U.*	135.8	91.7 (8)	73.3 (16)	41	SUNY at Binghamton	109.2	81.9 (23)	66.0 (38)
7	Vanderbilt U.*	134.2	88.6 (12)	72.5 (19)	42	U. of Georgia*	109.1	78.8 (40)	67.9 (36)
8	Washington U.*	133.3	84.6 (17)	77.6 (9)	43	SUNY at Albany	109.0	79.2 (37)	63.7 (56)
9	U. of Pennsylvania*	132.5	93.0 (6)	81.9 (6)	44	Claremont Graduate U.	106.9	80.4 (27)	63.3 (61)
10	Cornell U.*	130.6	99.4 (2)	88.2 (2)	45	N.C. State U.*	106.9	79.0 (38)	67.9 (35)
11	Northwestern U.*	130.4	89.9 (9)	74.0 (14)	46	U. of Tennessee at Knoxville*	106.6	80.7 (26)	63.5 (59)
12	Georgia Inst. of Tech.*	123.8	89.2 (10)	76.0 (11)	47	U. of Illinois-Urbana-Champaign*	106.1	75.3 (63)	65.1 (43)
13	U. of Michigan-Ann Arbor*	123.6	89.0 (11)	73.7 (15)	48	U. of Maryland-Baltimore Co.	106.0	76.5 (54)	65.9 (39)
14	Carnegie Mellon U.*	121.6	86.8 (13)	80.4 (7)	49	Old Dominion U.	106.0	76.6 (53)	63.7 (55)
15	Yale U.*	120.9	69.7 (96)	57.5 (99)	50	U. of Cincinnati*	105.6	78.7 (41)	63.2 (62)
16	U. of Iowa*	120.3	79.8 (32)	69.4 (26)	51	Michigan State U.*	105.5	82.0 (22)	67.4 (37)
17	U. of Texas at Austin*	120.3	80.0 (30)	74.5 (13)	52	Texas Tech U.	105.5	76.0 (57)	60.8 (83)
18	Georgia State U.	120.1	78.8 (39)	65.4 (41)	53	UNC-Chapel Hill*	104.8	75.5 (59)	62.0 (72)
19	SUNY at Buffalo	119.3	85.5 (15)	68.0 (34)	54	U. of Arkansas	104.6	79.7 (33)	70.0 (24)
20	Harvard U.*	119.1	70.9 (91)	63.6 (57)	55	Case Western Reserve U.*	103.9	76.3 (56)	64.4 (48)
21	Purdue U.*	117.8	83.0 (21)	72.1 (21)	68	Stanford U.*	102.2	73.0 (81)	58.3 (97)
22	Va. Polytech. Inst. & State U.*	117.6	85.7 (14)	73.0 (17)	69	U. of Florida*	102.2	77.9 (46)	68.4 (30)
23	So. Methodist U.	116.1	78.1 (45)	72.7 (18)	...	...	...	...	...
24	Lehigh U.	115.2	85.5 (16)	69.3 (27)	77	U. of Washington*	100.9	75.0 (66)	63.5 (58)
25	UC-Riverside	115.1	79.2 (36)	72.2 (20)	...	...	...	...	...
26	Georgetown U.	114.9	75.4 (62)	57.5 (100)	89	UC-Berkeley*	97.6	63.9 (116)	54.6 (115)
27	Ohio State U.*	114.0	80.2 (29)	69.0 (28)	...	...	...	...	...
28	Texas A&M U.*	113.8	83.5 (19)	97.0 (1)	92	UC-Los Angeles*	96.9	63.2 (119)	55.1 (112)
29	U. of Rochester	113.8	83.3 (20)	77.0 (10)	Notes:				
30	UC-Santa Barbara	113.5	74.1 (72)	62.6 (66)	1. "Research" institutions are those considered "Doctoral/Research Universities-Extensive" by the Carnegie Foundation. Institutions marked with an asterisk (*) were classified "Research I Universities" in 1992-93 by the Carnegie Foundation.				
31	Rensselaer Polytechnic Inst.	111.9	79.9 (31)	71.4 (22)	2. Raw salary data provided by the AAUP adjusted according to the cost of living in the university's area, as calculated by ACCRA.				
32	Iowa State U.	111.5	84.4 (18)	71.2 (23)	3. Italicized universities are among UNC-CH's self-selected "peer" institutions; of them, the U. of Wisconsin at Madison is not ranked because of gaps in the data.				
33	Rutgers State U. of N. Jersey*	111.3	81.5 (24)	63.8 (54)					
34	Indiana U.*	111.2	78.1 (44)	62.5 (68)					
35	Pennsylvania State U.*	111.1	77.4 (48)	64.4 (49)					



## UNC Schools Initiate Bidding To Privatize Their Bookstores

By JON SANDERS

Assistant Editor

RALEIGH  
The University of North Carolina at Charlotte is seeking bids from contractors to run its student bookstore. Officials at UNC-Wilmington are considering privatizing the student bookstore on campus if it can be shown that doing so would save the university money. Another UNC campus, UNC-Greensboro, already has a privatized bookstore, and this summer it was able to save on renovation costs through its partnership with a private firm.

From 1986 to 1995, UNCC's bookstore was contracted out to Barnes and Noble Booksellers, but that changed in 1995 when the UNC system mandated campuses to bring the stores under university control, said Elizabeth Hardin, UNCC associate vice chancellor for business affairs. With that mandate now considered no longer effective, Hardin said, UNCC was again looking at contract management for the store.

"We're looking at the opportunities for contract management," Hardin said, "whether those contract managers could provide better service or better returns to the university than the university itself."

UNCC's request for proposals seeks contractors to "provide complete and comprehensive bookstore services on the UNC Charlotte campus." The selected contractor will, according to the request, "furnish all resources as may be required to direct, manage and operate the bookstore."

Dick Scott, associate vice chancellor for business affairs at UNCW, said that his university has put in a request for proposals from outside bookstores. He said the current student bookstore is also involved in the bidding process.

The university's look into privatization, Scott said, was to examine whether there were any advantages to the idea. Allowing the current bookstore to send in its own proposal, he said, will help officials in determining whether the idea delivers on the promises of cost savings. "We're really not sure what the bottom line is," he said, "so let's find out where the bottom line is, look at it, compare it, and make a decision."

UNCW's talk of privatization has current bookstore employees worried they might lose their jobs. Chancellor James

Leutze stated in a recent memo, however, that if the university does decide to outsource the bookstore, all employees would be offered employment in that bookstore at their current wages.

### UNCG Realizes Savings

Meanwhile, the University of North Carolina at Greensboro opened a newly renovated bookstore in August. Its bookstore has been operated by Barnes and Noble for years (they were exempted from the UNC mandate because they had just signed the contract when it was issued).

The new bookstore is part of a 45,000-square-foot addition to Elliott University Center. The renovation is not part of the recently passed higher education bonds and its cost of \$22 million is funded through student fees. The store was moved from the basement of the Elliott University Center, where it occupied 18,000 nearly windowless square feet, to a window-enclosed, two-story, 27,000-square-foot site within the renovated center.

According to Robin Adams, a spokesperson for UNCG, the university achieved some cost savings through service contractors, such as Barnes and Noble and Aramark, which will operate the new food court. Barnes and Noble and Aramark outfitted their stores at their own costs, Adams said, while UNCG just "built the shell."

While current bookstore employees worry about their jobs and universities worry about the bottom lines, some critics worry about an often overlooked party affected by bookstore-outsourcing decisions: the other private bookstores already serving those universities.

John-Paul de Bernardo of the Political Victory Group is an advocate for small private college bookstores against the anticompetitive actions of university bookstores. The university bookstores "have all the advantages" in those markets, he said, such as "on-campus location and control of so much student information and government financial aid."

"It is a level playing field for competition in the college bookstore trade that maximizes the advantages for students, the taxpayers, and the parents who support the universities," de Bernardo said. *cj*

## UNCG is the next to host 'Monologues'

By JON SANDERS

Assistant Editor

RALEIGH  
The spectacle "The Vagina Monologues" will be performed at Aycock Auditorium on the campus of the University of North Carolina at Greensboro on Sept. 7-8. The show, performed by Eve Ensler, recently visited UNC-Chapel Hill, North Carolina State University, and Duke University.

According to advertisements at UNCG, "the play brazenly explores the humor, power, pain, wisdom, outrage, mystery, and excitement hidden in vaginas."

The performance features a range of women's experiences with their genitalia, including "good rape" and bad (the Bosnian refugee character who was raped by Serbian soldiers was of course bad; the 13-year-old girl who was given vodka by a 24-year-old lesbian and then raped by her, however, calls it a "good rape").

Some students at N.C. State, however, found that the play brought not "empow-

erment" to campus, but instead a lot of silliness. For instance, as part of the publicity effort for the performance, the Women's Center sold chocolates shaped like vaginas.

Told that the play would be held at UNCG, one N.C. State student remarked that his peers in Greensboro should prepare themselves for "giggling, third-grade-esque op-eds in the student newspaper thrilled with the risible notion of somehow finding liberation through reciting naughty words for women's privates."

Another student, Jason Cotter, found it "degrading," from its "claim that using vile and derogative language to describe a woman's intimate anatomy can somehow engender a respect for women" to its "conclusion that a woman defines her identity through her vagina."

"A campus performance of 'The Vagina Monologues' may be a victory for radical feminists, but it's a terrible loss for femininity," said Cotter.

Attendees will actually pay between \$21 and \$34 apiece to see the spectacle. *cj*

## A Message to Students

This week, as thousands of new students like you enter the hallowed halls of colleges nationwide, they will face a smorgasbord of opportunities. Students who view college as a place for vocational training will see those opportunities as distractions. Students who view college as a place to cultivate their souls as well as their minds will make full use of the opportunities. Which view of education is yours?

The vocational view of education is linear, with required steps to be taken to reach the end. The vocational student progresses in education. The liberal-arts view is winding, with many obstacles to be overcome. The liberal-arts student pursues an education.

The English metaphysical poet John Donne articulated perfectly the liberal-arts view in his third satire:

*On a huge hill,  
Cragged and steep, Truth  
stands, and he that will  
Reach her, about must and  
about must go.*

The imagery is one of pursuit, and difficult pursuit at that. But at college, this steep hill has the most beautiful flora. There are rosebuds here you cannot find anywhere else.

The first and greatest of these is the opportunity to pursue a classical, liberal-arts education. Even technical majors allow room for students to take several free-elective courses of their own choosing. Use them wisely.

The idea of the liberal-arts education comes from the ancient Greeks and Romans. They believed it cultivated good citizenship and nourished the soul. They reserved vocational training for slaves.

The ancient liberal-arts education comprised seven arts: grammar, logic and rhetoric (the trivium), and mathematics, music, astronomy and geometry (the quadrivium). By learning the arts, the students prepared themselves to learn the sciences, which encompassed the natural sciences, history, politics, law and religion. Only afterwards would the student prepare for a vocation.

As the name implies, the liberal arts are liberating. They imbue the student with the necessary critical faculties for free thinking and a fine appreciation of the arts and sciences, which are crucial for living a happy, free life.

The vocational view merely prepares students for a lifetime of work. Work, however, is only one element of life. The liberal arts touch all the elements. Science tells us what we know and how we discover, history teaches us where we've been, philosophy tells us

where we're going, politics asks how we'll get there, the law tells us what we value, and religion tells us what we believe. A person without those elements is like a boat without a rudder; his direction will depend upon the winds of the moment.

While at college, you will also have the inestimable opportunity to learn from some of the finest minds in the world. Seek them out. As much as you can, avoid classes taught by student lecturers or held in large lecture halls. Adhering to this principle might give you an awkward class schedule, but the value added to your education will be well worth it.

Also, avoid easy classes. They will serve only to bore you which, if you subscribe to the vocational view of education, will at least prepare you for your chosen life of rote tasking. You have the chance now and only now to challenge yourself against the best minds in the country. The encounters will

teach you skills you might otherwise never learn, and your successful navigation of them will build your self-confidence.

For those reasons, avoid abject fretting over your grades. Pay enough attention to them to make sure you stay enrolled, but don't worry about them to the point of distraction. By all means don't subscribe to the view that good grades are something to which you are entitled.

If a professor seems unreasonably harsh in his grading, don't view him as a threat to your future employment. The prospect of your losing a job over a C in your Western Philosophy class resides among the lowest levels of probability. Instead, view your professor's grading as a challenge to your integrity as a learner. He does. Attack it not with protests, but with diligence.

Take advantage of the many different lecturers, concerts, art shows and performances that will come to campus. Those, too, will enrich your learning and your enjoyment. Besides, the pursuit of such fineries is never easier than at college, where they are plentiful. Go; the performances are fleeting, but what you experience might not be.

You are in college now. Your only limitations will be of your own making. You can turn on cruise control and take the vocational turnpike. Or you can choose the winding path to Truth and gather the rosebuds along the way. The flowers are not only exquisite but rare. *cj*

Jon Sanders

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Course of the Month

## All the Learning That's Fit to Play in the Classroom VCR

This month's winner came to CJ's attention by way of the Intercollegiate Studies Institute's college guidebook, *Choosing the Right College: The Whole Truth About America's Top Schools* (featured in the August issue of *Carolina Journal*). It's a course from Wake Forest University that was used in the guide as an example of the "bizarre and political topics entering Wake Forest's classrooms."

The course is innocuously titled "Adolescent Psychology," a subject that one would expect to involve a range of topics. A perusal of its web page reveals, however, that the course shares the same narrow preoccupations (gender, racial, and sexual-preference issues) as many of the other courses discussed by CJ. The course textbook costs \$86 new (according to Amazon.com) and was written, of course, by the course instructor.

**EDU 359: ADOLESCENT PSYCHOLOGY**

*Description: EDU 359 is a psychology course for juniors, seniors and graduate students who are personally or professionally interested in American adolescents. Given the amount of reading, the level of participation expected in each seminar, and the writing and analytical skills needed to write weekly essays, sophomores may not take this course without the professor's permission. It is not necessary, however, to be majoring in psychology or sociology. The course presents the research and controversies related to adolescents' physical, cognitive, sexual and social development & examines the most recent programs for counseling, teaching and working with adolescents.*

**Course Requirements**

**Four Exams.** There are four tests with 60 multiple choice questions on each taken from the questions at the end of [the] textbook.

**Seminar participation.** All classes are conducted as seminars, not as lectures. In each seminar you will discuss the previous week's documentary and the assigned readings by answering these two questions: What information in the reading or in the documentary surprised you most or upset you most & why? What related to your adolescence? You will record your participation every week. At the end of the course, your participation will add from 1-10 points to your grade.

**Essays on Documentaries.** In class you will watch a series of documentary films. After each, you will write a 1 page, single space typed paper in which you answer these questions: (1) What were the major issues or controversial questions raised in this documentary? (2) What specific issues or specific information from the textbook did the documentary demonstrate? Each essay is due at the class meeting after you see the documentary. Each documentary will be discussed in class. You can earn up to 5 points on each essay. All of the documentaries will be shown in class except "Hoops Dreams" which you must watch on your own before the date des-

ignated on the class calendar. You can get this film from the WFU library or from a local video store.

Here is how *Choosing the Right College* describes the class:

Then there's *Education 359, "Adolescent Psychology,"* in which students watch a series of documentary films and talk about them. (All the films are shown in class, except for the feature-length movie *Hoops Dreams*. Other films include *Period Piece* in which "women and girls discuss their feelings about menstruation"; *Your Name Is Cellulite*, described as "a very funny cartoon" about "why females hate their bodies"; *Tongues Tied*, in which "black gay men discuss their relationships"; and *Torch Song Trilogy*, the "story of a gay man, his homophobic mom, his lovers, and his adopted gay son." Wrote one student in response to the class: "This is the only seminar class I've ever had where I haven't fallen asleep."

And they call the place "Wake" Forest?



In order to give readers the flavor of the films in the class, CJ did word searches for particularly prevalent (and not so prevalent) words used in the lists and descriptions of the films used in the course.

Here are the search results:

- Gay — 21 occurrences
- Lesbian — 11 occurrences
- Sex/Sexuality — 12 occurrences
- Black — 12 occurrences
- White — 5 occurrences
- Race/Racism/Racial — 10 occurrences
- Teach/Teacher/Teaching — 3 occurrences
- Mother/Father/Parent — 17 occurrences

The course webpage divides the films into several categories: "Documentaries" (15 films, some about female issues, some about male issues, and some about issues facing teen-agers in general; also included is a website devoted to domestic violence), "Race & Racial issues" (eight films, no websites), "Self-discovery & relationships" (11 films, no websites), and the largest category, "Gay and Lesbian Youth" (17 films and five websites devoted to gay and lesbian youth). CJ

## N.C.'s Athletics Departments Rated Highly by Sporting News

By JON SANDERS

Assistant Editor

RALEIGH

The athletics departments of all three research universities in North Carolina are among the top 10 university athletics departments in the nation, according to grades given by *The Sporting News Online* ([www.sportingnews.com](http://www.sportingnews.com)).

Fans, no doubt, were pleased by the news, but critics said the rankings were at best meaningless.

The athletics department at UNC-Chapel Hill was ranked third in the nation (behind only Stanford University and Michigan State University), according to *The Sporting News'* priorities. Duke University's was eighth and North Carolina State University was ninth.

The grades were calculated by Steve Gietschier for *The Sporting News*, who did the grading according to four "subjects": winning on the football field and basketball court (men's), graduation rates of football and basketball players, support given the teams by the administrations and fans, and "playing fair" (including gender equity in athletics, graduation rates for all athletes, and whether a team is on NCAA probation). Gietschier included 115 universities in his list, including two other North Carolina schools, Wake Forest University (49th) and East Carolina University (70th).

In graduation of football and basketball players, Duke received an A, UNC-CH and NCSU each received an A-, Wake received a B+, and ECU received C+.

Athletic budgets also played a role in the grade given for fan and administration support for the teams. Gietschier explained that the Equity in Athletics Disclosure Act form, which schools must submit to the NCAA and the federal government, reports budget data. Still, "there are no written standards for how the [budget] numbers therein should be calculated," Gietschier said, so "budget figures for athletic departments are hard to decipher. Hence, I use these figures with a good deal of care."

While those rankings may be good news to area sports fans, they're not good news to everyone. Critics who worry about the impact that athletics have on the academic quality and focus of the universities wonder if the tail isn't wagging the dog. North Carolina's two public research universities, UNC-CH and N.C. State, they note, have been playing a one-upmanship game over their athletics programs over the last decade, matching each other facility-upgrade for facility-upgrade, million-dollar-football-staff for million-dollar-football-staff. Such improvements drive some of the factors behind reports such as Gietschier's, they say, but mean little concerning how the universities serve the students.

"The problem with these rankings is that they put on one list very different schools, particularly different in terms of admissions and academic standards," said

Murray Sperber, author of *Beer and Circus: How Big-Time College Sports Is Crippling Undergraduate Education*.

"Note that Notre Dame and Purdue rank quite close to each other (I know both schools well because of my two books on Notre Dame and I'm a graduate of Purdue)," Sperber said. "Notre Dame requires incoming athletes to have decent SAT scores and then to take the regular freshmen curriculum, which includes calculus. Purdue will take junior-college transfers (JUCOs) who have never gotten near a minimum SAT score (Notre Dame will not take JUCOs) and then Purdue shelters the athletes with academic problems in some very questionable curriculums - also light years from freshman calculus, required of all regular Purdue students. So you can see how comparing Notre Dame and Purdue in academic terms makes zero sense."

Sperber, a professor of English and American studies at Indiana University and chairman of the NAFCAR/Drake Group, an intercollegiate faculty committee seeking reforms in collegiate athletics, said he could "go down the list and point this out for every school on it." For that reason, he said, "I put almost no stock in [the rankings]."

"A degree from Notre Dame or my daughter's school, Rice, is a true achievement," Sperber said. "A degree from most of the state schools on the list is often a questionable item and does not even certify decent levels of literacy and numeracy."

"Graduation rates for athletes is a thoroughly meaningless statistic," said George Leef, director of the Pope Center for Higher Education Policy. "It is well known that at many universities, the program of study for 'student athletes' is made laughably easy so they can remain eligible to play. The stories about players who have graduated but can scarcely read their own diplomas and wind up doing menial work if they can't make a team in the NFL or NBA are legion. The study treats the mere fact of graduation as if it were necessarily some achievement that we ought to celebrate, but for many athletes, it just means that they plugged along and did enough to pass a lot of courses with little intellectual content."

Leef said the study would have been useful if the study compared schools on the basis of voluntary versus involuntary financial support for athletics. "At private universities, most if not all of the funds expended on athletics comes from voluntary payments by supporters, ranging from the big boosters who donate thousands every year to the guy who buys a ticket to a single game," Leef said. "However at the government-run universities, a significant but variable percentage of the funding comes from the taxpayers."

Gietschier's grading of university athletics departments can be viewed online at <http://www.sportingnews.com/features/ad/overview-all.html>. CJ

### Sporting News Gives Data on N.C. Athletic Departments

The athletics-department budgets at the five N.C. universities in *The Sporting News'* survey of athletics departments

School	Athletic Dept. Budget
UNC-CH	\$29 million
Duke	24 million
N.C. State	22 million
Wake Forest	20 million
East Carolina	11 million

The freshman-cohort, four-year graduation rates for student-athletes at those schools (four entering classes, 1990-93).

School	Grad Rate
UNC-CH	68 percent
Duke	91 percent
N.C. State	62 percent
Wake Forest	73 percent
East Carolina	60 percent

Source: Steve Gietschier, *The Sporting News*



## Bush Administration Plans Defense of Racial Preferences

By JON SANDERS  
Assistant Editor

RALEIGH  
The Bush administration's decision to continue the Justice Department's defense of racial quotas in government contracting came as a surprise to many observers. President Bush had campaigned as an opponent of racial preferences, and his selection for attorney general, John Ashcroft, likewise had opposed them.

Regardless, Bush's Justice Department will continue the Clinton administration's defense in the case of *Adarand v. Slater*, now before the Supreme Court again.

The case had its origins in 1989, when Adarand Construction Co. was one of two companies to bid on a Department of Transportation project to build highway guardrails in Colorado. Although Adarand had submitted the lower bid, DOT awarded the contract to the other bidder, Gonzales Construction Co. Gonzales won because it was a "disadvantaged business enterprise" — i.e., it was owned by a Hispanic and therefore considered a "disadvantaged minority" by the federal government — and DOT had a program in place to award contracts

to disadvantaged business enterprises in the belief that doing so helps to "level the playing field" among racial groups. Gonzales also received a \$10,000 bonus.

Adarand sued in 1990, and in 1995 the Supreme Court ruled in Adarand's favor, finding that the contracting program illegally instituted preferences. In that ruling the court held that race-preferential programs must pass the test of strict scrutiny, which has two prongs: 1) the compelling-government-interest prong, which involves demonstrating not only past but ongoing racial discrimination in the field, and 2) the narrowly tailored prong, which involves showing that the program would rectify the injustices uncovered under the first prong and

benefit only the victims of those injustices, not foster new injustices upon undeserving folks nor benefit unaffected individuals. The strict-scrutiny test is regarded as a very tough constitutional test to pass.

The *Adarand* case was remanded back to 10th Circuit and then to the District Court of Colorado, where it has fought its way back to the Supreme Court. DOT, meanwhile, has dropped the minority bonus from the program. The program still uses special preferences for "disadvantaged"

*The original Adarand decision provided a basis for the Texas case against racial preferences in college admissions, Hopwood v. Texas.*



## Cartoon

minority contractors, however.

The original *Adarand* decision provided a basis for the Texas case, *Hopwood v. Texas*, against racial preferences in college admissions. The *Hopwood* decision, made by the Fifth Circuit Court of Appeals and not challenged by the Supreme Court, applied the strict-scrutiny standard set forth in *Adarand* to racial preferences in the University of Texas Law School and found them unconstitutional. Texas had argued for the preferences in the name of "diversity," but the *Hopwood* court, using the *Adarand* reasoning, found that protecting "diversity" was not a compelling government interest and that the law school's methods weren't tailored narrowly enough to prevent harm.

The Bush administration, in defending DOT against Adarand, has said it is following precedent set by previous administrations, which is to continue defenses started

by the former administration. Solicitor General Theodore Olson's defense of the race-conscious aspects of the DOT program, however, appeared to beg the question of strict scrutiny. "The determining factor is not the individual's race; it is having suffered discrimination on account of race, ethnicity, or cultural bias," he wrote.

The administration appeared to acknowledge the dichotomy between the defense of a race-preferential program before the nation's highest court and the president's campaign pledges to fight racial preferences.

A recent Associated Press story captured the essence of the administration's hairsplitting: "The Bush administration defended the use of racial preferences in a highway program, but made clear it was not endorsing quotas the president has pledged to fight." *CJ*

### Subsidy Far Greater in Public Colleges

## Tuition Aid Program Costs State One-Fifth of UNC Education

By JON SANDERS  
Assistant Editor

RALEIGH  
A state program that gives tuition aid to North Carolina students attending private colleges and universities in the state has come under fire as an area to secure further budget savings.

Critics say the programs — the North Carolina Legislative Tuition Grant program and a similar one, the State Contractual Scholarship Fund program — often go to students who don't need them financially.

They point to apparent abuses of the programs, such as by Campbell University through its extension programs at military bases to receive \$8.1 million from those programs in 1999 and by Wake Forest University, which they say uses them in effect to subsidize athletic scholarships. For these reasons, they say, the programs should be considered a source for state budget savings.

*The News & Observer* of Raleigh editorialized that "it's difficult to argue to students attending state schools, who have seen their tuition costs rise considerably in the last few years, that their families should pay those increases and also foot a hunk of the bill for private-school tuitions."

A look at what the families in North Carolina pay to send students to all institutions of higher education, public as well as private, however, reveals a different picture. In 1999-2000, the average amount of the NCLTG per recipient was \$1,422, and the average amount of the SCSF per recipient was \$2,356.

Both of those programs are limited to North Carolina students. In 1999-2000 the

total amount provided by the NCLTG program was \$41 million, and the total amount provided by the SCSF was \$29.5 million. Combining those amounts and dividing by the full-time-equivalent enrollment of in-state students at all North Carolina private colleges and universities, 32,895, yields the average subsidy the state provides per-pupil for private-school tuition: \$2,142. That is the "hunk" decried by *The News & Observer* and others.

### *Average Taxpayer Subsidy at UNC*

But North Carolina families that choose to send their children to private institutions also pay the cost of sending other families' children to public institutions. How much is their burden, on top of the private tuition they're already paying?

In 1999-2000, full-time equivalent enrollment in the UNC system was 140,425 students. The total amount appropriated was \$1.53 billion. That means the average amount appropriated per FTE student, or the amount paid for by the tax-paying families of N.C., was \$10,909.

In other words, in 1999-2000, the average state subsidy per full-time student enrolled in a UNC school is more than five times the average state grant per student enrolled in private institutions made possible by the NCLTG and SCSF programs.

Furthermore, the number of FTE students enrolled in the UNC system in 1999-2000, 140,425, was more than four times the number of in-state full-time students enrolled in private institutions (those 32,895 in-state students were the only ones eligible for the program). *CJ*



## Advertisement



## Town and Country

• In the June 2001 issue of *Carolina Journal* we reported that George Wrage had received his tax bill from the city of Wilmington and that the bill had doubled. However, that is not the case. Wrage expects his tax bill to double because the property tax rate differences between the county and his newly forcibly annexed area is much higher. Based on the new rate and the assessed value of his land, he said he expects his taxes to double.

Furthermore, Wrage was not forced to give up his well for city water and required to pay \$3,000 in impact fees. However, the Phase Two annexation of such places as College Acres has required those residents to pay \$3,000 or more in addition to their increased property taxes. Indeed, the problem is worse than what we stated in the June issue. There are reports that some people who lived on fixed incomes are being forced to pay more than \$10,000 just to have the privilege of connecting to city lines.

Of course, we are sure that the city still believes that it is the "civic duty" of those who will probably lose their homes to pay those exorbitant fees.

• After months of debate and compromise on the part of developer Neal Coker, the NIMBYs in Raleigh, under the guise of smart growth, have effectively killed a development infill project.

Coker had planned to build a series of shops, restaurants, and new apartments in a single project. It gave supposed Smart Growthers all they wanted: shops, entertainment facilities, livable dwellings, and other retail opportunities all within walking distance. However, there was one problem: The project required the city of Raleigh to rezone the area to allow for higher densities. In order for Smart Growth to achieve what it wishes (the increase of density to curb sprawl) it must pack people in tightly. Smart growthers want two diametrically opposed things that can never be combined: high density and wide open spaces.

The problem is that higher density means more traffic. It also means increasingly crowded stores, malls, and restaurants. These problems were at the heart of the problem surrounding the project, not the unmeasurable, totally subjective quality-of-life issues.

The Coker debacle demonstrated, then, what we suspected all along: Those supporting Smart Growth really don't want anything smart, what they want is something more selfish — call it my growth, or growth on my terms, or growth near the other guy's house/town/city, not mine.

Nevertheless, Coker deserves praise for trying to give those who claimed they wanted smarter growth what they wished. His efforts and energy devoted to the project went far beyond what the typical development project demanded.

In the final analysis, Coker's detractors may get something they claim they didn't want in the first place — Los Angeles in North Carolina.

# Localization of Welfare Programs Works

## New Study Shows Devolution Increases Innovation and Control at the County Level

By ERIK ROOT

Assistant Editor

RALEIGH

A new study on welfare reform has been conducted by the University of North Carolina and political science Professor Diel Wright.

The project, funded by UNC-Charlotte and the Z. Smith Reynolds Foundation, tracks county responses to legislation that decentralized policy-making power from the state to the counties. The project has included several reports from the various counties in the state.

In 1997 the North Carolina General Assembly granted the 100 counties in the state greater discretion in implementing the Temporary Assistance to Needy Families program. Greater discretion meant a devolution of power to localities. Greater local control means that social service departments have the ability to tailor their welfare responsibilities to better reflect the counties they serve.

However, the Transylvania account reports the resistance some counties experienced from the Assembly in getting the authority to be innovative. Those counties deemed "electing counties" would have "more flexibility in provision of services and would result in more success in moving people from welfare to work," the report asserts.

According to Trudy Walend, a county commissioner when welfare devolution was in its nascent stages, the elected officials did not want to release their grip so easily on the welfare system despite the assured successes. The politics in Raleigh were such that the Democrats were against the idea of having any electing counties, the report concludes. Nevertheless, Transylvania County eventually received its electing status, thus allowing it to experiment with different ways to get people off welfare and into the workforce.

While the Transylvania experiment was somewhat successful — more people were moved off welfare roles than before devolution — some of the more innovative programs came from other counties.

Dr. Ruth DeHoog, director of the Masters in Public Administration Program at University of North Carolina-Greensboro, wrote a report for Forsyth County describing its approach to welfare devolution.

Forsyth County enlisted the support of churches and other faith-based organizations by holding a conference at Winston-Salem State University entitled "Faith Acts as Welfare Changes." According to DeHoog, "Kevin Fitzgerald, the state's Department of Social Services director, explained how the churches could help poor people by providing counseling, job-training partnerships, and youth programs. [Forsyth County DSS director] Dr. Ann Hamilton, in her introductory remarks, stressed that the conference was not going to be bogged down by traditional divisions in the community — faith, race...denominations, etc. She said the focus was to help people, and that DSS was not going to tell them how to do it."

While the county may have been the impetus for bringing faith organizations together, the county did not give those entities any money. Hamilton explains that the faith-based approach depends on "grass roots involvement and they don't take government money. Forsyth wanted to enlist private help in a way that had not been done before. However, Hamilton contended, "they do not do for others what they cannot do for themselves." In other words, these organizations expect aid recipients to do things they are able to do. If

they can work, they are expected to do something to receive welfare services.

In another innovative move, the county decided to give welfare recipients cars instead of relying on public transportation. According to Hamilton, "DSS deals with the individual, and mass transit just cannot accommodate" the individual. The program is flexible in a way that mass transit can never be.

The "Wheels-to-Work" program was instituted to sell aid recipients cars from the county motor pool at cost. According to Hamilton, vehicles that were going to auction and sold for \$200 to \$300 would be diverted to welfare recipients and sold for approximately the same price after some repairs.

To complete the repairs, the county took bids from such organizations as Goodwill. While the program is no longer in effect because of the difficulty of enforcing loan agreements, the idea is still alive.

Still, the program was somewhat successful. Hamilton argues that one recipient of a car was able to find a job. The employment allowed the person to reclaim his four children from foster care, thus saving the county \$1,600.

The county's expense amounted to \$200 for the car.

Like Transylvania, Forsyth complained of the state's lack of support and woeful incompetence regarding welfare. "The state did not have visionary people and their resources [offered] were not flexible enough," Hamilton said. "We would like more leeway because we have a better grasp on some of the problems than Raleigh and Washington, D.C. do."

Hamilton found some of her ideas blocked by the state. She wanted to set up IRA accounts for clients, for example, as well as change some personnel procedures. In regard to these complaints, one could say that devolution did not go far enough and that state government did not get out of the way enough.

As if to confirm these problems, one DSS worker in Buncombe County said that "the state is constantly trying to weasel out of its responsibilities." Nevertheless, Forsyth County was moderately successful moving 750 people off welfare in the first fiscal year of implementation. Only about 40 families had their cash assistance terminated due to

the two-year limit on the TANF program.

All of the positive results have not been able to mask the problems that some counties experienced in their own DSS offices. According to a report filed by DeHoog for Guilford County, one of the major problems in implementing the Work First program for that area came from the employees at DSS.

Some of the DSS employees reacted negatively to the changes that welfare devolution demanded. They had to be retrained to think about welfare differently than they had before. As a result, the office had some staff turnover, but that was actually a good thing because it "actually helped the adaptation process," DeHoog writes.

One county that rejected becoming an electing county was Mecklenburg. According to Dr. Gary Rassel at UNC-Charlotte, the Democratic majority on the county commission believed that the "dollars and cents" were not there to opt for the more innovative approach.

However, this did not stop DSS Director Jake Jacobsen from announcing his goal would be to "wipe out Poverty in Mecklenburg in five years." Judged from that lofty goal, Mecklenburg

has been a miserable failure.

Despite the savings in money that would come with becoming an elective county, the commission voted to remain a standard county — which means the DSS had less control over their fortunes than those who opted for the more innovative electing approach. Indeed, county officials worried that local control would lead to too much competition among the counties to decrease welfare roles.

One interesting development in Mecklenburg, however, was the development of its own "faith-based job retention network." Those unable to find work could use faith-based programs to gain more skills and to receive job training.

It is interesting that the network of faith-based organization was instrumental in defeating the recent Uptown Arena referendum in Charlotte because it diverted too many resources away from getting folks off welfare to high-priced entertainment.

Even though welfare roles were more than cut in half, Mecklenburg's example pales in comparison to the more innovative counties listed in the report. CJ

*The elected officials did not want to release their grip so easily on the welfare system despite the assured successes.*



*Research Shows Potential Benefits***Privatizing Water, Sewer Service Popular in Many Municipalities**

By ROBIN JOHNSON & ADRIAN MOORE  
Special to *Carolina Journal*

As many North Carolina communities struggle with water and sewer needs, they need only look outside the state for promising solutions. Cities across the nation — facing problems of unfunded mandates, crumbling infrastructures, and tight finances — are increasingly looking to the private sector for help in providing needed water services.

According to the Environmental Protection Agency (EPA), private water utilities currently serve about 15 percent of the U.S. population. City utilities are turning to private firms for technical expertise and management efficiencies as well as for cost savings.

There are a variety of reasons causing local officials to consider private sector alternatives. One is decaying infrastructure. Many water and wastewater systems include infrastructures that date back to the early 1900s. The most recent systems were built with federal funds during the 1970s, and even these now need upgrading or replacing. The EPA recently estimated that the nation's 76,000 drinking water systems alone will require \$150 billion over the next 20 years. Wastewater systems will require a similar level of investment.

Another issue is federal mandates. The federal government has reduced its contributions to local water systems over the past 30 years, while at the same time imposing stricter water quality and effluent standards under the Clean Water Act and Safe Drinking Water Act. Unfunded mandates are forcing municipal systems to meet federal regulations through local sources of revenues or state revolving loan funds.

Furthermore, it's often difficult for local officials to commit to making the necessary investments in community water systems. Water pipes and sewer mains are not visible and not perceived as immediately critical for adequate funding. It is easier for elected officials to ignore them in favor of expenditures for more visible services, such as police and fire. Additionally, water and sewer rates do not adequately cover the actual cost of providing services in many municipalities.

According to the U.S. Conference of Mayors, capital expenditures on water and wastewater services are the largest facing local governments today. With privatization, water companies can take advantage of advanced technology, more flexible management practices, and streamlined procurement and construction to lower costs and make improvements quickly.

While the current extent of privatization of water and wastewater facilities is somewhat limited, recent trends suggest that more cities will be examining private sector alternatives in the future.

According to the EPA, more than 40 percent of drinking water systems nationwide are private, regulated utility systems. Of the others that are publicly owned, a 1997 International City/County Managers Association (ICMA) survey found that 5.7 percent of the responding cities privatize water distribution and 3.7 percent contract for water treatment.

It's difficult to gather precise data for

privatization of wastewater services because much of the information is proprietary. According to the EPA, there are 280 small-to mid-size (1 to 10 million gallons per day) facilities and 40 large facilities of more than 10 million gallons per day now contracting with private partners for wastewater operations. In the ICMA survey, 6.2 percent of responding cities have privatized wastewater collection and treatment.

Several recent reports indicate that privatization is on the rise. A survey of water systems by Public Works Financing revealed that the municipal contracting market increased 16 percent in 2000. Although that rate of increase was down from the previous year, the overall trend in water privatization is upward.

Last year, Moody's Investor Service also predicted more privatization, saying that "public policymakers will turn to the private sector for financial, technical, and operating assistance when the municipal water system receives reliable and reasonably priced services."

**Studies of Past Contracts**

Both critics and supporters of privatization argue that post-privatization analyses are too rare. Therefore, it is encouraging to see a recent series of evaluations of water and wastewater privatizations from some of the nation's largest cities and several small communities as well.

A late 1999 report by the city of Indianapolis examined the success of the White River Environmental Partnership (WREP) in running the city's sewer collection system and wastewater treatment plants since 1994. The report measured performance in three crucial areas:

**Employees.** Wages and benefits have risen between 9 and 28 percent, accident rates have dropped 91 percent, and grievances are down 99 percent.

**Environmental Compliance.** WREP has improved on the city's record of environmental compliance in exceeded permits and effluent discharges.

**Cost Savings.** Over five years, privatization saved the city \$78 million—surpassing the expected saving of \$65 million.

In 1997, after three years of contract performance that exceeded expectations, the city decided to replace the existing five-year contract with a new 10-year contract extending through 2007. Total savings from the contracts from 1994 to 2007 are expected to total \$250 million.

In March 2000, Milwaukee released a second-year evaluation of its 10-year contract with United Water to operate the city's sewage collection system and wastewater treatment plants. For the second year, United Water exceeded the operating standards of the contract. The contract set the permitted effluent discharge levels well below the levels permitted by state regulators, and performance exceeded even those levels, earning the contractor its second annual \$50,000 bonus. Meanwhile, workplace injuries, sick days, and grievances remain at levels less than 50 percent of those experienced under city management.

More recently, Atlanta released the results of an audit of the first 18 months of its 20-year contract with United Water to run

**Retrofit This, Shinn!**

Webster's dictionary defines a lie as "something intended to convey a false impression." It's becoming pretty clear that, intentionally or not, the Charlotte City Council and the local media were given something at least resembling a false impression by city staff during debate over building a new arena for the Charlotte Hornets.

Again and again, council members were told that it wasn't possible to add scores of luxury suites to the coliseum, and that a new \$200 million arena had to be built.

Throughout the debate, the media reported again and again that retrofitting the facility wasn't an option. "Studies have shown that it's not feasible to retrofit the coliseum with more luxury boxes and club seats," *The Charlotte Observer* reported in a June 2, 2000, article.

But in 1995, before most of the current council even thought about running for office, the *Observer* reported just the opposite — that a consultant's study for the Hornets suggested adding 32 suites and 1,500 club seats, along with restaurants, bars and other amenities, for \$23 million.

That study, which was recently unearthed, was done for the Charlotte Hornets in April 1995 by SCI Stadium Consultants International, Inc. It was never shown to the city council.

Neither was a December 1994 study by Odell Associates and FN Thompson Company. That study included detailed plans for the addition of up to 28 "sky suites" to the coliseum, as well as between 3,288 and 5,048 club seats, which it recommended as a possibility.

In fact, in January 1995 and again in 1997, the Hornets petitioned the city to let them buy the coliseum and retrofit it. Then-team President Spencer Stolpen said the team could generate the \$5 million in additional annual revenues it needed to stay competitive if the team built 28 new skyboxes and about 3,800 club seats and other amenities into the facility. The coliseum currently has 12 luxury boxes and no club seats.

With so much information in the city's public record about studies suggesting, and even recommending an upgrade of the current coliseum, how could Charlotte City Council members claim they might have been misled to the point that they didn't investigate retrofitting the building?

It seems to have happened in much the same way a secret takes on a life of

its own in the game "Telephone." As it's repeated, it changes just enough each time to eventually completely change its meaning.

And that may be how the *Observer* went from reporting in 1995 that a Hornets consultant study suggested the team add 32 suites to the facility, to reporting in a 2000 article that the same two studies suggested that retrofitting the facility was unfeasible. Neither study suggests, in fine print or otherwise, that adding luxury suites to the coliseum is unfeasible.

So how did this happen? In 1995, George Shinn began talking publicly about buying the 6-year-old coliseum and renovating it. At the time, council members were leery of that solution, and uptown business interests had already begun to talk of their desire to build a new facility uptown. Then a citizens' advisory committee on the arena situation, stacked with uptown business interests, began meeting — and conducting its business behind closed doors.

Sam Smith was a member of what came to be known as the Cameron Committee, the first of two citizens' advisory committees on the arena. He says he's fairly sure the committee saw one or both of those studies.

"Almost all of our meetings were closed, and material that was handed out in closed meetings by city staff and a consultant employed by city was always taken back up at the end of the meeting," said Smith. "I don't think any of us has an archive."

In fact, there may even be room for more studies. Marley Carroll, president of Odell, which designed the coliseum, called the study his firm did with FN Thompson "informal." Carroll recently suggested that the city may want to give upgrading the facility one more look.

A presentation the council received in February 1997 stated that if the coliseum was upfitted, the team could generate additional revenue of \$10.2 million annually in 1997 dollars. That's awfully close to the \$12 million per year the team now says it is losing, but that, of course, wouldn't include a profit.

With so much up in the air about the Hornets' future in Charlotte, there's no telling when or if renovation will turn out to be worth discussing. CJ



Tara Servatius

*Servatius is a columnist for Creative Loafing, a Charlotte weekly newspaper.*

the city's water utility. Its findings were 1) all fees charged so far were warranted, with no evidence that the firm was using change orders or budget manipulation to increase revenues; 2) the firm is using state-of-the-art technology and environmentally sound practices; and 3) costs to the city have been minimized wherever possible.

Smaller communities are also beginning to report results from water and wastewater privatization. A public-private partnership in Mount Vernon, Illinois not only saved money and improved performance but also led to expanded economic growth for the city of 17,000. Monmouth, IL, a city of 10,000, privatized its water and wastewater services as part of a contract with a firm to operate all public works services.

The agreement saved the city approximately \$300,000 (nearly 20 percent), improved the quality of services, and was a key factor in the city's recovery from severe financial problems.

Water and wastewater management, because it is the costliest portion of a city's budget, is emerging as a critical factor in a city's economic health and competitiveness. While privatization of water and wastewater services is currently limited, evidence strongly suggests that more cities will examine contracting in the future. CJ

*Johnson is director of the Privatization Center at the Reason Public Policy Institute (RPPI) and Moore is executive director of RPPI.*



## Local Innovation Bulletin Board

## More Research on Stadiums

A new study on sports arenas published by James Madison Institute in Florida and authored by Charles P. Rock, a professor of economics at Rollins College, asserts the folly of building arenas.

There has been a decades-long spree of public spending on sports facilities in the United States. Since 1960, more than 90 new facilities have been built for teams in the four dominant professional sports: baseball, basketball, football, and hockey. Of the total stadium financing of \$17 billion over the period, more than two-thirds was provided by taxpayers.

During the same period, almost three dozen existing stadiums and arenas for the pro teams were renovated at a further cost of \$2.5 billion. Although taxpayers were more frugal in these cases and did not finance new facilities, they generously provided more than 90 percent of the total.

No one has escaped making some contribution to these subsidies. Even the unborn are potential contributors, since some stadium projects will need debt servicing for decades to come. With another 40-plus stadiums already under construction or planned for the next several years, the high level of public subsidies throughout the country appears certain to continue well into the 21st Century. The stadiums will cost another \$12 billion, most of which will come from all of us.

This great public effort is being undertaken for the benefit of fewer than 120 professional sports teams (the total of all pro teams in the four major sports). Rarely has so much been done by so many for so few.

Florida has been doing its part. Major league cities in the Sunshine State have been as ingenious as other towns across the country in developing professional sports, through direct and indirect subsidies for the pros. The Tampa-St. Petersburg area has taken a leading role in the public subvention of pro sports facilities, even going so far as to build a new stadium without having procured a team. Jacksonville renovated its stadium for the Jaguars, and Orlando built a new arena for the Magic.

Southeast Florida, although not as quick to enter the subsidy game, has been coming on strong recently. Although the Marlins baseball team plays in its own park (one of only five teams in Major League Baseball to do so), in recent years the Heat got a new publicly subsidized arena. So did the Panthers.

Now, the Miami-Dade commissioners, faced with threats of the team's departure by Marlins owner John Henry, have again opened the public treasury. The hopes of hometown Marlins fans depend on favorable votes by the state Senate and House to further subsidize the Marlins. If the additional subsidies make it through the state legislature, the final hurdle is Gov. Jeb Bush. Historically, both houses and the governor have acted in support of public subsidies for professional sports teams around the state. The numerous pro-Marlins lobbyists and their allies now in Tallahassee expect another successful outcome.

Citizens of Miami-Dade have already seen their local politicians vote to contribute more than \$100 million. Now the Marlins owner wants the state to come through with at least \$146 million

in subsidies.

Should these large public subsidies be enacted into law? On the whole, are they worth the investment? For some interested parties, they are — for Henry and the Marlins, and probably for diehard Marlins fans. But for the remaining Florida taxpayers who may also be contributing to the \$146 million, the subsidies seem a bad deal. Residents outside southeast Florida seem unlikely to benefit. What exactly would Florida's taxpayers be buying with their contributions? The deal seems unlikely to serve the best interests of Floridians, and they ought to refuse it. Unfortunately, they may not get the chance to do so.

This study explores the economic arguments for and against local and state subsidies for the new baseball park in Miami. Even if the legislature and governor proceed with the proposed public subsidization of the stadium, we should at least be clear about what we are doing, and what the likely economic consequences will be.

Rock concludes four things in his study.

1) Teams and stadiums do create jobs, but apart from the high-paying jobs held by players, stadium jobs are low-paying and seasonal....The vast majority of players' salaries are not spent in the cities where they play.

2) Construction materials often are brought in from other locations, as are specialized construction workers. The companies that design and build stadiums are seldom local, and they spend their consulting dollars in other cities.

3) Stadiums do attract other businesses, but these are often restaurant and entertainment franchises with headquarters in other cities and often these franchised businesses drive long-time local operators out of business. Spectators do come from out of town, but the vast majority live close enough that they do not spend the night in connection with attendance at a game, and they spend a limited amount of money on food and other forms of entertainment outside the stadium.

4) Stadiums and the teams that use them do generate public relations for the city and for tourism, but tourists who visit the city for other reasons may stay away when big sports events are in town or when games are scheduled. Regional development is limited because local people who spend money at and around the stadium have fewer dollars to spend in their own areas of the city. An inner-city stadium does great things for the area around the stadium, but it often hurts other businesses and discretionary income is limited in any population ... and spending on season tickets often means that one will spend less money on going out to dinner and to shows.

For more information, contact the James Madison Institute at (850) 386-3131 and ask for "The Case against Public Subsidies for a New Florida Marlins Stadium," Policy Report #31, April 2001. You may also visit the institute at [www.JamesMadison.org](http://www.JamesMadison.org) CJ

A Talk with Vernon Robinson,  
Winston-Salem City Alderman

By ERIK ROOT

Assistant Editor

WINSTON-SALEM

CJ: Tell us about your background.

**Robinson:** I was in the Air Force Academy (class of 1977) and spent five years of active duty in the Strategic Air Command as a missile launch officer. I then moved on to the Reserves and took a faculty position at Winston-Salem State, where I got involved in education reform.

CJ: Why did you decide to run for a municipal government position?

**Robinson:** I am currently in my first four-year term. It seemed the city had lost its focus. For instance, two years ago it spent more on three nonprofits — the arts council, the children's museum, and Old Salem — than it did in its entire budget for fire prevention.

So I decided to run to get three things done. Make public safety the first priority and take care of the police and fire-fighters. Cut wasteful spending. And, finally, substantially reduce taxes under the argument that the best way to facilitate economic development is to build roads, infrastructure, and have a low, stable tax rate.



Vernon Robinson

CJ: Let's talk about municipal budgets.

**Robinson:** Well, let's take those nonprofits we were talking about. In the first budget we went through, I asked for the corporate tax returns of those nonprofits and was stunned to find out the city had never ask for such.

Those returns reveal a lot of things like the salaries of the people employed, where the money is spent, whether they are engaged in fund-raising or not. By requesting those documents (those 990s) we could make a case against the continued subsidy of a place like Old Salem.

So when we initially said we were going to reduce their budget — which in their case amounted to \$20,000 — they screamed bloody murder. They claimed to have an operating surplus of \$11,000 and the budget would put them \$9,000 in the red. They argued that they would have limited ability to teach everybody about their culture.

But when I read the 990, the story was Old Salem was a \$46 million entity with a \$38 million trust fund that had made in the last year \$1.71 million.

We cannot have a public discourse if the folks with their hands out are going to deliberately mislead the public. Political philanthropy or a politician's favorite charity are not a reasonable place to force people to pay taxes.

I would encourage new city and county officials to come up with an alternative budget because it forces them to really know the budget. It was not a 300-to-400-page document and it was really a budget outline, but it also gives those with an opposing view more credibility.

CJ: It has been a grueling process.

**Robinson:** Advocates of limited government don't have enough humor and do not want to engage in a little controversy to make a point.

They also need a little humor and sarcasm when proposing such things as an alternative budget. When we proposed a 10

percent tax cut it was not seen as a campaign gimmick because we did so in the alternative budget prior.

One of the themes that I am talking about this year is that we should care more for the public safety officers than about convicted murderers — since my colleagues passed a resolution to support a ban on the death penalty.

Another thing conservatives will do is not recognize the political advantage of a particular situation and will adopt a narrow view which is not helpful.

Some of my colleagues were upset that the Democrats would bring up the moratorium on the death penalty because it is not germane to the Board of Alderman. I was elated. I wanted to remind everyone why they voted for those Republican judges and that these aldermen were out of step with the regular guy's values.

I reminded the community what the 14 Forsyth County residents had done and asked the board which individuals they wanted to stop the death penalty for.

If you took the position that this was not appropriate to deal with this on the Board of Aldermen (and indeed it was not) then you lose the opportunity to educate the public that the majority are not right for the city. A policy which locks the shotguns in the trunks of the cars of officers so they have to ask a felon if they can get their gun out of the trunk is an issue that everyone can understand.

It's an issue that elevates public safety as the first duty of government as Publius noted in the *Federalist Papers*. Some people wanted to lock up the guns of our officers for political purposes because some citizens might be offended and we thought most of those citizens were felons.

The officers ought to have those guns readily available to protect not only themselves, but our citizens.

CJ: I understand race politics plays a big part in Winston-Salem politics. Tell me about your experiences with that divisive issue.

**Robinson:** Unfortunately, everything that the Board of Aldermen does here is driven by race. It is caustic to a civil society to pour the acid of racial preferences into the gears.

I have seen over the last four years, zoning requests go down because the petitioner was East Indian and owned a grocery store in the black community.

I have seen the Board of Aldermen unable to do anything about even appointing high-school youth advisory council members because in the view of one of the aldermen it was not black enough, given the population.

We also changed the policy with regard to managing the city's money so we could hire minority-owned firms. At the same time, we hired a minority firm to do some work and we got burned because nobody did the due diligence to look at the business to find out if a partner of that business was convicted of, say, 57 felony counts.

This is what happens when the objective is to get a minority firm regardless of their talent or their background.

This is an example of the cancer that has developed in our society and in our city. And this is what happens when people do not judge one another, as Martin Luther King would say, by the content of their character. CJ



*From Cherokee to Currituck*

# More on Arrogant School Boards, Taxes, Sports, and Wells

By ERIK ROOT  
Assistant Editor

RALEIGH  
The Pamlico County School Board and the Pamlico County Board of Commissioners are headed to court, according to *The Pamlico News* of Oriental.

At issue is the \$1.6 million the commissioners allocated for schools. The school board says it needs at least \$2.5 million (the figure seems to grow with each news publication). The school board thinks the commissioners need to raise taxes in order to pay for more schools.

For school officials, anything less than more money constitutes bad-faith negotiation. "The county commissioners have not offered us one red cent. We're extremely disappointed in their obvious lack of any good faith in attempting to mediate this. We have little hope this will be settled, and we are appalled," said Richard Schwarz, a lawyer for the school board. His comments appeared in the *Sun-Journal* of New Bern.

However, following the law is not what the school board or its lawyer believe they are required to follow, as the mediator in the process instructed both parties not to discuss matters in the press. The commissioners thus do not believe they are above the law as they have refused comment to the press.

With the schools so financially strapped, the lawsuit begs the question where the school board will get the money to pay for the expensive endeavor. As *The Pamlico News* editorialized recently, nobody wants, or can afford, a tax increase. But it looks as though the school board will ensure an increase, one way or another. The board appears not to care whether it or its lawyers gets it.

## Speaking of Schools, Commissions

Some school boards are not taking their county commissioners to court. In Pender County, the *Topsail Voice* reports that the commissioners have staved off a tax hike and will instead fund their schools from their fund balance to the tune of \$75,000. The schools in turn will ante up \$25,000 from their own coffers to cover the rest.

"I have received phone calls from all over Pender County, and they don't want their taxes increased," Commissioner Danny Long said. There is some concern that the county will not be able to maintain the state-mandated fund balance, and some commissioners think that dipping into the county's savings will only make next year's tax increase bigger.

Commissioner Carolyn Justice thinks

the increase could be between eight and 10 cents next year. An increase like that in an election year could be devastating. "There are few with that kind of guts. You take baby steps into destruction. You don't step right into Hell!" Justice said.

## Greensboro's Lust for Power

According to *The Rhinoceros Times* of Greensboro, City Manager Ed Kitchen thinks the city should stop market forces and control growth.

The zonings that pass today will be conditional-use zonings. This will make it more difficult if a bank with three drive-through windows wants to expand to four to meet demand. Should a bank, for example, want to add another drive-up window, it would have to endure the arduous rezoning process.

*The Rhinoceros Times* opined what "the citizens of Greensboro should be asking is whether they want the city bureaucrats to determine exactly what will be built where or if they want people who are risking their own money to improve property to have a hand in making that decision."

The more control a city exerts over the development process, the more city employees that will need to be hired and hence the more taxes will increase. Developers will be required to foot the bill for various studies that go into the planning process. In unprofitable situations, the city will try to entice developers into a project by offering incentive packages that increase until someone takes the chance on the project. In the end, the taxpayers are the ones taking all the risk, *The Rhinoceros Times* said.

## Schools Engage in Land Theft?

In Hickory, the School Board has voted 4-1 to condemn four parcels of land needed for a new middle school, the *Hickory Daily Record* reports.

Supt. Duane Kirkman is set on the site for the new school. He claims that the site is the best place to put the school even though some of those who are having their land taken have offered alternatives for the school. One affected party has offered a proposal that would save the school district almost \$100,000. But Kirkman thinks that

such unsolicited advice amounts to harming the children: "It is indeed unfortunate that the board of the Louis Blake Foundation has chosen to attack the Hickory School Board for acting in the best interest of its students and the taxpayers of Catawba County," Chairman Nancy Meek said.

The total amount of the condemned land amounts to 23 acres. However, the school board is not going to begin developing the land for about six months. In the meantime, they are generously going to charge one group, the American Legion, for occupying the land they condemned through a lease agreement.

## All your Property Belongs to Us

The *News and Observer* of Raleigh reports that Wake County is seeking to take the land of Steve Moore in order to build a trail. Moore has resisted efforts by the county

to buy his land. Speaking for himself and his wife, he said that "we just wanted to get away. We were both raised in the country and we're trying to get back." The county has purchased land around Moore's land, but he is resisting. Since the county is now his neighbor, county officials are looking to flex all their muscle to take his land. "Now we're his neighbors, and we're going to have a neighborly chat,"

said Gary Carter, who directs the Division of Parks, Recreation, and Open Space.

Should Moore continue to resist, the county is determined to condemn his land

and take it anyway.

## Sports Team Comes to Asheville

Asheville will get a professional basketball team that will be created out of the new National Basketball Development League, according to *The Mountain Times* of Boone.

The new team will be called the Asheville Altitude.

The season begins in November, and teams will play 56 games a year. The only other team located in North Carolina resides in Fayetteville.

The team will play at Asheville's convention center. There has been no word on when the team will request a taxpayer-funded arena.

## Some Sanity in Macon

Macon County commissioners have rejected a plan for well drillers to pay a \$25 fee in order to drill wells. The ordinance would have also required drillers to do what state environmental regulators already do. The commissioners rejected the bill not only because of the duplication involved, but also because it would have caused more bureaucracy and more paperwork.

Even though there has been only one well in 35 years improperly marked, county health bureaucrats say the new ordinance is needed. They think that people may drill into, say, an existing septic line even though that has never happened.

Those in neighboring Jackson County are paying an additional \$2,000 for their wells because of unnecessary regulations placed on them by their commissioners. The Macon commissioners do not want to fall into the same trap.

CJ

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## Book Review

## Webster vs. Hayne: Debate Over Nature of the Union Resurfaces

By ERIK ROOT

Assistant Editor

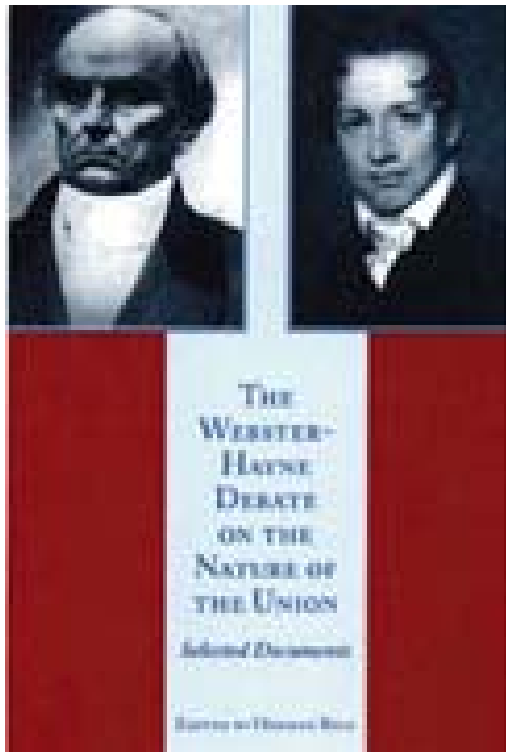
WASHINGTON, D.C.

• Herman Belz, ed., *The Webster-Hayne Debate on the Nature of the Union*, Liberty Fund, 2000. 509 pages. \$25 for hard cover, \$14 for paperback

**H**erman Belz, a professor of history at the University of Maryland, has resurrected an important piece of our history by compiling a momentous 1830s debate over the nature of the Union. The volume focuses on, but is not limited to, two senators: Daniel Webster of Massachusetts and Robert Hayne of South Carolina.

The timeliness of this debate over the nature of the Founding is ripe because of the current, and very public, debate raging between the Calhounian, Joseph Sobran, and the Lincolnian, Harry V. Jaffa. The debate has drawn none other than Jack Kemp into the acridity of Sobran's attack on the Founding. Increasingly, this battle is being fought in the trenches of conservatism. This debate, like the one between Webster and Hayne, reflects a fundamental disagreement on the existence of natural right—whether there are any guiding principles, nay, any truth, which defines our political morality.

The Webster-Hayne debate was, in its nascent stages, an innocuous argument over federal land policy. However, it quickly turned into a grander debate about first principles. Belz writes in the foreword that "Hayne's entry into the debate turned the issue of the sale of public lands into a clash



between state sovereignty and national sovereignty, and he expounded these sovereignties in terms of rival and irreconcilable theories of constitutional construction and the nature of the federal union." These speeches packed the Senate, Belz notes, and attracted much national attention.

Concerning slavery, Hayne paints a picture of benevolence: "Finding our lot cast among a people, whom God had manifestly committed to our care, we did not sit down to speculate on abstract questions of theoretical liberty. We met it as an obligation and duty. We resolved to make the best of

the situation in which Providence had placed us, and to fulfill the high trust which had developed upon us as the owners of slaves." In making this "observation," Hayne asserts that he does not engage in any "abstractions." He even ends this portion of his speech by declaring he is "sicken[ed] for the honor of the human species." Yet, indeed, Hayne asserts that blacks were "totally disqualified from the enjoyment of the blessings of freedom." So in his denial of abstractions, he engages in abstractions else he would have avoided such words as "human species," "Providence," and "duty." Furthermore, in his recognition of a common humanity, he denies blacks are human. In his avoidance to engage in the inquiry espoused by John Calhoun (who presided over the Senate debate as vice president) and Alexander Stephens et.al. that blacks are the cursed race of Canaan and that they are scientifically so inferior they deserve to be enslaved, he affirms those conclusions by reiterating that Providence made blacks fit for despotic rule.

Webster disagreed with his colleague to be sure. He believed that the Northwest Ordinance forbidding servitude in the territories, "was a great and salutary measure of prevention." Such a measure of law is more distinct and hallowed than any "ancient or modern" has produced. In other words, Webster claims that there is something about the American Founding that surpasses all foundings. This high praise is singled out only in relation to the inherent equality which as a species all humans share. Still, Webster believed that the peculiar in-

stitution could not constitutionally be touched where it already existed even though he found it to be a great evil. Such a prohibition was "the original bargain" of the "compact."

It is the understanding of compact theory that we must now turn our attention if we are to make clearer Webster's philosophical and constitutional understanding. John Locke understood that the formation of a political society originates in unanimous consent: The original agreement to frame a government is based on the unanimous assent to enter into a binding agreement. However, after such an agreement is struck we could never expect everyone to agree 100 percent on everything. Therefore, the majority rules. However, this does not mean that we give up our natural rights by entering into such an agreement; nor does it mean the majority may trample on the natural rights of the minority. Locke asserted, and the Founders repeated in the Declaration of Independence, that when the rights are violated (yet not for any light or transient causes), the people as a single entity could "dissolve the political bands which have connected them."

We do not find this understanding of compact theory reading Hayne. Indeed, we find the chilling portent that the South was developing a new understanding not founded on the rights of man. Nevertheless, Webster concluded his orations with an appeal to "Liberty and Union, now and forever, one and inseparable." It is this debate that set the ground floor for what was to follow and this volume gives the reader perspective of that tragedy. *cj*

## Book Review

## Small Thinking: Look Away From Washington to Solve Problems

By GEORGE S. LEEF

Contributing Editor

WASHINGTON, D.C.

• George Liebmann, *Solving Problems Without Large Government*, Praeger, 2000, 170 pp., \$55.

**I**n his 1974 book *Anarchy, State and Utopia*, philosopher Robert Nozick observed that Utopia is an individual idea and therefore the best that we can do to approach it is to establish an overall climate of freedom so as to allow people the greatest scope for finding or establishing the conditions that suit them best.

Some people might be happiest living in a tightly regimented commune; others might choose a Thoreau-like existence where they took orders from no one. Given a libertarian framework, a wide array of social arrangements would evolve and people could then vote with their feet.

What Nozick's insight implies is that the smaller the units of government, the better. The more expansive the government, the more costly it becomes for people to vote with their feet.

The socialist community of New Harmony, Ind. attracted many idealists in the early 19th century, but people quickly became disaffected and they had only to pack up and move a few miles to escape. If the United States were to adopt the socialist arrangements of New Harmony (perhaps it would be better to say more completely adopt) escaping would be far more costly and difficult.

George Liebmann's book *Solving Problems Without Large Government* is a highly

useful volume, demonstrating that various problems can be and indeed have been handled at the local, sometimes very local level of government. The author, a lawyer, has researched extensively the use of small to micro units of government to do things that people want done.

Liebmann writes that his book is "a call for re-creation of an earlier era of municipal and sub-municipal creativity — a re-creation that can combat the dangers of centralization and the withering of civil society that Tocqueville warned against."

The book thus challenges those who automatically rush to propose massive federal programs for everything that bothers them. Liebmann says: Look not to Washington, but rather to your own block.

One of the first issues Liebmann takes up is land acquisition in cities. He correctly asserts that most people think there are only two means of acquiring urban land for redevelopment purposes: eminent domain, that coercive monstrosity so prone to manipulation by those who want to get hold of other people's property on the cheap (Donald Trump being a good example) and private purchase, which is not coercive but runs into the problem of holdouts.

Liebmann discussed a third method, "land readjustment." He explains that land readjustment "is a scheme whereby a specified supermajority of owners of contiguous

land are permitted to establish a redevelopment area by petition approved by public authority." Owners who dissent can require the petitioners to buy them out at an impartially appraised value.

Liebmann, whose instincts seem generally anti-statist, hastens to add, "The need for even this mild coercion of dissenters might be obviated by a mechanism that permitted landowners to bindingly commit themselves to a land-readjustment scheme that is conditional upon a specified percentage of landowners similarly committing themselves...."

The advantage of land readjustment, which is used, the author informs us, in all major countries except the U.S. and Britain, is that it makes redevelopment possible with greater speed than would otherwise be possible without the thuggish tactic of eminent domain.

Although land readjustment has not been employed in the United States for urban renewal, Liebmann points out that it is conceptually similar to unitization in oil fields, where owners agree to cooperate for maximum total yield.

Liebmann's treatment of law enforcement issues is fascinating. "American discussions of law enforcement," he writes, "generally resolve themselves into a dialogue in which one faction urges national-government social programs to combat the alleged causes of crime, while the other

seeks more police and harsher laws and sentences. There is, however, a third tradition, seeking to revive past localized institutions...."

One of the benefits of localized law enforcement was that it avoided the need to resort to an outside "hireling body" that would often antagonize and inflame where people from the community could pacify.

Liebmann contends that law enforcement could be more effective and less prone to violent outbursts if laws were enacted to allow street and block associations to assess dues to support their anti-crime patrolling.

With regard to education, Liebmann argues in favor of "radical decentralization of public school governance."

While public schools would probably be better if they were radically decentralized, I cannot agree with him that those who advocate privatization are promoting a "counsel of despair," as he puts it.

Taking government out of the education business would undo one of the worst blunders in our history. I wish that Liebmann had here taken the truly radical step of analyzing how education can be provided not just without large government, but without government at all.

Still, the book contains a wealth of interesting ideas on the feasibility of devolving authority to smaller, less powerful and more escapable governmental units. *cj*

George S. Leef is director of Higher Education Policy at the American Council of Trustees and Alumni.

*One of the benefits of localized law enforcement was that it avoided the need to resort to an outside "hireling body."*



## On the Culture

## The Implicit (and Welcome) Politics of Superhero Comic Books

By JOHN HOOD  
Publisher

As a pop-culture phenomenon, the comic-book superhero is back in an upswing. Yes, I know that such things — westerns, girl groups, spy thrillers, etc. — come and go. Their fate is hardly linked to that of civilization itself (except for disco, the persistence of which might well have signified the End of Days).

Still, I can't help but look forward eagerly to the latest comics fad, which is being driven largely by film. Last year's moderately successful *X-Men* convinced Marvel Comics that motion pictures offered the key to its rejuvenation in the coming decade, much as the *X-Men* and *Spider-Man* television programs rebuilt the company in the early 1990s. So, not surprisingly, it is following up with a major studio release of *Spider-Man* this fall, to be followed over the next two years by another *X-Men* installment and movies based on the Incredible Hulk, Daredevil, the Fantastic Four, and Iron Man.

Over at DC Comics, where the Batman movie franchise quickly (arguably by the middle of the first film in 1989) degenerated into idiocy, executives are reportedly putting together a more serious Batman film and trying to rekindle interest in its Superman series, which also got really silly really fast.

Why care about superhero comics? Because, with few exceptions, they are an unabashedly right-of-center cultural force. Many superhero characters and story lines advance principles of justice, individual rights, and skepticism about government power that should warm the heart. Here is a rough classification of the implicit politics of the genre based around its major characters and creative periods.

*The Golden Age*

Traditionally classified as beginning with the publication of the first Superman comic in 1938 and ending in the late 1940s or early 1950s, the Golden Age of superheroes introduced many of the characters with which the general public is most familiar, such as Superman, Batman, Wonder Woman, and Captain America. This was a time of war, both hot with the Axis powers and cold with the Soviet Empire, so the stories tended to be simple and patriotic.

Even so, you can clearly observe some differences among individual characters.

For example:

- Batman is a paleo-conservative. He has a dark, somewhat pessimistic view of human nature. He literally fights crime in the dark, and has no super powers other than his intelligence, which suggests a limited view of man's malleability. He works closely with the Gotham police, at least at first, and tends to spend his time protecting private property against robbers and thieves.

Furthermore, in civilian life Bruce Wayne is a man of inherited wealth, a globe-trotting education, and impeccable taste who runs a major corporate conglomerate — and indeed, in later stories, is revealed to be a defense contractor. In his spare time, Batman probably reads *Forbes*, *National Review*, and Russell Kirk.

- Superman, on the other hand, is a liberal, albeit of the 1930s variety. A newspaper reporter (I could rest my case there), his alter ego Clark Kent is constantly investigating the business titans of Metropolis and second-guessing the clueless police department. His nemesis is ultimately revealed to be the evil Lex Luthor, like Wayne an industrialist and defense contractor.

Another clue to Superman's implicit politics is that he is just too darn powerful. The character began life as a strong, fast young man who could "leap tall buildings with a single bound." Before long, however, he was flying around (inexplicably), burning things with his eyes, freezing things with his breath, and getting pretty close to invulnerable. It seems that Superman's powers, like those of the federal government during FDR's New Deal, just wouldn't be kept within rational bounds. Kryptonite, a creation of the Superman radio show rather than the comic book, was a kind of a cheat; it gave him an apparent vulnerability, but it was really about as challenging as Wendell Willkie.

Like another liberal character of the time, the Green Lantern, Superman began to meddle in the interplanetary politics of his day without ever being elected by anyone he purported to represent. Still, Clark Kent, particularly in his earlier days as Superboy in Smallville, Kansas (to be dramatized this fall in a new television series on the WB), reflects traditional small-town American values. He's a busybody, but you know his heart is in the right place. He's Arthur Schlesinger, not Tom Hayden.

Other Golden Age characters offered contrasting political archetypes. Wonder Woman was a feminist who likes to tie



*Paleocon meets New Dealer (with Fabio hair).*

people up with a magic lasso that made them tell the truth (she was the creation of William Marston, who in real life was the inventor of the lie detector and a man of somewhat strange personal proclivities). Hawkman was an enigmatic monarchist, a reincarnation of an ancient Egyptian lord. Captain Marvel was a freedom-loving character who rivaled Superman in sales during much of the 1940s — until DC filed a mostly bogus claim of copyright infringement and eliminated Superman's major competition through government intervention.

See, the Kryptonian was a liberal.

*The Silver Age*

Beginning in the late 1950s DC and Marvel were reinvented with new characters and new takes on old characters that provided story lines with more depth and creativity. This so-called Silver Age lasted until the 1970s.

The most interesting Silver Age characters came from Marvel, which under a previous name had published second-tier comics featuring Captain America, the Human Torch, the Sub-Mariner, and other characters in the 1940s and early 1950s. The company's first coup was the Fantastic Four, who gained their powers from cosmic radiation. They represent the old idea of the four elements: fire (the new Human Torch), water (the stretchable Mr. Fantastic), air (the Invisible Girl), and earth (the rock-like Thing). They were the first superhero team to have to deal with real life: earning a living, paying the rent, coping with fame, and avoiding eviction for constantly tearing up their offices in Manhattan's Baxter Building in battles with intergalactic invaders. As they were mugged by reality in a variety of ways, it is safe to say they were at least unconscious conservatives, albeit of a family-values variety.

Their sometime allies, the Avengers, were conservatives, too. For one thing, they included super-patriot Captain America, profit-seeking scientist Henry Pym (Ant-Man and Giant-Man), industrialist Tony Stark (Iron Man) and the Mighty Thor, a god who smashed bad guys with a hammer ('nuff said). The Avengers actually lived in an apartment and headquarters provided by Stark — who was yet another defense contractor, by the way — and ran afoul of various federal (and thus unconstitutional) law enforcement agencies over the years.

Other Marvel characters of the '60s can be properly called libertarians. Spider-Man

and the mysterious Dr. Strange, in particular, operate well outside traditional governmental authority, with the former treated as at least a bungler if not worse by the powers-that-be. "With great power comes great responsibility" is the oft-repeated lesson that Peter Parker learns on receiving his powers (from the bite of a radioactive spider) and then refusing to use them to stop a criminal who later murders his beloved uncle. Not surprisingly, these characters were co-created by artist Steve Ditko, an Ayn Rand devotee who later went on to create more explicit libertarian characters such as The Question and Mr. A.

Daredevil, one of the first disabled superheroes (he is blind but employs a kind of radar sense), is such a committed civil libertarian that he captures bad guys by night and then defends them in court by day as attorney Matt Murdock.

The popular X-Men, which began in the Silver Age but really arrived in their current form in 1975, exhibited a number of libertarian traits. They are powerful mutants, the harbingers of a new kind of man referred to as "homo superior," and yet they are trained by their mentor Charles Xavier to control themselves and to respect the rights of others — even those out to enslave them. The X-Men are at war both with a tyrannical government and with the fascist Magneto, whose seeks mutant domination of the Earth. A key theme of the X-Men saga is the need to restrain power; Professor X, meet James Madison.

*Eco-Terrorists Fall Short*

From the Silver Age onward, attempts to create superhero characters and stories with a liberal bent never seemed to pan out. Underwater characters Aquaman (DC) and the Sub-Mariner (Marvel) were often cast as radical environmentalists, but this limited rather than boosted their appeal. Namor the Sub-Mariner often played more the villain than the hero, in fact, as more law-abiding superheroes reined in his eco-terrorism.

In the early 1970s, a book teaming up Green Lantern and Green Arrow (another rich Batman-like character) tried to do "relevant" material on poverty and race relations, but the series didn't sell. About the same time, Wonder Woman shed her Amazon accoutrements, became a flower child, and just about faded from sight (television brought her back with statuesque Lynda Carter and 1940s-era stories).

The 1980s brought a grimy and gritty take on the genre, starting with the pathbreaking *Batman: The Dark Knight Returns* and including *The Watchmen*, an dark update of the old Charlton Comics action heroes of the 1960s that take its name from Juvenal's ancient question: "Who watches the watchmen?" Then comics took another popular turn in the 1990s as animated series introduced Batman, Spider-Man, and the X-Men to millions of new fans. One landmark '90s series, Kurt Busiek's *Astro City*, turned *The Watchmen* on its head. The latter asked what it would be like if superheroes actually lived in our world. *Astro City* asked what it would be like to live in theirs.

I don't know how long the latest upswing of superhero comics will last, but I hope it will be a while. As long as the new movies feature lots of action, computer-generated-effects, and a complete lack of liberal sentimentality, they'll do well. Remember: once the movie Superman stopped fighting supervillains and become an environmental wacko and nuclear-freeze peacenik, it was all over.



*Marvel's Fantastic Four — family-values conservatives who were mugged by reality.*



## Editorials

## ON THE DOLE

## What Elizabeth Dole Must Do to Win

Back in August, the national media lavished a lot of attention on the retirement announcement of Sen. Jesse Helms and the Republican Party scramble to replace them. Then they moved on — or back to Gary Condit, inexplicably.

One reason is that many outside observers seem to think that Salisbury native Elizabeth Dole has the GOP nomination sewn up, and that no Democrat considering the race can defeat her. So attention is wandering to other states where, the pundits believe, a more competitive race is in the offing.

It is certain that Dole has a good chance of prevailing in the Republican primary, and that such Democrats as Secretary of State Elaine Marshall and former N.C. House Speaker Dan Blue, despite their strengths, will find it hard to be competitive. But Dole is not a shoo-in. There are several steps she must take before she can afford to look beyond May to the general election.

## Reconnecting to North Carolina

First and foremost, she will have to reestablish herself within North Carolina. Although she is not a Hillary-like carpetbagger (and, frankly, many New Yorkers didn't seem to care about that last year), Dole has spent most of her adult life in Washington.

She retains close ties to her hometown and more generally to friends and political allies in North Carolina's ailing Piedmont region, but will need quickly to cultivate support among party leaders in Charlotte, the Triad, and Eastern North Carolina — the homes of potential opponents and key donors and activists. Her announced plans to conduct a 100-county tour are a wide move in this direction.

Next, Dole must clarify her views on major issues of interest to Republican primary voters. No one expects her to be as conservative as Jesse Helms. But during her abortive presidential run last cycle, she appeared to wiggle on the right to life, endorse excessive regulation on business, and exhibit ignorance or worse on Second Amendment issues.

Unless she expresses, in a forthright manner, middle-of-the-road GOP positions on these issues — that is, positions similar to those taken by President George W. Bush and other popular Republicans — she will be vulnerable to challenge from the right. Even if unsuccessful, it could damage her ability to turn out the GOP base in the fall.

The best thing she has going for her right now is the recent decision not to run by former Sen. Lauch Faircloth, the most likely standard-bearer in such a challenge. But Republicans don't yet know the intentions of other conservatives such as Rep. Robin Hayes, whose 8th Congressional District stretching from the Charlotte suburbs to Fayetteville is now the target of Democratic gerrymandering in the state legislature.

Finally, Dole must find a way to motivate her supporters. Many view her as the best shot they have of keeping the Helms seat, but that's about it. To ensure success, Dole needs more than that. She needs to latch on to an issue or set of issues that will capture the imagination of Republican donors, activists, and voters.

There are three such issues available to her. One is defense. Not only does North Carolina have numerous and important military installations, but the recent terrorist attacks also call into question America's security.

Another is the economy. Because of its traditional reliance on manufacturing, North Carolina has been one of the hardest-hit states in the national economic downturn. Actually, we are almost certainly in a recession, with some counties, buffeted by layoffs in the textile and furniture industries, posting double-digit unemployment rates.

In the midst of all this, Democratic Gov. Mike Easley and his legislative allies are pushing a massive tax increase that, recent polls show, is massively unpopular.

Although the tax increase is a state issue, Dole should put it at the forefront of her early campaign rhetoric — contrasting Democratic plans to hike taxes with this year's tax cut by Bush and a (briefly) Republican Congress. She should even challenge Sen. John Edwards to say whether he supports Easley's plan, which would further accentuate the contrast.

Finally, Dole should wholeheartedly endorse Bush's plans to reform Social Security and Medicare as part of a strategy to attract younger voters not traditionally tied to Republican Senate candidates, particularly in major metropolitan areas. They have 401(k)s and IRAs, and thus welcome the idea of exercising more control over their retirement benefits. They are also likely to be the most responsive to her economic pitch, as many are facing uncertain futures in the telecom or computer industries.

If properly positioned, Dole can become the front-runner that so many national observers assume she is. But if her North Carolina campaign is a replay of her presidential bid, all bets are off.

## FARMING WELFARE

## Programs Sacrifice Public Interest

In the spirit of American agrarianism and an appreciation for the roots of both our enterprise and our nourishment, the American farmer has been lauded since the inception of the Republic. It is thus deeply troubling that in a nation founded on nurturing the soil of the earth and the flesh that roams upon it, we are now faced with agricultural conglomerates that hire full-time employees to do nothing but secure government subsidies.

As reported by *The News & Observer* of Raleigh, Delano Cox of Cox Brothers Farm, owned by her family, does not engage in any direct farming activity. She apparently works 65 hours a week doing little else than trying to secure sub-

sidies from the U.S. Department of Agriculture — meaning we the taxpayers. Thanks to Cox's dedicated efforts and the absurdity of government largesse with our tax money, Cox Brothers Farm, an 8,000-acre operation in Monroe, N.C., received \$1.9 million of federally distributed tax money in the past four years.

With more than 114,000 recipients of such aid in the state over the past five years, the amount of these agricultural subsidies flowing into North Carolina over that same period has increased by more than 75 percent. All of this is occurring under the shadow of the alleged Freedom to Farm Bill, passed by Congress and signed by President Bill Clinton in 1996. The law was supposed to end socialist-oriented farming in the United States. It hasn't worked out the way.

The real question is whether we truly wish to encourage the efficient production of agricultural products or engage in social engineering with the intention

of preserving the "family farm?" One of the South's traditional concerns has been the fate of an agrarian society in the midst of capitalist growth. The emotions generated as a result have led us to the point where family farms now feel not only obligated, but justified, in obsequiously accepting welfare payments from taxpayers.

Aside from the alleged revolutionary nature of the farm bill, the government still engages in subsidies to prevent farming. The N.C. Department of Transportation was paid \$96,000 in federal tax money not to farm a 175-acre dairy operation.

In addition to the tax money squandered in this way, paying folks not to farm is simply a way to attempt to prop up commodity prices — which then raise prices to consumers at the grocery store. Should struggling families pay more for milk so that some families can pretend to farm their land? Should we transfer wealth from consumers to producers by government fiat, despite the fact that it likely transfers wealth from the relatively poor to the relatively wealthy?

This is a story that simply gets sadder, and more absurd, as each chapter is written. From 1969 through 1997 gross farm income in North Carolina rose from about \$1.7 billion to more than \$8.3 billion, an increase of almost 400 percent. Certainly, if one corrects such numbers for the effect of rising prices against consistent value, it is also true that capital costs have taken a toll on family farms.

But is the survival of the family farm an economic necessity or a cultural desire?

## Why Market Signals Should Be Heeded

Family farms, those in the South and across the great American heartland, have simply lost a battle they could not win. No matter how many subsidies on a state or federal level have been previously granted or may be granted for decades hence, the ideal of the American family farm is largely now a glowing subject of memories, of Norman Rockwell artistry, or the cold and snowy reflections of Bob Timberlake. If a free market cannot sustain them, they simply will not survive. Which brings us back to the flat tableau of North Carolina's Coastal Plain, the rolling hills of the Piedmont, and the rising peaks of the western mountains.

Today we find family farms across the fruited plain succumbing to economies of scale. Given the amount of food and other industrial products our nation produces today in proportion to the rest of the world, we should be proud. And many should be grateful.

But these changes in the agricultural economy have not come without a price. Some smaller or marginal farming enterprises have simply lost their viability in a competitive market. Productivity and industry provide elements of provision that would not be sustainable on a lesser scale. Basically, consumers are telling these farmers, communicating with prices rather than prose, that their work effort would be best deployed in a different occupation. That's how markets are supposed to work.

Thomas Jefferson once noted that he thought "our governments will remain virtuous for many centuries; as long as they are chiefly agricultural." But surely Jefferson did not mean that government should fund the pretense of agriculture. His concern was cultural. He didn't believe that those who lived on other people's property and used other people's capital to produce goods would retain their freedom. To a large extent, he has proven to be prescient, but the solution is to encourage personal investment, homeownership, and entrepreneurship.

In the final analysis, we should ask ourselves why the Delano Cox's of the world are working 65 hours a week in small-town North Carolina to take millions of dollars of our tax money and, well, not work. No virtue is created here, only vice.



## BUSING DETOUR

### Integration by Choice Beats Coercion

Recent reports suggest that school desegregation, after 30 years, is fading following decades of struggle over the issue. Whether in Little Rock, Boston, or any of a number of other towns and communities across America, the effort — as it was carried out within a monopoly system of public education — has in many ways been divisive and all too often not in the interest of educating children.

Gary Orfield, author of a recent study of the issue by Harvard University, looked at desegregation patterns nationwide and found that resegregation has made concerted gains. While this is partly a result of changing demographic patterns, it has been allowed by recent U.S. Supreme Court decisions which have increasingly disallowed overt racial discrimination in many areas, but most visibly in public schools and universities.

Orfield notes that the South has actually made impressive progress and that, according to Dave Bryan of the Associated Press, New York, Michigan, Illinois and California were the most segregated.

In North Carolina, *The News & Observer* of Raleigh found in February "that 17 percent of North Carolina's black students — or about 69,000 children — attended schools with minority enrollments of 80 percent or more last year. There are also more than twice as many such schools than in 1993. And, of course, in one sign desegregation may be lagging, many once white-dominated schools, faced with court-ordered forced busing, moved up and out.

None of this is to paint a rosy picture of race relations in America, but it should remind us that human nature is not particularly malleable. What's more, our schools are, or should be, for educating students, and holding parents, teachers, and administrators accountable.

One reasonable conclusion is that children should be sent to school to learn, not as pawns for social engineering. Only in that way will they acquire the skills they truly need to succeed in the world. Another is that voluntary means of integration, including parental choice of public and private schools, are far preferable than coercion.

## WRONG LESSON

### Close Election Doesn't Justify Changes

Barely six months since one of the most controversial elections in American history, many think the iron is hot to once again "reform" our electoral system, both its structure and its financing. But to the extent our system is broken, few if any, of the many bills offered in the North Carolina General Assembly this year will mend it.

We have dealt before with both the issues of campaign finance reform and election reform. As things stand, 156 bills have been introduced in the legislature dealing with election matters. While most of these are pertinent only to authorizing local bond referenda and tinkering with issues much more routine (and less contentious), several bills would alter our electoral system substantially.

House Bill 32, for example, would "increase the penalty for presidential electors who refuse or fail to vote for the candidates of the party which nominated that elector." This is a punitive measure with no constitutional authority. A presidential elector may vote for anyone he wishes. To suggest that any elector who does not vote as his party, or the state, wishes, would be required to "forfeit" \$10,000 to the state is both pointless and tyrannical.

House Bill 31 would allow the Assembly to appoint presidential electors if the "election results have not been proclaimed by the sixth day before electors are to meet, and by the governor if electors have not been selected by the day before electors are to meet."

While Article II, Section 1 of the U.S. Constitution allows the particular states the authority "to appoint, in such manner as the Legislature thereof may direct" its electors, voters would do well to be cautious in this approach lest partisan legislatures succeed in abusing the power and subverting what people expect to be a democratic process.

Perhaps the most interesting of the proposals is House Bill 33, which would establish two at-large presidential electors and then one each for what soon will become 13 new congressional districts. Two states, Maine and Nebraska, use such a system. The two electoral college votes in each state tied to the U.S. Senate seats still operate under the

winner-take-all approach while apportioning the remainder based on which district is won by which presidential candidate.

One problem with the suggested approach in North Carolina, however, brings us back to the conflict regarding H31, suggesting a fine if an elector does not vote a particular way. While there is certainly nothing wrong with party and peer pressure brought to bear, then use of the power of the state is suspect.

The Constitution gives states a lot of leeway in managing their electoral laws. This is the first time in modern North Carolina we have heard anyone seriously suggest that coercion by the state should be one of them.

As many knowledgeable observers have pointed out in the past, including UNC-Chapel Hill's Thad Beyle and the John Locke Foundation's own John Hood, if a system based on congressional districts had been in place for the 2000 election, George W. Bush would still have won and Al Gore would have lost. In the South alone, Beyle estimates that had a district system been in place, Bush would have carried 70 percent of Southern electoral college votes and picked up an additional 55 electoral college votes if the system were national in scope.

While the manner in which we elect the American president has changed dramatically over the years, 1969 was an especially fertile year for suggested alternatives. Whether it was because the country was so divided over race and war or that many viewed it as an "age of reform" are questions for another day.

Division is, however, often the genesis of change. It happened in 1824 with the election by the House of John Quincy Adams as a result of a tight four-way race. Out of those ashes grew the Democratic Party.

In 1876 Republican Rutherford B. Hayes lost the popular vote by about 250,000 votes and won the Electoral College by one vote. (Sound familiar?) In 1888 popular-vote winner Grover Cleveland lost the Electoral College. And yet, the Republic has survived.

While there are certainly ways in which we might improve our electoral system, we must be cautious in our approach. With deliberation, the district option embedded in H33 is worthy of study.

But "tinkering with the machinery" can also lead to unintended consequences. Right now, we believe the Assembly should concentrate on cleaning up the budget mess and leave electoral reform for another day. *CF*

## The Legislative Attack on HMOs

The North Carolina General Assembly is staging an all-out assault on the state's health maintenance organizations (HMOs) — reflecting either a ham-handed effort to curry favor with voters or a nefarious attempt to destroy the private health insurance market.

Three events last month underlined the HMOs' precarious situation. First, the House passed its version of a Trial Lawyers' Bill of Rights, which some proponents call by a different name. The Senate has already passed such a bill. Although the different bills had to be reconciled, both took state regulation in essentially the same bad direction.

Congress has its own version of the legislation, which is somewhat better — and would actually apply to employees of North Carolina's largest businesses, which are mostly self-insured and thus excluded from state regulatory oversight.

While patients should have the legal right to challenge any breach of an insurance contract in court, current barriers to such a recourse stem from the fact that employers, not employees, buy most health insurance.

No one doubts that you have the right to sue an auto insurer who violates your contract. Ditto with your life and homeowner's insurance. That's because these are direct contracts between you and the insurer. Ideally, health insurance should be available to most North Carolinians in the same way, but a thicket of tax laws and insurance regulations preclude the formation of a true individual market for health insurance for the time being.

### Tax Policy and Health Care Reform

Rather than passing a host of new, costly regulations on the health plans we do have, state and federal lawmakers should be clearing out this thicket, through deregulation and the creation of individual tax breaks for health care, so we can own our own policies and make our own decisions.

Nor is this notion inconsistent with fundamental tax reform. As I argue in my new book *Investor Politics* (Templeton Foundation Press, templetonpress.org), some spending on health care is a form of investment, somewhat akin to putting money away in an IRA for future withdrawal. Preventive care, particularly for children and young adults, helps to build "human capital" and thus should be at least partially tax-exempt in a tax code that remains neutral between present and future consumption.

In *Investor Politics*, I recommend a system of tax deductions, available per person regardless of employment status and adjusted for age. Others, from both the political right and left, have proposed individual tax credits. In either case, the goal is to sever the necessary link between health benefits and employment, thus allowing patients, if they wish, to own their own policies and thus retain their contractual rights.

Not content simply to use new regulations to subvert the business model of the HMOs, lawmakers also

chose last week to impose a new sales tax on them. HMOs, unlike traditional insurers, are not subject to taxes on premiums their customers pay but pay taxes on their net income like other corporations do.

Rather than fix this "unfairness" by eliminating premium taxes and treat all insurers correctly — companies that aren't making any money shouldn't be paying taxes as if they were — the General Assembly decided to grab another \$34 million from health plans to balance the state budget.

The main reason that the change would net so much money is that the HMO industry in North Carolina isn't earning much taxable income. Only five of the 15 full-service HMOs in the state turned a profit during the first half of 2001, according to a Department of Insurance report that also surfaced last month.

Industry observers expect premium increases next year of 20 percent or more as a result, so higher regulatory costs and taxes will come at the very worst time for many employers, particularly small businesses, and their employees.

The politics of these developments would appear, at first glance, to be puzzling. Although many HMO customers have expressed concerns about such issues as denial of care and direct access to specialists, most still say they are satisfied with their plans. They are unlikely to accept with equanimity huge increases in premiums, much of which they will shoulder as employers raise deductibles and require more cost-sharing.

Nor is the big, bad HMO industry quite the political target it might have been a couple of years ago. Most health plans didn't make any money in 2000, either. They are hardly "ripping off patients just to make a buck."

I will admit that many legislators just don't understand what they are doing. That is, unfortunately, a given.

But I suspect there is more going on than that. For one thing, increased regulations and higher taxes do not have uniform effects across the health insurance market. Large, multi-state firms are better able to comply with new rules and spread the new costs over a larger subscriber base.

In relative terms, they gain market share against their rivals in these kinds of situations, particularly when business failures allow them to snap up smaller insurers as is now starting to happen in North Carolina.

Secondly, there remain some misguided souls in the legislature and the ranks of self-styled "health care advocacy" who don't believe in a private health insurance market at all. They favor a single-payer, government-run health plan. Anything that raises health care costs and chases private insurers out of the market moves these advocates one step closer to the Canadian nirvana they seek.

Are state legislators dupes or health-care socialists? Take your pick. *CF*



John Hood



## Editorial Briefs

*New Ideas on School Size and Location*

A University of Minnesota researcher is promoting the concept of smaller elementary and secondary schools — as well as having schools share facilities with other organizations. Joe Nathan, director of the Humphrey Institute of Public Policy's Center for School Change, claims smaller schools can, on average, provide a safer place for students, as well as a more positive, challenging environment.

As examples of schools which share facilities, Nathan cites a public school located in a Minnesota shopping mall — which he says allows students to study marketing, advertising and other business strategies.

Then there's a Brooklyn, N.Y., school which shares space with a variety of community development and service programs.

Yet another example is the Arizona Agribusiness and Equine Center, which has teamed up with South Mountain Community College in Phoenix.

Nathan contends that schools that share facilities can offer students broader learning opportunities and access to a fuller, often better range of programs and services.

As for smaller schools, studies show achievement is higher, graduation rates increase and discipline problems decline as schools are downsized, he reports.

*Single-Payer Plans Hurt Health Care*

Physicians for a National Health Program and other groups advocate a single-payer health-care system as a way to improve health-care quality and access, and reduce the frustrations of managed care. In North Carolina, a variety of groups has also endorsed a government-run plan, arguing that it would save money, reduce bureaucracy, and improve the quality of care.

But the available evidence from countries with such systems suggests that adopting a government-run health care plan would make matters worse, not better.

American doctors complain they spend too little time with patients, but physicians in the United States actually spent an average of 18 to 20 minutes with each patient in 1998, one to two minutes MORE than they did 10 years earlier.

They also spend more time with patients than doctors in other countries with single-payer plans. Physicians in Canada and Britain see an average of about 40 percent more patients annually.

U.S. doctors complain that insurance paperwork reduces their ability to practice medicine — but their frustration is nothing compared with the dissatisfaction in the British National Health Service, where a recent survey found eight out of 10 family doctors would quit the NHS if they could.

American physicians believe they're expected to do more for less compensation, but doctors working for national health or single-payers systems make out much worse.

On average, doctors in Canada and Germany earn about half what their U.S. counterparts do. In Austria, France and Britain it's less than one-third, and in Finland, Norway and Sweden just one-fourth.

The quality of care also suffers under national health or single-payer systems, due to rationing. One in five British physicians knows someone who has been harmed by delays in receiving treatment.

Approximately two-thirds of Canadian and Australian physicians sampled — and more than three-quarters of British and New Zealand doctors — believe delays are a problem.

But only seven percent of American physicians say delayed treatment is a problem.

For more information, see Devon Herrick, research manager at the National Center for Policy Analysis, "Would National Health Insurance Benefit Physicians?" NCPA Brief Analysis No. 370, August 31, 2001, National Center for Policy Analysis, Dallas, Texas, www.ncpa.org. CJ

## A Case Study in Liberal Media Bias

By RICHARD WAGNER

Editor

It's hardly a scoop, but another poll says it has found evidence of "liberal bias" in the media. The Media Research Center, a conservative watchdog of the nation's news media, says its recent findings bolster many other surveys over the years showing that liberals dominate the news industry and wield disproportionate influence over public opinion.

The article lists "examples of the media's bias:"

- Nearly 90 percent of Washington bureau chief and congressional correspondents surveyed after the 1992 election had voted for Bill Clinton.

- In a survey conducted for the book "The Media Elite" it was discovered that at least 80 percent of the media elite voted Democratic in the 1964, 1968, 1972 and 1976 presidential elections.

- In the presidential elections between 1976 and 1992, Kenneth Walsh of *U.S. News & World Report* found that 86 percent of White House reporters voted Democratic and 12 percent voted Republican. Not a single reporter he surveyed voted for Ronald Reagan in 1984, even though he won a 49-state landslide.

Groups of journalists themselves, such as the American Society of Newspaper Editors, recognized a "credibility problem" years ago. ASNE has researched the problem from various angles and disseminated several in-depth reports to its membership.

And the findings continue to reflect the same thing: The public — as well as many journalists themselves — believe liberal bias unduly influences news decisions and coverage.

Unfortunately, during my 28 years as a newspaperman, I too have observed how liberal bias works.

### Making History in Journalism

Allow me to recall a chapter in journalistic history in 1989, when I fired a reporter for violating conflict-of-interest policies at my newspaper in Florida. The reporter had mailed letters and small, wire coat hangers to 160 state legislators in special session pondering tougher state abortion laws.

I learned of her political involvement when I received a telephone call from another journalist at a daily newspaper in Pensacola who had interviewed my reporter for a story about the abortion issue. The Pensacola reporter wanted to know what I thought about my reporter's involvement in a political cause.

I will never forget the shock that overwhelmed me when I fielded that call.

Later, my reporter admitted to me that she had indeed mailed the packages and that she had been interviewed by the Pensacola reporter.

But, astonishingly, she said she didn't think her position as a reporter required her to give up her "own personal involvement" in a cause she believes in. Although my reporter said she never stated in the letters that she was pro-choice, she admitted that sending the coat hangers made it

abundantly clear where she stood on the issue.

There was no doubt that she had violated my newspaper's written policy on conflict of interest. There was also no doubt, at least in my mind, that she had violated ethical standards supposedly held sacred by respectable journalists everywhere. At least that's what journalism students, including myself, were taught in college and by the working membership of the most revered of journalistic institutions.

So I fired her to protect the most precious asset any news organization has — its credibility.

I knew the firing would stir some interest locally, but little did I anticipate the backlash from the liberal elements of the public — and the national media — that the incident would trigger.

### Liberal Journalists in Denial

For the next few weeks, my telephone rang constantly. Many of the calls came from pro-choicers certain that I had fired the reporter solely because of her personal beliefs. More than a few of the callers were hostile; some were downright vicious. One said she hoped I would die soon.

Many other calls came from representatives of various news media.

Some of these reporters seemed genuinely interested in the conflict-of-interest issue in itself. But many others obviously were more interested in proving that I was merely a willing pawn of right-to-life activists or worse, that I was furthering my own personal political agenda. If that were the case, wouldn't you think that a trail of pro-choicers' corpses would have followed by career?

*Editor and Publisher*, the pre-eminent trade magazine of journalism, devoted prime space to the firing in one of its issues. The fired reporter, attempting to justify her behavior, granted numerous interviews to radio talk-show hosts, magazines, trade journals and other newspapers.

Later, I became the lightning rod at various seminars and conferences attended by my colleagues from other newspapers. Most of them agreed with the firing. But many of the questions directed at me were accusatory.

Time after time, I told the interrogators I was surprised that the issue had generated so much attention and that some journalists were having such a difficult time coping with my decision.

After a while, it became obvious to me that many of my interrogators — posing as objective journalists — were actually enslaved by their own prejudices. No matter how many times I answered their questions, they couldn't face their own weaknesses. Or perhaps they didn't want to face them.

After 12 years, I hope journalists have become more willing to accept the findings of so many surveys. I hope they will say at some point that surveys are nice — but, if they want to regain the public's trust, they have to do something about it.

Until then, surveys will continue to show that editors and publishers don't have the intestinal fortitude to fight the enemy within their ranks, and to enforce the principles they so readily flaunt before the public. CJ



*Economic Outlook***“Patients Bill of Rights” Denies Economics of Health Care**

By MICHAEL WALDEN  
Contributing Editor

RALEIGH  
All the elements of a modern drama are present: the little guy battling the big corporation, profit versus people, and even life and death. Am I talking about the latest John Grisham thriller or Matlock rerun? No, I'm talking about the battle in Washington over a “patient's bill of rights.”

A patient's bill of rights would establish guarantees for consumers (patients) in their dealings with health care providers — including health maintenance organizations (HMOs). The law would set up procedures by which patients could challenge health care decisions, perhaps ultimately taking the provider to court.

How have we gotten to this point? Are there truly “good guys” and “villains” in this drama, or is the controversy over a patient's bill of rights murkier than “good versus bad” and “right versus wrong?” Further, does economics have something to do with this issue?

***Making the Simple Complex***

To understand where we are today with health care, we have to go back 50 years. Then, health care transactions were simple. Patients went to doctors, offices and hospitals, doctors prescribed treatments, and patients paid the bill.

Then, three changes occurred. Health care became much better, but consequently more expensive. Second, encouraged by the tax system, employers began offering health insurance as an employee benefit. And third, the federal government, through Medicare and Medicaid, began paying a big chunk of the health care bill.

These changes significantly altered the decision-making and economics in health care. In the 1950s, patients directly paid 60 percent of the health care bill. By the 1990s, they paid only 25 percent.

There's a simple rule in economics. If you don't pay the

bill, you'll care very little about how much of the service you use. With patients paying a smaller fraction of the health care bill, they began using more and more health care services. Although this can be judged as good, it does throw the economics out-of-whack.

In economics, we don't want to use a service if its benefits are less than its costs. But if patients aren't directly responsible for costs, then they, together with their doctors, will use a service as long as there are benefits from it, regardless of the cost.

***There's no denying the economics of health care. The best system is one that allows a maximum of individual choice.***

***HMOs as Savior and Villain***

As a result of this system, health care costs spiraled upward. Consequently, either employers or government had to pay more for health care, ultimately meaning workers' pay would fall or taxes would rise, or decision-making in health care had to be altered.

This is where HMOs came in. HMOs were formed to control health care costs by reverting the decision making in health care to what it was in the 1950s. Services and treatments would be performed as long as their expected benefits exceeded, or at least equaled, their expected costs. Several studies showed that HMOs, indeed arrested the growth in health care costs.

But HMOs were on an inevitable collision course with patients and doctors. Again, the difference in the decision-making rule made for the clash. Patients and doctors were used to having a treatment or service done if the benefits were expected to be positive. HMOs only want a treatment or service done if the expected benefits are at least as great as the expected costs.

***Decision-Making at a Crossroads***

So this brings us up to date. Are HMOs wrong in considering the costs as well as the benefits of medical treatments and services? Those who answer “no” argue this is the job of HMOs, and that benefits should always be weighed against costs.

Those who answer “yes” claim that economics should

be set aside when health and well-being are at stake. Since I'm an economist, you might expect I'll take a side in this debate, and you'd be correct. We can never throw economics out the window for the simple reason that resources are limited, and thus they always have alternative uses. At any point in time, there are only so many doctors, so many hospital beds, and so much lab equipment. So, for example, an operation performed on Sally Smith from noon to 3 means the operating room can't be used for a procedure on Johnny Jones. Or, if the lab equipment is being used to test my blood, it can't also be used to test your blood.

Choices must be made in health care just like choices are made in the food we eat and the clothes we buy. A patient's bill of rights would try to ignore these choices by denying that scarce resources must be allocated in health care. Patients would have “rights” to certain care and procedures regardless of the comparison of benefits and costs and the availability of resources.

Such interference in decision-making will have adverse consequences. The price of health care, via insurance premiums, will rise. Or, the cost of health care will increase via non-price means, such as longer waits for procedures and treatments.

***Real Reform***

There's no denying the economics of health care. The best health care system is one that allows a maximum of individual choice and efficient use of resources. Blanket bureaucratic requirements on providers that ignore a comparison of benefits and costs won't achieve this.

What is needed is a real reform of the way we pay for health care. Rather than hiding the cost of health care in employee benefits and government programs, we need a system in which the consumer recognizes and weighs the costs of health care against its benefits. Congress should devote its attention to this kind of reform instead of a “feel-good” patient's bill of rights. CJ

*Walden is a William Neal Reynolds Professor of Agricultural and Resource Economics at N.C. State University and an adjunct scholar with the Locke Foundation.*

**Jesse Helms: Carolina's Longtime Champion to Retire**

By MARC ROTTERMAN  
Contributing Editor

RALEIGH  
Jesse Helms has announced his decision not to run for another term in the U.S. Senate, and in the true style of Jesse (and in the paraphrased words of Frank Sinatra) “He did it his way.” The senator decided when he was going to announce, how he was going to do it and where he would announce. It was vintage Helms.

In his statement, Helms spoke from his heart. He spoke with warmth and sincerity. He was classy.

The senior senator from North Carolina praised the members of his staff — starting from the 1970s until today. He spoke of their youth and of the men and women they have become and of their ongoing contributions to our state and country. Helms lauded them for their dedication to service for the people of North Carolina and for their help to himself and Mrs. Helms.

And Helms talked at length about the promise he made to keep an open door for all children who have asked to meet with him. I understand that the number of young visitors to his office was more than 150,000. And in the next two years, before his exit from the Senate, you can bet that parade of youthful faces will continue. From my own visits to his office, let me say that my wife and I have personally witnessed his warmth and humor. It is no surprise to me that so many children and the thousands of interns on the Hill have always loved him.

While times and trends change for many of us, in one way time has stood still for Helms.

When Jesse forms his beliefs on an issue, they are formed. The clock stops.

He knows where he stands.

Fashions may change, the weather may change, but one thing North Carolinians have come to know is that

Helms's fight for limited government and defense of individual freedoms has and will never change.

Agree or disagree, it has never been difficult to find out where Helms stood on the issues. You simply had to ask. No dodge — no spin — or as Dragnet's Sgt. Friday said, “just the facts.”

It is hard for many of us to watch the senator announce his departure. Not just for the folks here in North Carolina, but for sake of the country.

With one of the true giants in the Senate leaving the Capitol, Helms leaves big, mighty big shoes to fill.

It is hard to picture a “Jesse light” Senate.

***Moments of Theater***

Where will we get those incredible moments of theatre? Moments like those when Helms single-handedly stopped ex-Gov. Bill Weld from becoming Clinton's ambassador to Mexico. Or the day Helms stood on the Senate floor, with few allies, as he alluded to Manuel Noriega as a narco drug lord.

The fight he led regarding the selling of the Panama Canal — his warnings about the tragedy and hopelessness of an out-of-control welfare system and his history-making speech at the United Nations ...

Helms caught the attention of the world because he had something worthwhile to say.

And listen they did.

Helms never fell into line or under the spell of some of the blow-dried phonies that have sadly duped their constituents into sending them to Congress to supposedly “fight for them in Washington.” Jesse was always smart

enough to see a “sucker punch” coming.

We have been spoiled.

In North Carolina, we have had a champion. We have had a man of honor to take the field of battle, charging forward, sword raised and shield in place.

We have had a worthy knight.

The farmers know this is true. Our nation's veterans and the men and women serving in uniform in harms way scattered across the globe know this is true.

The small-business owners, the widows, the victims of hurricanes and tornado-ravaged communities ... they understand that they have had a friend. So do the fishermen, the hunters, the defenders of property rights and the medical community.

And let's not forget the average, everyday taxpayer. They have known from day one that Helms was fighting to help them to keep more of the hard-earned money they received for their labors.

But the reality is here and the decision has been made. The senator will go on to tackle other important tasks. And we know leaders in this country and around the world will continuously seek his wise and experienced counsel.

It may be true that Jesse Helms is leaving the Senate and we are sad for that.

But he is not leaving the world stage.

No ladies and gentlemen, Elvis has NOT left the building.

And you can take that to the bank. CJ

*Rotterman is a senior fellow at the John Locke Foundation in Raleigh and a board member of the American Heritage Foundation.*



# Lawmakers Outlaw Handy Dads, Bob Vila

Fathers face fines for do-it-yourself home repair work such as fixing the leak under the kitchen sink

By VLADIMIR CHANG  
Authoritarianism Correspondent

Citing a lack of professional standards and safety regulations, the General Assembly last month made it illegal for dads to do any work around the house without first receiving a license from the state.

"Dads are well-meaning, but let's face it, most of the time they don't know what they're doing," said Sen. Florence "Flo the Pro" Tector. "Your average dad has little or no training in plumbing, electrical wiring, or carpentry. We just think it'll be much safer for everyone if these types of dangerous household jobs are put in the hands of competent professionals."

Tector, who sponsored Senate Bill 26,741, the "Wife and Children Safety Act of 2001," said she wrote the bill after hearing of one Cabarrus County dad's legendary home-repair mishaps earlier this spring.

The father, a computer programmer for a Charlotte tech company, had never received any training in do-it-yourself home repair. Nevertheless, being a man, he took it upon himself to do some needed work around the house one weekend in April.

In two days he managed to flood the basement, blow up the family stereo system, collapse the garage on top of the family car by inadvertently removing a load-bearing wall, and burn down the kitchen by installing faulty wiring.

"I took one look at that news story and

said, 'by golly, this could be the story of any North Carolina family,'" Tector said. "It's a miracle that the man's wife and kids survived that weekend. But what we have to ask ourselves is how much longer it will be until someone's wife or kids or dog or gerbil is killed by some overzealous, incompetent, do-it-yourself dad? I don't think North Carolina can afford to take that risk."

Under the new law, only state-licensed home repairmen will be allowed to work on residential dwellings. The license will be required for any and all home repairwork, including plumbing, electrical wiring, carpentry, appliance and fixture installation, lightbulb changing, and fixing that annoying drip in the back of the toilet.

Violators receive fines that vary according to the severity of their offense. The first fine under the new legislation was made Aug. 30. (Lawmakers thought the bill was so important that they made it go into effect immediately upon passage.)

The first man to be fined was Jones County husband and father of three Wilford Oxenpfeffer.

"I didn't do nothin' wrong," Oxenpfeffer said. "I can't see why they got to go and fine me \$25 just fer changin' a dang lightbulb. Hell, I been doin' it since I was eight years old, I think I know what I'm doin'."

Oxenpfeffer had the misfortune of changing the bulb to his front porch light as someone who knew about the new law's recent passage was driving by. The anony-



Outlaw Handyman Bob Vila

mous tipster reported Oxenpfeffer to the sheriff via a mobile phone, who came out and assessed the fine. Oxenpfeffer lives on Route 58, which Sen. Tector travels on her way home from the General Assembly.

In addition to outlawing all types of unlicensed home repair, the bill also outlaws all do-it-yourself home repair books, videos, and television shows.

"This Old House is responsible for untold misery as well as hundreds of millions of dollars of lost wages to licensed, certified handymen," said Rep. Ollie Garkey, the bill's sponsor in the House. "We could no longer continue to have this type of anarchic influence corrupting North Carolina's

decent family men and taking business away from our hard-working licensed carpenters and electricians."

Asked to comment on the bill, former "This Old House" host Bob Vila said through a spokesman, "Hey, government subsidies made me a millionaire, why not?"

The North Carolina Association of Carrels and Commercial Oligarchies (NCACCO), which strongly supported the legislation, said it would save lives and preserve jobs.

"This bill will save lives and preserve jobs," said NCACCO spokesman Bill Dit.

Tar Heel dads are none too happy about the legislation, which they say robs them of their dignity and manhood, not to mention a considerable amount of cash.

"Hey, I admit it, I'm not the world's most masculine man," said David Davies of Chapel Hill. "But I know what I am. I'm a man, I'm a man, and so is Louie, the guy who I now have to hire to fix my furnace. I never was good at sports, and I don't know the first thing about cars. Incompetently fixing household appliances and administering excessive amounts of duct tape in my own home are the only ways I have to prove to my wife that I'm a real man. If Louie replaces me in doing all the manly things around the house, he may well replace me in her affection too. Man, I hate that guy."

The bill follows on the heels of House Bill 984, which would require all landscape architects in North Carolina to be licensed by the state. CJ

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