

Easley, Basnight Guide Golden LEAF Funds, Papers Show

State leaders have sway over foundation's grants and investment decisions

By PAUL CHESSER
Associate Editor

RALEIGH
The Golden LEAF Foundation, which administers half of North Carolina's share of the national tobacco settlement, claims to operate independent of political persuasion. But documents obtained by *CAROLINA JOURNAL* suggest that Gov. Mike Easley and N.C. Senate President Pro Tem Marc Basnight wield significant influence over the private foundation.

The centerpiece of their involvement — a recent \$85.4 million Golden LEAF proposal to invest in biotechnology initiatives in North Carolina — was part of a larger plan by state Democrats seeking to campaign on a platform of creating jobs in the midst of the state's troubled economy.

A *Winston-Salem Journal* article Aug. 25 offered insight into Basnight's motives as he pursued a multipronged strategy to get public money directed to biotechnology interests. The newspaper detailed issues that Republicans and Democrats planned to emphasize in the state's fall campaigns. Basnight cited business incentives as among his party's major issues.

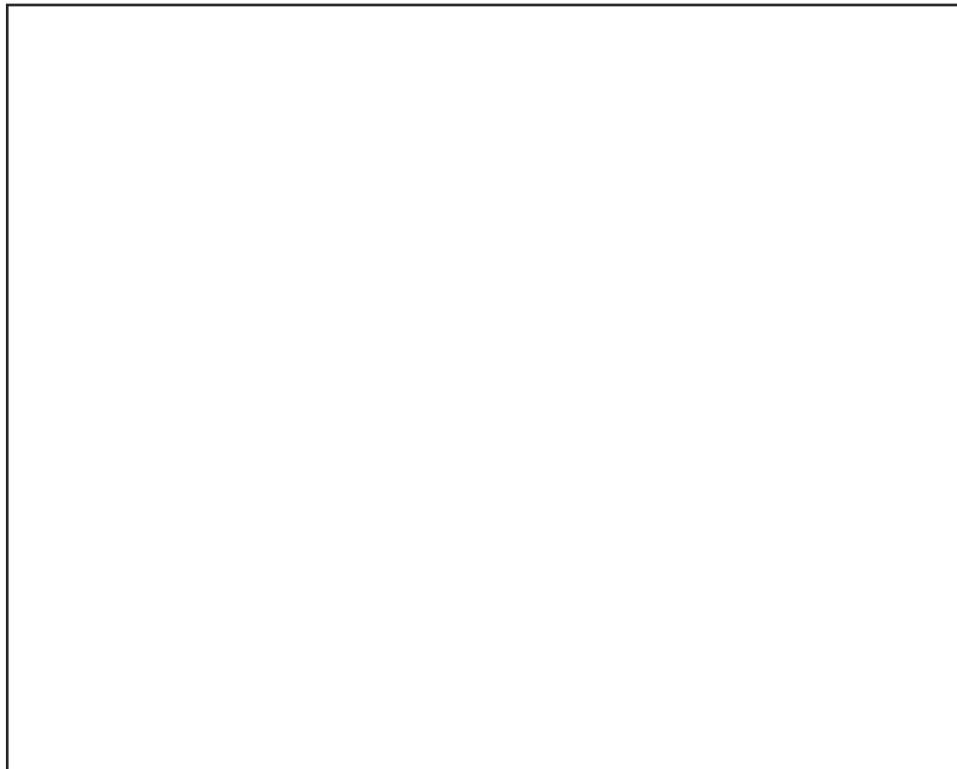
"The issues that we run on are jobs — putting people back to work," he said. The newspaper reported that Basnight listed "the recruiting incentives and biotechnology proposals as Democratic initiatives."

Basnight appears to have achieved part of his goal by pressuring Golden LEAF's leaders, threatening to intercept its tobacco settlement payments this year unless the foundation immediately devised a \$150 million biotechnology investment plan.

Once the plan was in place, members of Easley's staff and associates stepped in to guide where the money would flow.

On the surface, optimism

When the Golden Long-term Economic Advancement Foundation announced its immediate \$85.4 million investment in biotechnology initiatives in August, Easley and Basnight shared in the optimism of the press conference.



Gov. Mike Easley and Senate President Pro Tem Marc Basnight steered Golden LEAF funding.

As North Carolina's attorney general in 1998, Easley persuaded the General Assembly to create Golden LEAF as an independent organization that would distribute half (\$2.3 billion over 25 years) of the state's portion from a lawsuit settlement against large tobacco companies. At the press conference Easley said he wanted Golden LEAF created because the state needed an aggressive economic development engine, "one that operates outside the grasp of political pressure, as this one does."

The legislature created the nonprofit foundation with the stated intention that its board of directors would decide how its funds would be spent — even though the 15 board members would be appointees of the state's three top Democrats: the governor, the Senate president pro tem, and the speaker of the House, Jim Black.

However, an investigation by *CJ* revealed that political influence upon Golden LEAF extends beyond mere appointments by politicians.

The biotechnology vision

Specifics of the state plan, which includes the Golden LEAF initiative to "invest" public money in biotechnology inter-

ests, reflects the vision of Dr. Charles Hamner, who retired in May as president of the North Carolina Biotechnology Center after 14 years. Some details of Golden LEAF's program are nearly identical to a proposal Hamner made to Basnight's staff.

NCBC was created by the legislature in 1981 to help spur the economic development of the biotechnology industry in the state. The center employs about 45 people and in FY 2001-02 had a budget of \$8.7 million, most of which was taxpayer funds. Its board of directors comprises several leaders in bioscience, finance, higher education, economic development, and government.

In March, North Carolina Citizens for Business and Industry held its annual meeting, which, news reports said, was marked by fretting over the decline of the state's economy. Hamner told *CJ* that Easley approached him during the meeting and asked him what could be done to immediately help keep business and industry in the state.

Hamner told Easley he knew of biotechnology companies in various stages of development that would like to expand in, or move to, the state. However, Hamner said North Carolina lacked a trained workforce and financial programs to help

companies with plant construction and equipment. Hamner outlined for Easley a plan that included the need for millions of dollars to create biotechnology-related educational programs and facilities and other biotechnology investments.

Politicians incubate a plan

After his conversation with the governor, Hamner said he received a phone call from Rolf Blizzard, Basnight's director of special projects and research, asking Hamner for an outline in writing of the ideas he gave Easley.

"The governor, I guess, went and talked to Mr. Basnight and Mr. Black," Hamner said.

In his letter to Blizzard, Hamner proposed a \$150 million plan to fund education and training facilities for biosciences and biomanufacturing. His proposal said the state should "find a mechanism to establish a \$150 million investment fund," and that "a finance professional should work with the legislative leadership/Treasurer's office/Governor's office to determine an appropriate financing vehicle."

Hamner wrote that once the financing was available, the Biotechnology Center (working with the Department of Commerce) should serve "as an initial screening and company source point."

Specifically, the plan would call for:

- Community colleges to create eight to 10 regional training facilities;
- Universities to provide appropriate bioscience degree programs and build bioscience facilities and laboratories;
- The state to build a biopharmaceutical/bioprocess manufacturing training center.

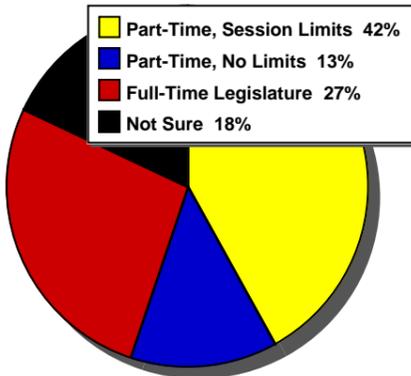
The document apparently became a game plan for Basnight for the 2002 legislative session.

When the Golden LEAF biotechnology press conference was held Aug. 14, board chairman S. Lawrence Davenport told reporters that Golden LEAF remained separate from political influence. "It's certainly more independent than anything else we have in this state," he said.

Events leading up to the announcement of the biotechnology proposal indicate otherwise.

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State Should Have Which Legislature?



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Calendar

Washington Times Reporter Bill Gertz to Visit Raleigh

On Jan. 27, 2003, the John Locke Foundation will welcome renowned author and reporter Bill Gertz to speak at a special luncheon. The national security and defense writer has just released his new book, *Breakdown: How America’s Intelligence Failures Led to September 11*.

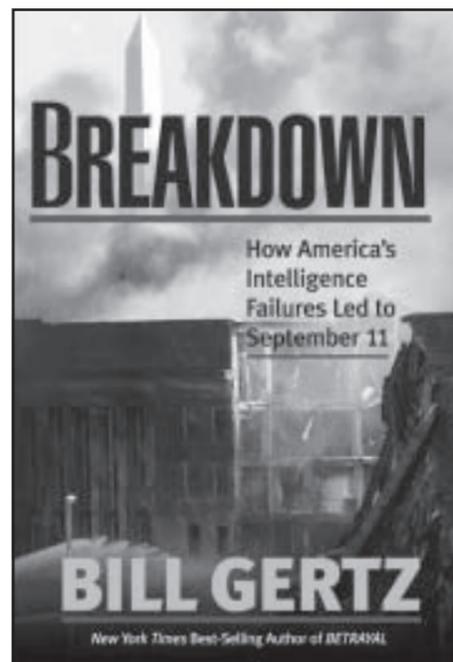
Gertz is an internationally recognized newspaper reporter who has specialized in writing major stories on a wide variety of defense, intelligence, and international security issues.

A veteran defense writer who specializes in coming up with inside stories, often based on classified documents, he is widely viewed as one of the best reporters in his field. His sources within government are extensive.

Gertz has broken a number of stories with international implications. As former CIA Director R. James Woolsey put it, “When I was DCI [Director of Central Intelligence] Bill used to drive me crazy because I couldn’t figure out where the leaks were coming from. Now that I’ve been outside for two years, I read him religiously to find out what’s going on.”

Secretary of Energy Bill Richardson told Gertz: “We talk about your stories at Cabinet meetings.” And White House spokesman Michael McCurry once called the author “a straight shooter” who has written “more interesting reporting on national security than anybody on the beat.”

Radio talk show host Rush Limbaugh also has described Gertz as “one of the best national security reporters in the country” who has produced more scoops exposing the Clinton administration’s foreign and defense policy failures than any other



reporter. Gertz is currently the defense and national security reporter of *The Washington Times*, a position he has held for the past 14 years.

Abroad, Gertz has been subjected to vitriolic verbal attacks by no less than the chief of Russian SVR foreign intelligence service, successor to the KGB. SVR Director Vyacheslav Trubnikov called him a “tool” of the CIA after he disclosed Russian spying in the Balkans.

Communist China’s Deputy Foreign Minister Li Zhoxing, now Beijing’s ambassador to Washington, has denounced Gertz for exposing China’s international nuclear technology and missile sales. Russia’s Foreign Ministry has filed at least two formal diplomatic protest notes to the U.S. govern-

ment over Gertz’s stories.

Gertz has written numerous articles for journals and magazines, including *National Review*, *The Weekly Standard*, and *Air Force Magazine*.

He has lectured on defense, national security, and media issues at the Defense Department’s National Security Leadership Program, Johns Hopkins University School of Advanced International Studies, the FBI National Academy in Quantico, Va., the National Defense University in Washington, DC, and at the CIA in Virginia.

The luncheon will begin at noon at the Holiday Inn Brownstone Hotel in Raleigh. The price is \$20 per person. For more information or to preregister, contact Thomas Croom at (919) 828-3876 or events@johnlocke.org.

Shaftesbury Society

Each Monday at noon, the John Locke Foundation sponsors the Shaftesbury Society, a group of civic-minded individuals who meet over lunch to discuss the issues of the day. The meetings are conducted at the Locke offices at 200 W. Morgan St., Suite 200, Raleigh. Parking is available in nearby lots and decks.

Locke Lines

The John Locke Foundation produces a monthly audio magazine called LockeLines that features speeches made at JLF events each 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*

North Carolina moves toward political parity

Locke Foundation Panelists Analyze Elections, GOP's Surge

By PAUL CHESSER

Associate Editor

State and national pundits headlining a John Locke Foundation luncheon Nov. 11 offered various, and sometimes conflicting, analyses of the midterm election after a recount of votes in a key state race apparently shifted the N.C. House to Republican control.

All five members of the luncheon's panel, however, agreed that circumstances aligned in Republicans' favor to do well, surprisingly, almost everywhere.

"Nobody saw anything in terms of a tide or a wave," said David Keene, chairman of the American Conservative Union in Washington.

He said President Bush took nearly everyone by surprise with his tireless campaigning in the weeks leading up to Election Day.

Keene said that "George W. Bush made this his election," and that the president got "his" base out.

Panel member Bill Lee of Tel Opinion Research in Washington said Bush helped seal the election for the GOP because he was a "visible [president] who was all over the country." Lee said the impending threat of war and national economic turmoil motivated voters to seek stability.

"The voters were looking for security, and they saw the chief executive very active," he said.

Lee contrasted the energy and symbolism of Bush, who appeared in North Carolina on behalf of Elizabeth Dole five times in her Senate race against Erskine Bowles, with the disarray of Democrats.

"The Democrats were not able to advance an issue," Lee said. "There was no Democratic leadership nationally."

Lee also attributed GOP successes, based on his polling information, to a 2 percent increase in voter turnout compared to

the last midterm election, which represented 4.5 million more votes nationwide. He said most of the votes went to Republicans. He also said the generic vote trended toward the GOP throughout most of the pre-election period. Most poll respondents said the economy was the most important issue affecting their vote, Lee reported.

News & Observer of Raleigh political columnist Rob Christensen said "the election was obviously just right for the Republican Party." But he said the attacks of September 11 and subsequent war talk played a large part in Republican successes. Christensen said most of his election assignments focused on Dole-Bowles race, which helped Republican in other races in North Carolina.

Christensen said that in Dole, the national Republican Party had recruited "a rock star," who was "one of the most popular women in the country." Saying he had not seen anything like her campaign before, Christensen suggested she may have been a better candidate than Jesse Helms, whom she will succeed.

Christensen said many women who had been staunch Democratic voters attended Dole rallies. He also said Bowles in many ways was not the right candidate to oppose Dole because of his perceived position changes on free trade, in addition to tepid support from black constituencies and the state's teachers' union.

Locke Foundation's analysis

Locke Foundation President John Hood said that the presence of Dole on the ballot didn't help state GOP candidates much, but that redistricting, tax increases, and other local issues likely played a larger role.

Contrary to what other commentators said about Republican successes, Hood said that state and local election results suggests that the state is continuing its move toward

"Republicans made significant gains, but the end result was to catch up to, but not pass, the Democrats."
- John Hood



Left to Right: Marc Rotterman, John Hood, Tel Opinion's Bill Lee, and WRAL's David Crabtree

political parity.

Developments Nov. 8 that apparently gave the N.C. House to Republicans by a two-seat margin, because of a computer glitch in Wayne County, further illustrated the striking balance between the parties in the state, Hood said. An official recount gave the victory in Wayne County to the Republican, Louis Pate, in his contest with House Majority Leader Phil Baddour.

"Republicans made significant gains, but the end result was to catch up to, but not pass, the Democrats," Hood said. "We now have a U.S. senator of each party, a 7-6 split in the U.S. House delegation, a Democratic governor but an overwhelmingly Republican judiciary, a 61-59 Republican N.C. House, and a narrowly divided Democratic N.C. Senate. This is a fairly accurate reflection of the political balance in North Carolina."

Hood pointed to the little-noticed outcomes in county commission races across the state to illustrate how competitive North Carolina has become.

Going into the 2002 elections, Democrats controlled 62 of 100 county commissions. The GOP had a net gain of 7 commissions, leaving the counties more evenly divided between the parties than ever be-

fore in modern state history.

North Carolina's largest counties, Mecklenburg and Wake, led the trend by returning to Republican majorities similar to those enjoyed by the party in the mid-1990s.

Hood said that one likely explanation for the historic turnover in county commissions was the legislature's decision in September to take tax reimbursements away from local governments in exchange for a new local-option sales tax. Most commissions felt compelled by the state's fiscal pressure to impose the new tax, often just weeks before Election Day.

"Basically, state government got the taxpayers' money, but county commissioners got the boot — from outraged taxpayers," Hood said.

Hood said Dole's margin of victory was far larger than some were led to expect by widespread press reports of a "tightening race" in the last three weeks of the campaign. "The idea that Erskine Bowles was ever within striking distance of Dole was an invention of the national news media," Hood said.

Panelist David Crabtree, news anchor of WRAL-TV in Raleigh, analyzed his station's coverage of the elections. *cr*

Fourth World War Approaches, Former CIA Chief Woolsey Says

By PAUL CHESSER

Associate Editor

The United States hung a big "kick me" sign on its backside in the Middle East, and the Arab world has obliged, former CIA Director R. James Woolsey says.

Woolsey, who spoke at a John Locke Foundation dinner Oct. 30 in Raleigh, said America's method of confrontation in response to terrorist acts is to send "litigators" most of the time, not soldiers. Woolsey was CIA director for two years under President Bill Clinton.

"We have hung a 'kick me' sign in the Middle East for the last 25 years," Woolsey said, citing the country's feeble responses to terrorist attacks, such as that on the U.S. Embassy in Beirut.

He said that despite the Gulf War in 1991, which allowed Saddam Hussein and his Republican Guard to stay in power, the United States continued its penchant for limited response to attacks in 1993. He cited the plan to assassinate former President George H. W. Bush and the ambush of U.S. soldiers in Mogadishu, Somalia, as examples.

"And what did we do (after

Mogadishu)?" Woolsey asked rhetorically. "Leave. We continue to dispatch the lawyers," and once in a while the legal system catches one or two individuals who plot attacks against the United States, Woolsey said. Al Qaeda and Hussein have been given evidence over the years that America is a lazy nation and won't fight, he said.

Now that the country has experienced the September 11 terror attacks and responded in Afghanistan, the United States must look ahead to fighting a "fourth world war" against enemies in the Middle East in order to survive.

Woolsey said he thinks there is no solution to the problems in Iraq other than removing Hussein's regime by force.

"We won't have a chance for peace in the Middle East unless we do," Woolsey said.

Woolsey said that he doesn't think there



Former CIA Director R. James Woolsey

is a direct link between Hussein and al Qaeda, but that he is sure they have shared intelligence. The two factions hate each other, but they both hate the United States a lot more, he said.

Woolsey said he thinks eventually, that if Hussein stays in power, the dictator will give al Qaeda chemical weapons. He also said Hussein could control the Middle East

if he possesses ballistic missiles and nuclear weapons.

Woolsey also discussed the situation in Iran, which he said has been ruled by theocracy for more than 25 years. Its people are repressed by mullahs, and as a result, he said the United States is popular with the nation's common people.

"It would be stupid for us to use military force against [Iran]," Woolsey said, because it would damage the limited goodwill we have there.

As for getting rid of al Qaeda, Woolsey said, "I don't think we'll be free of them until we change the Middle East." Calling such a change a "tall order," Woolsey said he remains hopeful because of transformations in other nations after world wars over the last 85 years. He said that at the onset of World War I there were only about 10 democratic nations in the world. Today, he said, there are about 120 democracies. "We have done an amazing thing in the last 85 years," he said.

Woolsey said events that trigger such transformations will have to be done again and that the U.S. must be prepared to stay with it for the "long haul," in order to "change the face of the Middle East." It can be done, he said, if America has the will. *cr*

Easley, Basnight Mine Golden LEAF's Treasure Trove

Continued from Page 1

Golden LEAF's policy since it was established in 1999 was to invest money from the tobacco settlement and to award grants from the earnings on those investments. The foundation had awarded two rounds of funding totalling about \$14 million, and it plans to grant an additional \$12 million this year.

At the press conference, Davenport said that after last November's awards the board discussed making larger contributions to help the state's economy.

However, a review of minutes from meetings held by Golden LEAF's board last fall and winter don't indicate any discussion of increased future investments, or deviation from its normal investment practices.

It was not until May 23, when the board of directors met in an emergency meeting, was there any indication of discussion of increased financial outlay from the foundation.

Please help — or else

Concurrent with the woes of North Carolina's manufacturing and textiles industry was the state government's need to close a \$1.5 billion budget gap. When the legislature reconvened in May, it began to search for new sources of revenue.

Minutes from Golden LEAF's May 23 emergency meeting state that three days earlier, Davenport and other foundation officials met with the co-chairs of the Senate Appropriations Committee, at the senators' request.

Davenport said the chairs "informed the Foundation representatives that they would like to see the Foundation assist the State during the current financial crisis," according to the minutes.

The minutes also state that Davenport asked LEAF board members to "consider the proper course of action... and be prepared to discuss specific options" at a meeting May 30.

That followup meeting introduced a plan to create a Special Committee for Economic Development Initiatives, which formally met the first time June 3. The committee would be "responsible for exploring options and strategies for a major economic stimulus package" that Golden LEAF would consider.

Pressure applied

Meanwhile, Basnight and the Senate Appropriations cochairmen apparently increased pressure upon Golden LEAF's leaders. In a lengthy e-mail message to board members June 12, LEAF President Valeria Lee revealed the demands placed upon the Foundation:

"It will come as no surprise to you that the past 10 days have been especially challenging," Lee wrote. "At every turn the Foundation is being forced to address the prospects of 'interception' of the next [tobacco settlement] payments, making a grant



S. Lawrence Davenport



John Merritt



Billy Ray Hall

to fill state revenue gaps, offers of special initiatives, and other creative options for using the corpus of the Foundation."

Lee also reported in the e-mail about meetings she and Davenport had with House and Senate Appropriations co-chairs on the previous day. House leaders told her they might seize all the payments targeted for Golden LEAF this year.

She then told of how Senate Appropriations co-chairs said to her and Davenport, as they were departing through the halls of the Legislative Building, that they planned to take \$40 million of the foundation's funds.

"Before Lawrence could clear the grounds of the General Assembly," Lee wrote, "he had a call from Rolf Blizzard of Senator Basnight's staff saying the Senator and the Appropriations co-chairs wanted to talk with us."

In the meeting Lee and Davenport were told that "we should be investing up to \$150 million in ventures to stimulate the biotech sector of North Carolina's economy."

Lee added that "we were strongly encouraged to act 'sooner' rather than later."

Less than a week after Lee's e-mail on June 20, a special meeting of the foundation's Investment Committee was convened. The group heard presentations from fund managers and discussed possible investments in biotechnology.

On the same day, a special meeting of the entire board convened, in which they adopted a formal position about the General Assembly's proposed interception of tobacco funds.

The board's statement said that "the General Assembly has no legal right to intercept new money flowing into the Foundation...therefore, we oppose any such interception or taking." The position also stated that foundation members should determine how its own funds are used.

Action on other fronts

Basnight, meanwhile, pushed for Golden LEAF money for other proposals. The *Winston-Salem Journal* reported June 21 that Basnight also expected Golden LEAF to contribute "\$130 million for a new cancer research and treatment hospital" at UNC-Chapel Hill.

He also told the newspaper he wanted the foundation to fund \$20 million to \$30 million for a biopharmaceutical training

center. "The first year, we can put 5,000 people to work," Basnight said.

The numbers reflected what Hamner proposed. The training center would later be added, then removed by the House, from the N.C. Economic Stimulus and Job Creation Act, along with other biotechnology incentive proposals Basnight wanted (and Hamner recommended).

The article illustrated tensions among LEAF board members at the time.

"I'm not sure that I would vote for any economic stimulus package if they take our money," board member Michael Almond told the *Journal*.

Smaller groups

Despite the frustration, the LEAF board continued to work on a plan to help stimulate the state's biotechnology sector.

Details are scant about smaller "working group" committee meetings in which pieces of the overall LEAF plan were evaluated and key decisions were likely made. Golden LEAF has not made available any documents from those smaller meetings.

However, Lee's lengthy e-mail to board members revealed which working group members would have "lead responsibility" for developing aspects of the proposed stimulus package.

John Merritt, senior assistant for policy and communications for Easley and a LEAF board member, led the group studying "biotechnical/biosciences initiatives," along with Davenport. This apparently was the group with the responsibility for deciding which investment funds would be the vehicle for Golden LEAF's venture capital.

Likewise, Golden LEAF board member Billy Ray Hall headed a working group for a second phase of the Capital Access Program, which creates a loan-loss reserve for lenders so they would be more willing to extend credit to fledgling businesses that might not otherwise qualify for loans.

The Golden LEAF board gave the North Carolina Rural Economic Development Center \$3.4 million for the Capital Access Program. Hall is the president of the Rural Center, and Lee is the first vice chairwoman on its board of directors.

An Aug. 8 memo from Hall to the Rural Center board of directors invited them to the Golden LEAF announcement of its biotechnology stimulus initiative.

"We are very excited about this great news for the state's economy..." Hall wrote, "...and (are) extremely pleased with the trust placed in us by the Golden LEAF Foundation."

Hall and R. V. Owens, Basnight's nephew and a prolific Democratic fundraiser, also led the information technology working group for the Golden LEAF board.

It is not known whether any specific proposals came out of that group.

Final decisions made

On July 10 Golden LEAF's special investment committee met to hear proposals from three venture capital fund management companies: Intersouth Partners, Aurora Funds, and Tryon Capital. Minutes for the meeting offer in some detail the investment activities of the three companies.

After hearing the presentations, board members decided to commit \$10 million to Aurora and \$2 million with Tryon Capital. Intersouth was apparently shut out, despite having a strong reputation among experienced investors.

Then the July 10 meeting turned tedious. After the detailed description of the previous three funds' credentials, the minutes note a discussion among committee members about committing \$30 million "to the \$120-\$150 million debt/equity life science infrastructure fund." The fund is not identified.

This proposal was considered more risky, because it would invest in companies that are ready to manufacture drugs for clinical trials, but aren't on the market yet.

The mystery fund would finance construction of manufacturing facilities and purchasing of equipment for such companies. Banks are reluctant to make loans when those uncertainties are a factor.

"There was general agreement among the committee members that this investment falls outside any area identified currently in the Foundation's investment policy," the minutes read. "However, it was the consensus of the committee that the proposal could result in significant economic development and job creation for North Carolina..."

The minutes don't identify a fund manager. Nevertheless, the committee moved to recommend that the Golden LEAF board commit \$30 million to the proposal.

In addition, committee member Lisbeth Evans, who is the state's Secretary of Cultural Resources and reports directly to Easley, moved that the Foundation include "consideration of a preferred position for the Golden LEAF Foundation in exchange for its agreement to be responsible for one-half of the out-of-pocket expenses incurred by the developers of the fund as they attempt to raise additional funds." The motion was adopted.

\$30 million for BioVista

The \$30 million fund turned out to be BioVista, created specifically for Golden LEAF's venture by Durham-based management company Catalysta Partners. The move surprised several observers who are experienced in life sciences investments, because Catalysta has fewer resources than other firms, is only two-years-old, and doesn't have a history in the field.

Notes obtained by *CJ* indicate at least a glance toward other firms by Golden LEAF, but Catalysta won out.

Clay Thorp and John Crumpler were Catalysta's two key general partners in the deal. They are listed as two of the four principals in BioVista.

Handwritten notes of a July 29 meeting with the two discuss possible sources

"At every turn the Foundation is being forced to address the prospects of 'interception' of the next (tobacco settlement)..."

Continued as "Golden LEAF," Page 5

Golden LEAF Follows Political Direction on Investment

Continued from Page 4

of other investment for the fund, hoping to get to \$150 million, but note it is a "tough money raising environment," characterizing it as a "nuclear winter."

Thorp, an executive in the pharmaceutical industry, was the founder and president of Xanthon, which is now out of business. He also is on the NC Biotechnology Center board of directors.

Crumpler has worked in several executive positions in government and business. He also is a generous contributor to Easley, having given the maximum-allowed \$8,000 to the governor's 2000 campaign. His wife, Lou Ann, gave Easley's campaign \$2,000 in 2000, and she has given \$4,000

so far for the 2004 election. Easley appointed Crumpler to the N.C. Economic Development Board last year.

Notifying state leaders

Once Golden LEAF's special committee made its investment decisions, Lee moved quickly to inform state leadership of its intentions. On July 11 she sent memos to Easley staff member John Merritt and to Blizzard in Basnight's office, informing them of the "investments and grants" that Golden LEAF's full board would soon consider, "in response to the State of North Carolina's current fiscal crisis."

But other board members were concerned the plan might not be enough to satisfy Basnight. On July 15 Almond e-mailed Lee telling her of discussions he had with Davenport about getting Basnight's approval.

"Lawrence and I have been discussing how he might present our package (including \$42m for biotech) intact," Almond wrote to Lee, "while also appearing to accommodate the desire of Basnight's people for a larger and longer commitment to biotech — perhaps as much as \$500m over time."

Almond followed with a suggested public statement, which would emphasize the possibility of Golden LEAF's \$42 million investment leveraging more than \$150 million.

"If our original investment of \$42m in this burgeoning industry in 2002 produces the kind of results we fully expect to achieve....," Almond's proposed statement said, "...then I believe that the Golden LEAF Foundation will be prepared to ride this horse just as fast and as far as it can take us into the new global economy of the 21st century."

'Instructions' from Basnight

Another part of Golden LEAF's \$85.4 million biotechnology package included \$7 million to the state's public universities and community colleges for worker training and product research and development.

However, document requests by *CJ* turned up no evidence of consultation between Golden LEAF and the state's higher-education leaders. Both the University of North Carolina System and the North Carolina Community College System had no discussions with Golden LEAF about the schools' needs.

"Neither President (Molly) Broad nor any representative of the University was asked to develop or critique [Golden LEAF's proposal]," said Joni Worthington, associate vice president for communications for the UNC System. "She had no advance notice of its content, and learned the specifics of the plan at the public Aug. 14 announcement."

Likewise, the only documents the NCCCS could turn up about the Golden LEAF initiative was the invitation to the

press conference.

However, an e-mail message from NCCCS President Martin Lancaster to Steven Burke, vice president of corporate affairs and external relations for the NC Biotechnology Center, offers insight into Basnight's work behind the scenes.

Lancaster's message referred to his invitation from Lee to attend Golden LEAF's biotech announcement. He told Burke in the message, "[Lee] insists that she still has been given no 'instructions' from Marc Basnight to fund the initiative that Dr. Hamner has been working on with Marc, us and the folks at NCSU."

Information obtained by *CJ* from various agencies give the impression that Golden LEAF and the Biotechnology Center collaborated little, if at all, in developing the foundation's initiative.

In fact, communication between Biotechnology Center employees suggest apprehension about a July 16 meeting. By then many details of Golden LEAF's plan were already in place.

Hamner's work with Basnight on his biotechnology plans may have been a concern, because

of the senator's demands upon the Golden LEAF board for biotech funding.

An e-mail from Ken Tindall, a Biotechnology Center vice president, informed Hamner of the meeting between Lee and center representatives. "It was a very comfortable meeting," Tindall wrote Hamner. "[Lee] seemed to welcome the fact that we were there."

"We offered the (Biotechnology) Center as a resource to her as she and her board consider what to do in the area of biosciences," Tindall wrote. "We were careful not to talk about specifics (either approaches or [venture capital] firms)."

A follow-up letter from Tindall to Lee about the meeting reiterated the hope of beginning a working relationship. He also emphasized to Lee what the Biotechnology Center believed were the highest priorities for biotechnology development in the state: "workforce training and assistance to companies working to establish, expand, or relocate."



Michael Almond

In anticipation of Golden LEAF's announcement, State Commerce Secretary Jim Fain, another Easley appointee, called a meeting of various biotechnology and economic development interests two days before the press conference.

The "BioPharma Team Meeting" included four Biotech Center representatives; two from the N.C. Biosciences Organization, a trade group; eight Commerce Department representatives; Lisbeth Evans of the Department of Cultural Resources and the Golden LEAF board; and Crumpler and Thorp of Catalista Partners (and the Economic Development Board).

According to a Biotechnology Center spokesman, the purpose of the meeting "was to bring key individuals...together to discuss biomanufacturing and how these entities might best coordinate their efforts to attract biomanufacturing companies to our state."

Announcing the final deal

Golden LEAF's board members met Aug. 14 for a special meeting at the N.C. Museum of History in downtown Raleigh. After formally authorizing the biotechnology investment plan, the group moved to the museum's auditorium for the press conference with Easley and Basnight.

Davenport welcomed dozens of state officials and economic development lead-

ers from across the state, and introduced the plan to the public. "Because the Foundation is unique," Davenport said, "it can do things that state government and public agencies cannot do."

He said Golden LEAF would immediately provide \$85.4 million for biotechnology training, facilities, business incentives, and loans. Long term, he said, the foundation would commit an additional \$108 million, if needed.

Davenport continued to detail aspects of the plan, saying Golden LEAF would commit "to an economic stimulus program of targeted investments and grants that will be leveraged to \$350 million short term..." Davenport then turned to look at Basnight on the stage to his right. "...and Senator, \$600 million by 2008."

After Easley spoke, Basnight emphasized the need for economic development in the state's rural areas.

He also said "this" legislature would have to make financial commitments to build biotech training facilities. "It's all about jobs," Basnight said. "It's all about our families being able to provide for themselves."

Ending the event, former UNC President Bill Friday said, "This is a remarkable day of celebration. 'We aren't afraid to try; indeed we aren't even afraid to fail, so long as the objective redounds to the benefit of our people.'" *CR*

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North Carolina CSE members protest state tax increases at a rally in Raleigh.

Education News in Brief

• Gov. Mike Easley's education cabinet met Oct. 23 to discuss a number of issues that the governor's office considers critical to North Carolina education. Among the most prominent was the need to train, recruit, and retain teachers. Further consideration at the state board of education meetings in November underlined the urgency that the Easley administration attached to the issue.

North Carolina loses about 10,000 teachers each year for a combination of reasons, according to a report offered at the meeting. To maintain the status quo, all 10,000 openings need to be filled annually. Reduction in class size and population growth add another 1,600 teachers' positions to the number of vacancies that arise each year. North Carolina currently is not keeping up with attrition.

Each year North Carolina's schools of education graduate about 3,000 new teachers. Statistics presented to cabinet members show that about 2,000 of these remain to work in North Carolina schools. The raw numbers do not address distribution by area of specialty.

At the October meeting, the education first task force presented strategies in teacher recruitment. Possible recruitment of retired teachers may be one way to increase numbers. This involves tapping the "reserve pool" of individuals certified, or nearly certified, who might be willing to join the ranks of working teachers. Another strategy includes a plan to try to attract community college students into teacher education programs.

Issues relating to lateral entry, the process of entering teaching from another career entirely, were also considered. Reports on lateral entry show that it has been a problem in the state, partly because North Carolina has erected hurdles that make the process unattractive. Non-credentialed college graduates appear largely unwilling to take 45 additional credit hours to achieve certification.

Retention of lateral-entry teachers is also a problem. Statistics show that about 46 percent of lateral-entry teachers depart after two years, about the same rate of departure as for those coming out of the "reserve pool." Lack of professionalism, the intellectual environment, and opportunities for salary growth were some of the reasons suggested for low long-term retention. Cabinet members discussed ideas for further study, including looking at national data and trying to determine whether the data is reliable.

Brief discussion of additional topics included the removal of useless barriers for credentialed out-of-state candidates, distance education options, and procurement of more minority teachers. Two technology-based resources, Teach4NC.com, and CFNC.org, were discussed before the cabinet meeting adjourned.

• The decision in 1995 to set graduation standards at an eighth-grade level, in order to avoid student failures, now places some graduating seniors from North Carolina far behind their national peers. Rep. Fern Shubert, R-Union, cites faulty instruction, particularly lack of phonics instruction, as one of the primary causes of low scores and an "unfolding tragedy" for North Carolina's students.

Professors Debate Education of Teachers

Panelists disagree over not just the extent, but even the existence, of the problem

By JON SANDERS

Assistant Editor

CHAPEL HILL

Professors and deans of schools of education heatedly disagreed over the direction of education schools in a panel discussion at the Pope Center for Higher Education Policy's conference Oct. 26. The critics decried numerous flaws with the schools and complained that the school establishment refused to admit problems, while the defenders said they didn't recognize those problems.

"How Well Is North Carolina Preparing Its Teachers?" was the title of the panel, which featured Dr. Madeleine Grumet, dean of the University of North Carolina at Chapel Hill School of Education; Dr. Martin Kozloff, Watson professor of education at the UNC-Wilmington Watson School of Education; Dr. Marilyn Sheerer, dean of the East Carolina University School of Education; and Dr. J. E. Stone, professor of education at East Tennessee State University College of Education. The panel was moderated by Lindalyn Kakadelis, director of the North Carolina Education Alliance.

Grumet, who spoke first, talked of the principles of teacher education. She said teachers needed to realize that students come into their classrooms with preconceived notions of how the world works. She said the tabula rasa view of students was no longer governing, and that teachers should elicit through diagnostic testing and conversation the children's ideas of what they are about to study in order to instruct them effectively. "If their initial understanding is not engaged," Grumet said, "they may fail to grasp the new concepts and information that are taught, or they may learn then for the purposes of a test but revert to their preconceptions outside the classroom."

Grumet said that in order to develop competence in a subject, "students must (a) have a deep foundation of factual knowledge, (b) understand facts and ideas in the context of a conceptual framework, and (c) organize knowledge in ways that facilitate retrieval and application." For teacher education, Grumet said, this means finding ways to teach teachers the academic disciplines to give them the depth of knowledge in how students learn those disciplines, as opposed to requiring teachers to take all the general math and science courses.

Grumet also spoke of the teaching philosophy of meta-cognition. She said it required defining learning goals, charting progress toward those goals, and achievement of those goals. The increasing popularity of distance education was helping, she said, because it forced institutions to be clearer with their learning goals.

The 'features of a cult'

The next speaker was Kozloff, who listed many challenges to the ed-school establishment. "There is a war in public education," Kozloff said. "The war is over beliefs about how children learn and what they need to learn; about the most effective ways to teach reading, math, science, and other bodies of knowledge; about accountability and moral responsibility for educational outcomes; about what teachers need to know how to do and who should train and certify them."

That war pits the education antiestablishment against the establishment of edu-



Dr. Marilyn Sheerer (left), Dr. Martin Kozloff, Dr. Madeleine Grumet, and Lindalyn Kakadelis listen as Dr. J. E. Stone discusses teacher training at an October conference in Chapel Hill.

cation schools, Kozloff said. One front out of many in that war is the direct-instruction challenge to the establishment's focus on "intuitive learning." One example of direct instruction vs. intuitive learning that Kozloff provided is teaching phonics vs. "whole language" instruction.

Kozloff also said critics took issue with the establishment's "social-change focus," in which schools try to "facilitate" rather than impart knowledge. He said the establishment chooses not to stifle creativity through the use of logical instruction, which involves practice, repetition and correction — the route to mastery, Kozloff said.

The establishment also rejects the idea of independent truth. This philosophy is in keeping with the establishment's dislike for self-examination, Kozloff said, ignoring or dismissing critical reports and reviews. "This self-imposed and self-defensive ignorance helps to ensure that what education professors believe and teach remains, to them, unchallenged," he said.

Education schools offer no curricula backed by a solid body of empirical research, he said.

Because of this ignorance, Kozloff said, they are "vulnerable to the charge that ed schools have many of the features

of a closed society, or cult."

Sheerer was next, and she defended teacher's education. She offered her definition of what teaching is: a thorough knowledge of content, of the pedagogy needed, and of students.

Sheerer next discussed the Higher Education Performance Report. The report, she said, measures the success of teachers education programs, and it does so in a variety of ways, from test scores, involvement in public schools, and others.

Education schools need to do a better job of showing the link between student achievement and teacher preparation, Sheerer said. Although that link isn't obvious, she said, "Continuing evidence suggests to me that we're doing a pretty good job, despite the myriad of challenges." She said that was her answer to the panel's topical question of how well North Carolina is educating its teachers.

"I don't recognize the portrait painted by Dr. Kozloff," Sheerer said.

Stone said that a key flaw with educational assessment is that it is "often assessment of education by educators." Most assessment of an industry done by the industry itself, he said, tends to be self-congratulatory and inclined to putting a positive spin on results.

"The true measure of a teacher is his ability to produce gains in student achievement," Stone said. There is a lack, however, of objective data for this measure, he said, so most studies rely on indirect indicators to gauge it. One system, the Tennessee Value-Added Assessment System, is a longitudinal system that follows individual students and teachers — an advantage of which, he said, helps to match the measured classroom effectiveness of novice teachers to their training program.

Stone said there was no way to improve teacher effectiveness through a regulation of teacher training. He said people have been working on the regulation of teacher training for most of the 20th century, and that "if this approach were productive, you would think that with all 50 states working on it there would be a breakthrough somewhere."

Stone spoke favorably of U.S. Secretary of Education Rod Paige's recent report that proposed elimination of pedagogical training for licensure in favor of disciplinary training (letting the schools decide their own pedagogical goals). He said teacher licensure and certification needed to be judged according to how well they were meeting their original purpose, which was to protect students from bad teachers and faddish practices, among other ills.

1996 law 'not necessary'

Grumet was asked what had been done since 1996 with the passage of a law that required the UNC system to modify its reading-instruction courses for teachers. The law delivered a mandate that instruction reflect science-based reading research. Grumet answered that "the law, at least in my institution, and, I believe, in many across the state, was not necessary."

She said "balanced reading instruction — which combines both the specific skills of decoding text with an orientation toward the kinds of information and world knowledge that you get from literature" — has been the case far more than what those attack whole-language would want acknowledge.

"There were very few classes where some instruction in phonics, some instruction in word study, some of both the cognitive and semantic skills to reading, were not being used," Grumet said. She said the balanced-reading combination had been in use in the state before 1996.

"According to the antiestablishment, the word 'balance' is code for 'business as usual,'" Kozloff answered, "and to say that there is a little bit of phonics instruction in schools is exactly opposite to what the research says." CF

States ponder definitions of achievement and progress

Adequate Progress in No Child Left Behind: Only the Results Count in Individual States

By **KAREN PALASEK**

Assistant Editor

The adequate yearly progress component of the No Child Left Behind Act presents a challenge to state boards of education across the United States. As the state board meetings in Raleigh in October and November reveal, establishing the adequate yearly progress standard is an important process for North Carolina, but one that will not be decided until next year.

North Carolina's Compliance Commission made several recommendations to the board on accountability issues contained in the No Child Left Behind Act. The committee recommended a minimum of 30 student scores be required to establish a valid subgroup for reporting purposes; defined the full academic year as 140 days, replacing the 91-day rule used for ABC's growth calculations; and added a number of other provisions regarding science testing, the high school comprehensive test, and field testing in unusual school situations.

North Carolina is by no means alone in its need to evaluate standards. As of September, according to Lynn Olson of Education Week and Education Counts, more than half of states were still in the process of defining adequate yearly progress for themselves. For the roughly half of states that have come to a working definition of adequate yearly progress, half of these had no working definition of subgroups, or of how student progress should ideally be spread out over the 12-year elementary-secondary school period.

A good deal of the work state education boards must do involves meshing federal accountability systems with state systems. As states see how their testing and accountability compares to federal guidelines, they can revise their definitions of accountability and progress.

Setting the bar and beyond

A 1994 version of the Elementary and Secondary Education Act required Title I schools, those serving the neediest students, to develop a mechanism to measure progress for that group. However, no system was in place to measure performance in all public schools.

The No Child Left Behind Act requires that all children in grades three through eight be tested in reading and math, that they take a reading and a math test during the high school years, and that they take a science test during each of the phases of their elementary, middle, and high school education.

Adequate yearly progress will be measured on a state-by-state basis. States set the bar for what they determine to be "proficient" in relation to their academic standards. According to Lisa Graham Keegan and Billie Orr of the Education Leaders Council, "The play is no longer the thing; success in complying with the law will no longer be based upon whether a state has created academic standards and testing, but rather on how well all of its students are doing in making real progress toward meeting those standards."

Once a definition of proficiency has been established, the rate of incremental improvement, adequate yearly progress, and the rate at which they will get 100 percent of students to proficiency in 12 years must be set. After testing students each year, states must disaggregate data to determine how specific subgroups are faring at all levels (school, district, and state), and release the results to the public. According to Keegan and Orr, "Process is not enough; it's results that count."

States cannot effectively cheat by setting a low achieve-

ment bar. The law still requires that they show consistent improvement. "The gain requirement will save us from 'nefarious behavior' because schools can't keep the bar on the floor," Keegan said. A state's definition of adequate yearly progress must be the same for all schools in the state, and follow a 12-year timeline for getting all students to proficiency. State criteria must also be "statistically valid and reliable," Keegan and Orr said, and must set the initial bar at a level based on either its lowest achieving demographic group, or the scores of its lowest achieving schools, whichever is highest. School year 2001-02 scores determine what percentage of students meet or exceed proficiency standards.

Comprehensive oversight

The standards described under the act are designated basic, proficient, and advanced. The law requires that states raise the achievement bar in equal increments over time, beginning not more than two years into the process, and at least every three years thereafter. States must be able to demonstrate continuous progress with disadvantaged students as well, though progress is reported separately.

Although the onus of reporting rests with individual states, external monitoring is built into the law. The National Assessment of Educational Progress tests in reading and math are required every other year. The NAEP tests should act as both "light and leverage" in the process of refining and adjusting standards for each state, Keegan and Orr said.

Accountability Works, a policy advisory group working in with the Thomas B. Fordham Foundation, the Education Leaders Council, the Smith Richardson Foundation, and the National Council on Teacher Quality, examined how school systems conduct testing. A preliminary report was offered at the Education Leaders Council Conference in Denver in September. Theodor Rebarber, president of Accountability Works, emphasized looking at specific items, not just features, of state tests. Some key elements for evaluating test standards, Rebarber said, are the content of the assessment test, the alignment of tests with state curriculum standards, the rigor of the test items, and technical features of the test, including the format for asking and answering questions.

Re-evaluating tests and procedures allows states to see whether and how well their practices dovetail with the No Child Left Behind Act. To develop good accountability, Rebarber says, states need to define minimum annual increases for all students, release test items annually, and be sure that incentives and consequences accrue to students as well as to teachers.

Rebarber's group has developed a benchmark for judging state accountability. The group concluded there is "much room for improvement" across the board. Although North Carolina, Texas, and Florida are some of the higher-ranked states in Accountability Works' study, there are also common weaknesses and challenges they face. Rebarber noted that mathematics is generally missing rigorous content, and that the "elementary level math is unfocused and does not prepare kids well for middle school math."

Although most states are not sure what the ideal system looks like, the "specific ambiguity" aspect of the law should be an asset. Keegan, the Education Leaders Council, and others, are confident that the flexibility of the federal guidelines will allow states to achieve their 100 percent proficiency goal by building the system that works best for them. *cr*



Birds and Bees? It's All About Frogs

You can boil a frog if you use cold water and gradually heat the pot. The frog is oblivious to what's happening. But, place a frog in boiling water and it immediately jumps out! Have you heard the radio series from the Sexuality Education and Information Council of the United States? They have produced a series of slow boiling pots!

"Take A Minute To Talk About Sexuality With Your Kids" are one-minute so-called public service commercials that sound harmless. However, SEICUS is anything but innocent. This organization has a long history of promoting a "tell it all to preschoolers" philosophy of sex education. Its agenda runs beyond self-help to an attack strategy, combining an advocacy agenda and a well-funded campaign. Among SEICUS' goals is to change the current laws, that produced the decline in teen pregnancy, to their extremist, offensive sex-ed program. It never ceases to amaze me how easily government-funded, liberal organizations can deceive and slow-boil frogs when money is involved.

The 1996 federal Welfare Reform Law contained pro-marriage provisions, and provided money for state-run abstinence education programs. North Carolina's health education objectives reflected this philosophical view. However, SEICUS does not want to promote abstinence because it places restrictions on students. SEICUS claims instead that abstinence education may be causing harm. Their teen-targeted web quiz "How Do I know If I'm Ready for Sex" never mentions the "m" (marriage) word. A page describing all types of "sexual choices" endorses a "whatever is right for you" mentality.

In reality, the erosion of marriage has created enormous difficulties for our society. A Heritage Foundation study found children born outside marriage are overwhelmingly more likely to live in poverty, depend on welfare, and suffer behavior problems. They are also more likely to suffer depression and physical abuse, fail in school, abuse drugs, and end up in jail. This is why Congress has begun to provide programs to strengthen marriage as part of the reauthorization of welfare reform. So why are we so afraid of the "m" word?

The U.S. General Accounting Office identified 24 Health and Human Services programs having teen pregnancy-prevention components. The federal expenditure for fiscal 2002 for sex-ed contraception programs amounts to \$427.7 million, while the abstinence-until-marriage programs receive only \$102 million. Even though liberal organizations receive the vast majority of money, they are opposed to any funding promoting marriage. Talk about intolerance!

There is a nationwide advocacy campaign to fight increased federal funding for abstinence until marriage programs. SEICUS claims these programs are unproven, even though teen pregnancy has drastically declined since these programs began. They support this claim with SEICUS-sponsored research. Independent studies show verifiable results of abstinence. I do not need research to know young people want to know right from wrong. What's wrong with teaching and expecting behavior that is right?

A number of taxpayer-funded interests may be misusing public resources for campaigns against abstinence education programs. SEICUS and others ask website viewers to "contact your member of Congress and ask that NO NEW MONEY be appropriated" for abstinence-until-marriage education programs.

North Carolina has been targeted by SEICUS. Don't be naive. Be informed and aware of the larger picture. The water will boil when we least expect it if we are not wise. *cr*



Lindalyn
Kakadelis

Kakadelis is director of the N.C. Education Alliance.

School Reform News

English immersion, or not? That is the question that voters in Massachusetts and in Colorado faced on election day, and they returned opposite answers.

On Nov. 3, Massachusetts voters decided to end the 30-year-old policy of instructing non-native speakers for up to three years in their own language. It was the first bilingual education law enacted in the country.

Supporters of the English-only initiative, known as English immersion, pointed out that the program has largely failed. Designed to allow students to gradually assimilate the English language without losing ground in subject matter, transitional bilingual education has produced students whose test scores on state achievement tests rank near the bottom.

"We have a moral and ethical responsibility to make children proficient in the language of this country," Wilfredo Laboy, superintendent of the Lawrence, Mass. school system, told *The Christian Science Monitor*.

A generation of students cannot speak English fluently, nor can they work well enough in the English language to achieve proficiency in high school subjects, critics of the gradual approach said.

A few complex ideas can be explained to students in their native language under the new law, but non-English speakers will now receive a year of intensive English instruction to prepare them for mainstream, all-English, coursework. The idea is to clarify concepts where needed, with 80 to 90 percent of the instruction taking place in English.

California businessman Ron Utz promoted the English-immersion change in Massachusetts and in Colorado this year, and even immigrant teachers were divided on the issue. Some thought that English immersion in the classroom would be overwhelming, while others saw it as the quickest way to remove the language barrier. Speed, said teachers advocating the change, can help remove the disadvantage of poverty that many immigrants already face.

Utz's opponents in Colorado were more successful. Amendment 31, the proposed English immersion law for Colorado, was not approved by voters Nov. 3. It would have required students who are not proficient in English to be taught in "sheltered" English language programs, typically for a year, before being transferred to mainstream classrooms.

Waivers on the sheltered learning time limit would be allowed in some circumstances. Likewise, parents or legal guardians could petition schools to be exempted or waived from the immersion program. Schools would have discretion on waiver decisions.

Amendment 31 was defeated by a 56-44 percent margin. The "No on 31" group spent \$3.2 million to defeat the initiative. The "Yes on 31" group spent \$500,000. In Massachusetts, approval came without any advertising dollars. Reported in *The Christian Science Monitor* and *TheDenverChannel.com*. *cr*

N.C. begins teaching character education

Right or Wrong? Kids Often Can't Tell Difference

By KAREN PALASEK

Assistant Editor

RALEIGH

In an article titled *Are We Living in a Moral Stone Age?*, philosopher Christina Hoff Sommers writes: "We often hear that today Johnny can't read, can't write, and has trouble finding France on a map. It is also true that Johnny is having difficulty distinguishing right from wrong. Along with illiteracy and innumeracy, we must add deep moral confusion to the list of American educational problems."

Amid fanfare, a new curriculum item has arrived on the scene in North Carolina's public schools. It's called character education, and along with the Student Citizen Act of 2001, promotes target behaviors that successful character education students should exhibit. Traits identified in the character education handbook are courage, good judgment, integrity, kindness, perseverance, respect, responsibility, and self-discipline.

Can a handbook and curriculum plan transform the morally confused into the morally upright? The state of North Carolina is betting that the answer is yes. Local school boards were required to implement character instruction by the beginning of the 2002-03 school year, unless they were granted a temporary exemption.

What the ethics experts say

The new curriculum manual makes liberal reference to centers of study in ethics, morality, and values. Prominent among these are The Center for the Fourth and Fifth R's (for respect and responsibility), the Josephson Institute of Ethics, the Center for the Advancement of Ethics and Character, and the John Templeton Foundation.

Thomas Lickona, author of *Raising Better Children and Educating For Character: How Our Schools Can Teach Respect and Responsibility* and a faculty member at the State College of New York at Cortland, is associated with the Center for the Fourth and Fifth R's. Lickona wrote the definition of character education that opens the new manual. The definition emphasizes student behaviors that stem from embracing "universal values that we all share."

The welcome page for the Internet site of The Center for the Fourth and Fifth R's says, "Character means living by these core values—understanding them, caring about them, and acting upon them." Accordingly, a student who succeeds in the character education curriculum will presumably embody these traits.

Lickona's book, *Educating for Character*, focuses on what schools can do as one component of the process, but the dedication page, which reads "to God," indicates that character education, for Lickona, exists on a broader plain than just in the classroom. His work does not promote religion or a religion, but a deeper background clearly underlies the principles he advocates.

The Center for the Fourth and Fifth R's addresses one difficult moral question by describing the behaviors that contribute to good character, as well as those that do not. In the essay *The Neglected Heart: Ten Emotional Dangers of Premature Sexual Involvement*, there is no moral haze surrounding uncommitted sex. The essay argues that the corruption of character and the debasement of sex are the consequences of premature,

uncommitted sexual activity. In short, it concludes that people of good character would not engage in this activity, which is inconsistent with the development of good character. The North Carolina handbook does not transfer that sentiment to the text it has prepared for classroom teachers.

Other background sources for the manual also take a well-defined stand.

Michael Josephson, president of the Josephson Institute of Ethics, released a 2002 Report Card on the Ethics of American Youth. Commenting on the moral state of American youth, Josephson said, "The scary thing is so many kids are entering the workforce to become corporate executives, politicians, airplane mechanics, and nuclear inspectors with the dispositions of cheaters and thieves."

By almost any definition, Josephson's survey reveals dramatic declines in standards for good character. The contribution North Carolina chose to add to its curriculum handbook is a page paraphrasing the Golden Rule, as attributed to 13 religious thinkers or belief systems. This is couched in a section of text whose primary message appears to be diversity or multiculturalism, rather than the behavioral mandate stated as the Golden Rule.

Similarly, the handbook draws on the work of the John Templeton Foundation, which publishes a set of guidelines known as the Laws of Life. In North Carolina's handbook educators are encouraged to have students enter the Laws of Life Essay contest. According to the curriculum manual, the contest "encourages young people to discover for themselves the core values that guide them."

Nowhere on the John Templeton Foundation website is this process of self-discovery of own values identified with the philosophy of the founder. The site does identify the aims of the foundation, however, and its philosophy: "to encourage the world to catch the vision of the tremendous possibilities for spiritual progress in an open and humble approach to life;" and "to encourage growth in appreciating the potential of free societies."

The Templeton Foundation started the Forgiveness Project in 1999 to research the scientific effects of forgiveness on offenders and victims alike. While the North Carolina manual embraced the credentials of a number of highly regarded ethical studies centers, the manual hardly embraced the spirit of the work the centers do.

History of character decline

Lickona states that the decline of values education coincided with the rise of evolutionary and relativistic theories, which started in the scientific community, but affected thinking elsewhere in society. Darwin's and Einstein's theories, and new studies in empirical psychology, which were popular at Yale University in the 1920s, undermined the earlier moral absolutes, Lickona said.

What crept into modern thinking instead was logical positivism and moral rela-

tivism, the idea that there is no objective right or wrong, and that all values are relative.

The belief that we should all be free to choose our own values, or that no one has the right to impose their values on another, is a further part of that legacy. The confusion over whose values we should teach, and the fear that teaching any version of

morality in the schools would amount to teaching religion, has paralyzed character education in the public sector. Schools have failed to achieve at least one of the two great goals of education: teaching people to be good. Students who have not developed self-discipline cannot help their students to be smart, either.

Where are we in 2002?

Trends reported by the Center for the 4th and 5th R's reveal serious values

problems in young people. They report that in a survey most college students said they had cheated on a test or major assignment, that six of 10 high schoolers have tried drugs other than alcohol, and that four out of 10 ninth-graders say they have had sexual intercourse. They recount growing ethical illiteracy, "including ignorance of moral knowledge as basic as the Golden Rule and the tendency to engage in destructive behavior without thinking it wrong" as evidence of a national crisis of character.

A 2002 survey by the Josephson Institute of Ethics statistically documents a decade of moral deterioration, concluding that children today are significantly more likely to cheat, steal, and lie than children 10 years ago. The report was released as part of the national Character Counts! week of October 20-26.

In a final bit of irony, the percentage of students who agreed in 2002 with the statement "When it comes to doing what is right, I am better than most people I know" was 76 percent for students in general; 79 percent agreed that "It's not worth it to lie or cheat because it hurts your character."

Character education sounds extremely appealing in the current environment, especially when one considers how far we have to go to return to a civil school society. "It is not a 'quick fix' or silver-bullet cure-all" states the North Carolina manual. "It is a transformation of the culture and life of the school," according to Dr. Marvin Berkowitz, quoted in the text.

On a cautious note, the temptation to leave yet another aspect of childrearing to the schools will surely be felt. Just as children now receive breakfasts and lunches, health, and sex education, and virtually all academic instruction outside the home, there may be a tendency to relegate this aspect of education exclusively to schools as well, simply because it is the easy route.

Will the North Carolina curriculum transform the life of schools? It will if students "become good," by behaving with respect, responsibility, and all the rest.

Since the curriculum manual imports none of the moral arguments for good behavior from its sources, however, and asks students to "discover core values for themselves," it seems entirely possible that the moral haze suffusing school corridors may linger a while longer. Whether students will fail this new curriculum, and on what grounds, is an interesting and open question. *cr*



Thomas Lickona

Down through history, ...education has had two great goals: to help people become smart and to help them become good.

What Works for Schools

Emphasis on the Basics and 'Attitudes for Success' Lift Lillington

By KAREN PALASEK

Assistant Editor

Lillington Elementary School Principal Linda Stewart says she strives to make her school a place "where every child can succeed." Her definition of success includes academic proficiency and what she calls "necessary attitudes for success."

The level of academic proficiency can be measured by recent test scores; attitudes are harder to gauge. In response to a North Carolina Education Alliance survey, Stewart cited character awards, sponsored by the Rotary and Kiwanis, that recognize responsible behavior.

The curriculum at Lillington Elementary focuses on the basics of reading, writing, and mathematics, Stewart said. Over time the focus has paid off. Student proficiency ratings increased from about 67 percent in 1997 to more than 80 percent in the 2000-01 school year.

Teachers are more satisfied with their positions, and with the school, according to survey responses. The teacher turnover rate has fallen fairly dramatically at Lillington, from more than 27 percent to 20 percent last year. The rate is higher than the state average, but Stewart sees it as an indication of increasing commitment to the school by existing faculty.

"What sets Lillington Elementary apart," according to survey response, "is the determination of the school's staff to overcome obstacles that previously haunted the school." The school had the lowest proficiency scores in the district, frequent changes in leadership, and significant teacher turnover. "The current school staff has been determined to raise the school's scores from the bottom of the district to the top," Stewart said.

As principal, Stewart works with local newspapers to showcase students and the school. Community support comes in the form of parent-teacher fund-raising efforts and donations by local business for purchases of additional books.

Because of parent-teacher fund-raising, the school has purchased a schoolwide telephone system. "This has definitely facilitated communication with parents," Stewart said.

Designated a school of distinction by the Department of Public Instruction in

2000-01, Lillington's honors also include a \$5,000 grant from the Library of North Carolina for improvements to its book collection. It also has received Bright Ideas grants and Harnett Off-Broadway recognition for individual teachers.

At-risk population

Lillington Elementary serves 202 fourth- and fifth-graders. Of those students, 67.8 percent qualify for the free or reduced-lunch program. Overall proficiency at Lillington was 66.5 percent in 1997, but it rose to 80.1 percent by 2000-01. Factors that Stewart and staff identified in the survey as having the biggest impact were smaller class size, experienced staff, weekly communication with parents, tailoring instruction style more closely to student learning style, additional materials for the media center, and staff involvement in decisions that affect the entire school.

The faculty also said in the survey that Stewart was a strong leader who has high expectations and good communication skills. They note that she "is fair when dealing with staff and communicates whether efforts or performance need to improve."

Staff responses also credit the custodial staff with maintaining a clean and comfortable environment in the aged building. The school won local recognition as evidence of this extra care.

School demographics at Lillington reflect the composition and changes in surrounding Harnett county. In transition from largely agricultural to increasingly suburban, the school population at Lillington Elementary is 48 percent black, 41 percent white, about 8 percent Hispanic, and 2 percent multiracial in composition.

Reading and math strategies

Curriculum planning includes materials that focus on basic necessary skills, with a variety of applied techniques. Students and teachers spend time in structured reading sessions, as responses to questions about teaching methods reveal. "Students also have daily time to read self-selected materials. This is a schoolwide initiative

known as D.E.A.R. (Drop Everything And Read). The teachers model the importance of reading by reading to students on a daily basis." The school recognizes student progress in schoolwide assemblies at the end of each grading period. Materials that accommodate lower-proficiency reading students, such as books on tape, are also part of the program.

The school's response to survey questions about its math curriculum were less

specific than those for reading, but mentioned several methods in use with the students.

"Constant review of previously taught skills provides much needed reinforcement for students," Stewart said. Students also model math problems with hands-on objects, Stewart said, "to make learning more meaningful for students."

Differences that count

There are a number of factors that make this school different from others with similar student populations. Stewart notes the core of veteran teachers as one, and cites experienced staff members as another factor that contributes to academic progress.

"In many instances," Stewart said, "students come from homes where learning is not a top priority; daily survival takes precedence."

"These students have an increased fear of failure," she said. "Therefore the school makes it a point to involve parents in the total school program."

That program couples volunteer activity in the classrooms with community members, tutorial time after school, and parent-sponsored projects such as the telephone system fund-raiser.

All of this works, Stewart said, because, "As a unified staff, we work diligently to assure every student that he/she is loved, safe, and can learn each and every day." *CT*



Lillington Elementary School's Principal Linda Stewart

The current school staff has been determined to raise the school's scores from the bottom of the district to the top.

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Course of the Month

Vroom-vroom! NASCAR 101!

This month's course came to CM's attention via Appalachian State University's announcement that it was, in the words of *The News & Observer* of Raleigh story Oct. 21 on the subject, "putting together a scholarly collection on the subject [of] stock-car racing," for which the university "has assembled hundreds of NASCAR-related items, including 350 books and videos, racing magazines, race programs, photographs, newspaper clippings and oral interviews with the sport's personalities."

The *N&O* article also says, "For several years, ASU has offered a course in the history of motor sports as part of its emphasis on Appalachian culture." That appears to be the following:

RM 3533: EVOLUTION OF SOUTHERN MOTOR SPORTS (a "selected topic" in the *Recreation Management* curriculum)

It's harder to find out about the NASCAR course at Appalachian on the university's web site than it is to learn about it elsewhere. For example, cogent quotations were sprinkled throughout a 1998 *Augusta Chronicle* column on it, including:

- "What? They're offering the history of NASCAR? I've GOT to take that," said student Chris Cogdill, when he saw it listed in the course catalog.

- When he mentioned it to his friends this fall, the reaction was predictable: "Most people think it's a joke. They're like, 'You redneck.'"

- To Dave Piatt, a junior from Bahama, NASCAR is serious business. He practically grew up at the Orange County Speedway. Now, during summer and holiday breaks, he works at The Racing Edge, a NASCAR paraphernalia shop at Northgate Mall in Durham.

- "This is a class they put here for me," he said. "It's my destiny to take this class."

Also according to the *Augusta Chronicle* article, the class featured "plenty of reading, a midterm exam, final exam and a research paper," and was "a lot tougher than [Cogdill] expected."

One also learns from there and from *Lowe'sMotorSpeedway.com* that NASCAR-related courses are offered at the University of North Carolina at Charlotte, N.C. A&T University, N.C. State University, Elon College, Catawba Valley Community College, Rowan-Cabarrus Community College, Forsyth Technical Community College, Davidson County Community College, Mitchell Community College, Wilkes Community College and Wilson Community College.

That is why, according to the headline of an article posted on *Lowe'sMotorSpeedway.com* Oct. 26, 2000, that the "Motorsports Industry Rev[ived] Up Its Engines In Support of Higher Education Bonds."

The article discusses a joint press conference held in favor of passing the higher education bonds that featured Molly Broad, president of the UNC System; Martin Lancaster, president of the N.C. Community College System; NASCAR Winston Cup team owner Ray Evernham; and H. A. "Humpy" Wheeler, president and general manager of Lowe's Motor Speedway. *CR*

An "abyss of their own creation"

University Scholars Discuss Challenges, Academic Freedom at Pope Conference

By JON SANDERS

Assistant Editor

RALEIGH

A distinguished panel of academic thinkers discussed academic freedom in the wake of September 11 as part of the Pope Center for Higher Education Policy's conference in Chapel Hill Oct. 26. The conference focused on "challenges facing higher education in North Carolina."

The panel, moderated by Dr. Roger Lotchin, professor of history at University of North Carolina at Chapel Hill, featured Dr. William Friday, UNC president emeritus; Dr. Alan Charles Kors, University of Pennsylvania professor of history and co-author (with Harvey Silverglate) of *The Shadow University: The Betrayal of Liberty on America's Campuses*; and William Van Alstyne, professor of law at Duke University. Kors also gave the keynote address at the conference, which touched on similar lines.

UNC's spotted past

Friday gave the panel's opening address. He spoke of UNC's spotted past in terms of academic freedom, primarily discussing the history and personalities behind the infamous Speaker Ban Law of the 1960s. Passed in 1963 by the North Carolina General Assembly, the short-lived Speaker Ban Law sought to deny funding to any college or university that permitted its facilities to be used "for speaker purposes" by any individual who "A) Is a known member of the Communist Party; B) Is known to advocate the overthrow of the Constitution of the United States or the State of North Carolina; C) Has pleaded the Fifth Amendment of the Constitution of the United States in refusing to answer any question, with respect to communist or subversive connections, or activities, before any duly constituted legislative committee, any judicial tribunal, or any executive or administrative board of the United States or any state."

As Friday explained, the ban not only curtailed academic freedom at UNC, it also created an accreditation crisis for the university as well as a

public-relations crisis. This Friday presented in contrast with how Wake Forest University approached the idea of communist speakers and those espousing other noxious ideas. While UNC's speaker ban was in place, Friday said, Wake Forest brought heads of the Communist Party, the Socialist Party, and even the American Nazi Party to campus, and Wake Forest's openness heightened its profile among U.S. universities.

Friday advocated freedom on expression on campus, saying it should not be curtailed. He said that he agrees with Justice Oliver Wendell Holmes about yelling "Fire!" in a crowded theater, that license is



Pictured from left to right: William Van Alstyne, Dr. Alan Charles Kors, and Dr. William Friday.

not freedom. Free expression, he said, should not be limited.

"My great fear," Friday said, "is that not enough Americans go to polls to exercise their right to vote on what they hear in open debate."

Business as usual?

Kors spoke of the rampant curtailing of speech on campus since September 11, providing numerous individual examples. Some examples involved squelching speech counter to American policies on the war on terror, but most involved squelching speech in favor of those policies (including at some campuses the "offensive display" of the American flag and the removal of "Proud to be American" posters). Kors said that "the great majority of cases of speech being curtailed on campus" involves "speech of defenders of a vigorous war on terrorism."

Kors said this reflected universities getting back to "business as usual: protecting students from the great majority of American thinkers."

Kors also said that "universities now reside in an abyss of their own creation," which is the gap between what they advocate and what they practice. One of his examples of this gap is the hypocrisy of the academy's stance against racial profiling — while simultaneously teaching and practicing identifying people by race and gender.

Receiving particularly stinging criticism from Kors was the American Association of University Professors, which "for 20 years has turned a blind eye to campus speech codes and partisan double standards." He cited the AAUP's 1991 "Statement on the Political Correctness Controversy," in which the AAUP said:

"In recent months, critics have accused

American higher education of submitting to the alleged domination of exponents of 'political correctness.' Their assault has involved sloganeering, name calling, the irresponsible use of anecdotes, and not infrequently the assertion that 'political correctness' is the new McCarthyism that is chilling the climate of debate on campus and subjecting political dissenters to the threat of reprisal."

Pointing out the marked contrast between the AAUP's statement and the reality of repression on campus today, Kors noted that the AAUP has been prompted — by the relatively few instances of campuses curtailing of speech counter to U.S. policies — to issue statements of concern over academic freedom after Sept. 11. Kors asked, "Where have they [the AAUP] been, and how do those words not stick in their throats?"

Van Alstyne, a past president of the AAUP, addressed the legal framework surrounding the concept of academic freedom, including the fact that the U.S. Constitution has no separate clause delineating academic freedom, as some other countries (Germany, for instance) do. The First Amendment, however, applies toward academic freedom, an application made explicit by court decisions, Van Alstyne said.

In a jab at Kors, Van Alstyne spoke critically of "zeal" and "hyperbole" in discussing academic freedom, saying "old-time academic homework" was needed instead to investigate individual cases. He spoke of two cases Kors mentioned as examples. One involved the dismissal of a Palestinian professor at the University of South Florida, Sami Al-Arian, who was suspected of terrorist ties. This case had garnered the AAUP's attention, Van Alstyne said, and the university's stated reasons for dismissing the professor had changed, and while the change was suspicious, the new charges warranted full investigation, he said.

The other involved a Duke professor whose website was shut down by the university for having a link to an article favoring a military response to terrorism against the United States, and then later reinstated with the unique requirement of a disclaimer (not previously required by the university on other professors' websites). Van Alstyne spoke of the lack of a blanket standard governing the use of university terminals in this case, especially when that use involves the commingling of opinion and university work. *CR*



Dr. William Friday discusses the 1963 Speaker Ban Law and its effects on UNC.

Senator, Professor Challenge Universities To Restore Liberty and Accountability

By JON SANDERS

Assistant Editor

Academics discussed several challenges facing higher education in North Carolina at the Pope Center for Higher Education Policy's conference in Chapel Hill on Oct. 26. Those included answering the calls for increasing accountability, restoring liberty and dignity, and translating lofty goals into practical application.

The conference's opening address was delivered by Dr. Virginia Foxx, a North Carolina state senator who has held teaching and administrative positions in community colleges and universities. Foxx said public schools and community colleges have increasingly been held accountable by citizens and legislators, but universities so far have not. She said she expected that to change soon, based on several factors: changes in the makeup of the General Assembly, a population shift toward more elderly with different ideas on where state money should be spent, watchdog organizations such as the Pope Center, talk radio, and increasing alternatives for obtaining job skills, and the perception that the private sector can do it faster and better.

Foxx said questions likely to be asked by legislators and citizens are: What are the educational opportunities universities are providing in North Carolina? What is it that universities are doing or not doing? What is the value added by universities? What are their priorities? How do we know what students are learning? How much longer are we going to pay for the same instruction through "remedial education?" Can we afford institutions that duplicate programs?

Foxx criticized universities for not being specific with their reported numbers, citing examples of universities inflating their enrollment and application numbers and deflating their budget numbers. She also said universities resist critiques and self-examination. They must be pushed and shoved, usually by money issues, to examine themselves, she said — an observation she called "my most disappointing feeling about the university system."

Foxx also discussed the successes of private institutions, successes she attributed to private higher education's "entrepreneurial spirit."

The crime of a generation

The keynote address was delivered by Dr. Alan Charles Kors, University of Pennsylvania professor of history and coauthor (with Harvey Silverglate) of *The Shadow University: The Betrayal of Liberty on America's Campuses*. Kors spoke on the topic of "The Betrayal of Dignity and Liberty on America's College Campuses."

Kors traced the betrayal in the title to radicals of the 1960s entering academe and being presented with students who mocked the '60s and voted for Reagan. These radicals, Kors said, decided to "save" these students from their own ideas, and the first thing out the window was students' freedom.

The process the radicals imposed involved getting rid of the American individualist idea of each person as "a minority of one." They taught that blacks, women, and other "minority groups" are not just oppressed, but also that they don't understand the nature of their oppression and need to be instructed in it. It also involved transforming the curriculum, but that transformation has been ineffective, Kors said. After all, he said, most minorities still want to think for themselves, most whites do not feel guilty for the accident of their birth, and women and men, instead of viewing each other as class enemies, continue to fall in love. Therefore, the radicals have decided, they "need" administrative crackdown.

"Thus we've moved from their [the 1960s radicals'] Free Speech Movement to their speech codes," Kors said. "American students are victims of a generational swindle of truly epic proportion."

Kors said that so-called diversity and multicultural education has seen racial integration in education become desegregation. Diversity and multiculturalism teaches, Kors said, that the dominant culture of the West — Greek, Judeo-Christian, and enlightenment — is the enemy of authentic debate and freedom. Thus what's considered diverse and multicultural are "any voices that challenge that culture" — black radicals are multicultural, not black conservatives; gays are, except Log Cabin GOP'ers;



Dr. Alan Charles Kors (left) accepts the 2002 Caldwell Award from George C. Leef, director of the Pope Center for Higher Education.

Sandinistas are, but not entrepreneurial Cuban immigrants.

With that viewpoint governing campus, Kors said, academic freedom becomes distorted. While Christians must bear any number of affronts to their religion and beliefs, as they should under academic freedom, Kors said, women, blacks, and gays must be protected from the punchlines of jokes. Saying campus speech codes "should be a national scandal," Kors read aloud an extensive list of codes on campuses, quoting from them verbatim to the audiences' shocked laughter.

"Speech codes could not exist a nanosecond without inherent double standards," Kors said.

Kors said the "crime for which this generation will have to answer before history" is the notion of "officially designated group identities." This idea has segregated and balkanized campuses, Kors said, and intrudes upon own's right to self-designation and identity without outside pressure. Multiculturalists view race, sex, and sexuality as if each category had just one world view attached to it, Kors said. "More than half a century after the defeat of Nazi Germany, we equate blood with culture."

At the conclusion of Kors' talk, Pope Center Director George C. Leef presented Kors with the Caldwell Award, named after two pioneers in higher education in North Carolina, David Caldwell and Dr. Joseph Caldwell. Previous recipients of the annual award were Abigail Thernstrom and Peter Aranson.

Challenges facing private institutions

The afternoon session, on "Challenges Facing North Carolina's Independent Colleges and Universities," featured Dr. Johnnetta Cole, president of Bennett College, and Dr. Billy Wireman, president emeritus of Queens College. Cole spoke of the importance of special-mission institutions, historically black colleges and universities (HBCU's) and women's colleges. HBCU's are responsible for a disproportionate amount of black lawyers and professionals, Cole said, and that is because they provide a climate that affirms their students, have teachers who believe in their students and expect them to do well, and feature greater parental involvement than other institutions.

Cole said that the challenges facing HBCU's are "fundamentally fiscal," in part because they lack a rich, white alumni base and that most of their students are the first in their families to attend college. They are also challenged by competition from private, white institutions now seeking a diverse faculty and student body.

Wireman talked about a change in the academic climate since the 1960s. Then the percentages of college students attending public vs. private institutions was 50-50; today it is 80-20, he said. Saying there was "no coherent vision driving American higher education," Wireman echoed former University of North Carolina at Chapel Hill Chancellor Michael Hooker in asking, "What does a baccalaureate degree certify?" He said that while there was "so much focus on expanding access to higher education," there was "precious little thought on what we want to teach them once they get there."

Wireman said private higher education in North Carolina needed to find a way operationally to translate the institutions' lofty ideals into each student graduating. *cr*

Credential Inflation: The Secret's Out

Every so often, you come across an article that leaves you thinking, "Gosh — I can't believe he actually said that!" A recent essay that appeared in *The Chronicle of Higher Education* (Sept. 27) had that effect on me. It was written by a sociology professor at the University of Pennsylvania, Randall Collins. Collins entitled his piece, "The Dirty Little Secret of Credential Inflation" and what made it so remarkable was his audacity in speaking a truth so contrary to his professional interest.

Collins points out that the paper credentials that are so often established as a job requirement (either by law or by private choice) have been escalating for decades. In 1950, for example, most management positions were open to people with high school diplomas but no college degree.

Gradually, businesses stopped considering applicants without a college degree. Now an MBA is considered essential for many positions. It isn't the case that the work in business management has become steadily more difficult so that no person could handle the job without the additional years of formal education. The truth, as Collins puts it, is that "Holders of such degrees have attempted to justify the credential by introducing new techniques of management — often faddish, yet distinct enough to give a technical veneer to their activities."

Whoa! Collins seems to be challenging the widely promoted idea that our modern, technology-saturated world requires workers with more and more education. That's exactly what he's doing. "The skills of cutting-edge industries are generally learned on the job or through experience" rather than in formal education, he writes. Furthermore, "a high-tech society does not mean that a high proportion of the labor force consists of experts." Doesn't he know he's undermining the foundation of much of the higher education establishment in the United States with such talk?

What is behind the phenomenon of credential inflation? Collins points to the self-interest of college professors and administrators, who are better off with a growing demand for their services. He's correct.

Previously content to educate only the small percentage of the population that really wanted to pursue higher learning after high school, higher education leaders have become astute businessmen, constantly looking for new and bigger markets. They have promoted the notion that almost everyone ought to attend college so they can improve their earning potential. (Sometimes you hear other justifications, but that one's the clincher.) A tremendous increase in governmental loans and grants made the selling job a lot easier.

Thanks to the "college is for everyone" idea, the United States now has a much higher percentage of people working on degrees than any other country. Large numbers of students who are at best indifferent to learning and often hostile to those who would interfere with their lifestyle by requiring them to read and study are enrolled in college simply because they believe that the degree they're getting (not "earning") will open up the doors to success.

They graduate. Then they encounter the unexpected truth — that employers don't automatically hire and pay hefty salaries to people whose skills in reading, writing, and thinking are pitiable.

It used to be that if you wanted job training, you signed on at the bottom of the job ladder, and if you wanted to expand your mind by learning Aristotle, you went to college.

We have largely turned that around. If you want job training, head for a college. If you want to learn Aristotle, you'd be better off getting a good set of audiotapes and learning it on your own, since it's getting harder to find courses on him.

No, Collins and I are not against college education, but we are against overselling it and cheapening it through credential inflation. *cr*

George C. Leef

Bats in the Belltower

Roses Are Red,
Violence Is Blue

Some readers of *CAROLINA JOURNAL* might have thought to themselves, *Ya know, I like CJ an' all, it's jus' that — wull, there ain't enough poetry for my liking.*

Well, they might.

Just for them, *CJ* presents this Sampling of Recent Poetry and Poem-Like Efforts:

From Amiri Baraka, professor emeritus in the Africana Studies Dept. of the State University of New York at Stony Brook, American Academy of the Arts inductee, and the State of New Jersey's certified official poet laureate, come these stanzas from various works:

*Who knew the World Trade Center was gonna get bombed;
Who told 4000 Israeli workers at the Twin Towers
To stay home that day
Why did Sharon stay away?
Who? Who? Who?...*

*Who do Tom Ass Clarence Work for
Who doo doo come out the Colon's mouth
Who know what kind of Skeeza is a Condoleeza
Who pay Connelly to be a wooden Negro ...*

*Nihilismus. Rape the white girls. Rape their fathers. Cut the mothers' throats.
Black dada nihilismus, choke my friends...*

Smile, jew. Dance, jew. Tell me you love me, jew. I got something for you now though. I got something for you, like you dig, I got. I got this thing, goes pulsating though black everything universal meaning. I got the extermination blues, jewboys. I got the hitler syndrome figures....

... you can't steal nothin from a white man, he's already stole it he owes you anything you want, even his life. All the stores will open if you say the magic words. The magic words are: Up against the wall mother [] this is a stick up! ... Let's get together and kill him my man, let's get to gather the fruit of the sun, let's make a world we want black children to grow and learn in do not let your children when they grow look in your face and curse you by pitying your tomish ways.

From Barbra Streisand, self-appointed congressional advisor, modern-day interpreter of Shakespeare, and singer of some merit, comes this reworking of "The Way We Were," entitled "The Way We Were/The Way We Are" (a few stanzas):



*Scattered pictures
Of the House we left behind
Lovely Democratic mem'ries
Of the way we were*

*Unprecedented growth in the economy
The DOW was up, the deficit was down,
As long as Democrats were the majority,
I could sleep nights, not weep nights.*

*People
See their savings slip away
As they feel the world around them
Becoming more fright'ning ev'ry day.*



*Mis'ries
Seems that's all that fill the news,
Blame the fellas in the White House
For the way we are*

*It's no wonder
We all sing those Texas blues
It's that too-far-to-the-right House
And the way we are...*

From Eve Ensler, world-famous campus vagina apologist, Valentine's Day opponent, and author of *The Vagina Monologues*, comes this poem that apparently is about the continued imbalance in women's freedom worldwide once "the violence stops" and women and girls are "running the world":

Here's what the V-World will look like:

When the violence stops, women and girls will be

*Allowed to be born in China, India And Korea
Swimming in Iran
Safe in their beds at home in the United States, Europe and Asia
Eating ice cream in Afghanistan
Keeping their clitorises in Africa and Asia
Wearing blue jeans in Italy
Voting in Kuwait
Walking in the park at night in the United States
Openly flirting in Jordan
Safe at parties on college campuses
Playing with toys and not being sold as them in Asia, the United States, Europe and Eastern Europe
Driving cars in Saudi Arabia
Wearing trousers in Swaziland
Safely walking home from work in Juarez, Mexico
Enjoying sex
Celebrating their desires
Loving their bodies
Running the world*

CJ

UNC-Chapel Hill Seniors Vote
to Support Undergrad Library

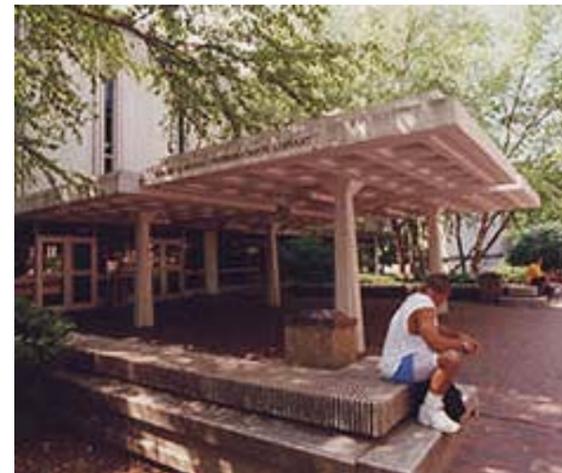
By JON SANDERS
Assistant Editor

RALEIGH

House Undergraduate Library at the University of North Carolina at Chapel Hill will receive an endowment worth at least \$20,000 from the senior class of 2003.

UNC-CH seniors decided upon the endowment in an online poll that included two other choices. One would have set up a Special Needs Fund through the Office of Scholarships and Financial Aid that would be used to address academic and living needs of students, such as winter coats or formal attire for interviews. The other would be glass etchings in the Campus Y building to memorialize the terrorist attacks of September 11.

Campus Y Co-president Hildy Fong urged seniors in a letter in *The Daily Tar Heel* to choose the etchings because they "would ensure the remembrance of this crucial time (Sept. 11) in our lives." Fong wrote that unlike the library, the Campus Y receives no state and private funds, and "[t]he gift would guarantee the success and longevity of the Y, which has fostered change and



House Undergraduate Library at UNC-Chapel Hill

diversity on our campus for years." Furthermore, Fong wrote, the gift of the etchings "would be showing the UNC[CH] arts community support long overdue for what they stand for."

The library option beat out the etchings by 36 votes, 486 to 450, while the special-needs option received 244 votes.

Senior class Vice President Rob Albright told the *DTH* that the seniors' decision was "about our valuing the academic climate and how we appreciate what the library is about." CJ

Anti-Gun Scholar Resigns from Emory
Amid Academic Misconduct Charges

By JON SANDERS
Assistant Editor

RALEIGH

The saga of Michael Bellesiles appeared to come to an end in late October when the antigun scholar resigned from the faculty of Emory University.

Bellesiles gained national acclaim two years ago with the publication of his book *Arming America: The Origins of the National Gun Culture* (Alfred A. Knopf), in which he contended, using Colonial documents, early federal laws, and other historical accounts that private gun ownership in early America was uncommon. The "gun culture" pervasive in American today, Bellesiles argued, was not part of early America; the idea of a heavily armed colonial America was a "myth."

The book created a sensation in gun-control circles. It was hailed by scholars and media alike, eventually receiving Columbia University's Bancroft Prize for historical scholarship, the most prestigious award for American history books.

Despite the award and Bellesiles' heavy use of footnotes throughout the book, *Arming America* drew a steady and mounting stream of historians, who challenged it on many fronts. Among them:

- Bellesiles cites San Francisco probate records that were destroyed in the earthquake of 1906;
- He cited the wills of about 100 people in colonial Rhode Island who died without wills;
- He cited Vermont court records that no other scholar could prove existed;
- He misrepresented numerous original sources;
- He refused to share his research data with other historians when asked, as required by the ethical standards of the American Historical Association.

Chief among his critics was James Lindgren, professor of law at Northwest-

ern University, and Clayton Cramer, author of two books on the history of gun laws in America. Scholarly critiques appeared in *The William and Mary Quarterly* and *Reviews in American History*. *The Boston Globe* also investigated some of Bellesiles' sources and found that some did not match his claims about them and others did not exist. A previous Bancroft Prize winner, Dr. Roger Lane, who had favorably reviewed *Arming America* in the Sept. 2001 issue of the *Journal of American History* and had served on the jury that awarded Bellesiles the prize, issued a press release in April 2002 saying the committee may revoke the prize (they have not).

Bellesiles' university, Emory, then announced it was conducting an inquiry into charges that Bellesiles committed academic misconduct. It completed its inquiry in October.

The investigative committee conducting the inquiry found "evidence of falsification" by Bellesiles, also found reason to question Bellesiles' veracity on the San Francisco records, and found that Bellesiles fell short on the standards of professional historical scholarship. In Bellesiles' favor, however, the committee found "that despite serious failure of and carelessness in the gathering and presentation of archival records and the use of quantitative analysis, we cannot speak of intentional fabrication or falsification." (Critics had noted that all of Bellesiles' errors were in favor of his thesis.)

For his part, Bellesiles adamantly denied the charges. "I have never fabricated evidence of any kind nor knowingly evaded my responsibilities as a scholar," he wrote in a response to the inquiry. Of his book, he said it "aimed to prompt scholars to rethink one of the prized givens of American history: that American culture has always been permeated with firearms." He resigned, citing the difficulty the controversy presented to continuing research and teaching. CJ

Issues in Higher Education: Whiteness Studies

To Save the World, Race-Crazed Academics Teach 'Whiteness' Too

By JON SANDERS

Assistant Editor

One night the comic-strip character Binkley from *Bloom County* woke his father with the rant, "Well, Dad, I guess it's safe to say we aren't exactly a couple of short, Hispanic, Hindu, French-speaking, physically handicapped, Communist, gay, black women." Binkley's problem that night was his realization that "in every regard, we're hopelessly in the majority."

As Binkley explained, "In fact, we're as majority as you can get! And there's darn few of us left!! Do you realize what that makes us?"

His dad did. "A minority," he answered.

Binkley's dad's not the only one. The latest curriculum-busting Ethnic Studies discipline to begin to track its way through the trend-hopping halls of academe is a little something called "Whiteness Studies."

Don't even know they're white

Unlike the other genes-as-proxy-for-culture Studies disciplines, however, Whiteness Studies isn't an academic niche carved out by professors of the corresponding genetic configuration for the purpose of promoting the politics presumed in the academy to accompany people of those genes. In fact, it's often the opposite; a common area for professors to delineate and then denounce "whiteness" — for example, see the "white issue" (No. 73, 1998) of *Transition*, where folks such as bell hooks and Cornel West discuss what it means to be white. In the Orwellian atmosphere on campus,

Whiteness Studies offer the Two-Minute Hate, with white guys in the Goldstein role. Whiteness Studies began to catch on in the 1990s. In one proving ground for the discipline, the University of Connecticut, a black professor's course in "White Racism" gained approval along with opprobrium in 1996, when the course was first taught. A member of the curriculum committee that approved the course told *The Chronicle of Higher Education* that the university needed the course and that "racism and the notion of 'whiteness' [were] being examined in many disciplines."

Whiteness Studies began to catch on in the 1990s. In one proving ground for the discipline, the University of Connecticut, a black professor's course in "White Racism" gained approval along with opprobrium in 1996, when the course was first taught. A member of the curriculum committee that approved the course told *The Chronicle of Higher Education* that the university needed the course and that "racism and the notion of 'whiteness' [were] being examined in many disciplines."

RALEIGH

In April 1997 the campus of the University of California at Berkeley held the first major academic conference on the subject of whiteness. Scholars determined whites were "passive inheritors of a system of privilege and wealth," uncomfortable with identifying themselves as members of the "white race" out of the desire to avoid alliance with the hateful rhetoric of white-supremacists, neo-Nazis, and similar extremist groups. A goal of Whiteness Studies that came out of the Berkeley conference was to change the fact that, in the words of conference organizer Matt Wray, then a doctoral candidate at Berkeley, "we [whites] don't think of ourselves as belonging to a racial group. We tend to think of ourselves as individuals."

No self-respecting Marxist peddling critical race malarkey could accept that. Thus the need for Whiteness Studies. Like the other race- or sex-based Studies "disciplines" they push, it's social change — not scholarship — that drives them. As Mary Washington of the Center for the Study of White American Culture, founded in 1995 in New Jersey, announced, "We're hoping that we can provide a dynamic force for change."

But what's their hook? Poor white trash. Wray and another Berkeley product, Annalee Newitz, wrote the following in the anthology *White Trash*. It gives an idea of the bizarre worldview pushing Whiteness Studies and the other race- or sex-based Studies curriculum — saving the world from racial, sexual, and class division through dividing people according to race, sex, and class.

"Because the white trash is, for whites, the most visible and clearly marked form of whiteness," they wrote, "it can perhaps help to make all whites self-conscious of themselves as a racial and classed group among other such groups, bringing us one step closer to a world without racial division, or, at the very least, a world where racial difference does not mean racial, symbolic, and economic domination."

"The first commandment of whiteness



studies," wrote Susan Wise Bauer in the September/October issue of *Books & Culture*, is to "recognize that you are not colorless; you are the color white. And the second [is that] your color has distorted your view of the world."

These are important revelations because, as the saying goes, one needs to admit one has a problem before one can work to eliminate it. And white's problems are well known in the academy: They have "internalized racism" (as opposed to overt racism — they don't even know they're racists!), they live in a world of "white privilege (they don't even know they're favored by society!), and they are "unconscious participators" in perpetuating this system of racial bias (they don't even know they're perpetuating racism and white privilege!).

But first, of course, they have to find out that they're white (they don't even know that!).

Until the white race is destroyed

Not all Whiteness Studies scholars hew to the salvatory notion of teaching whites awareness of their whiteness to bring about social change. Harvard University's Noel

Ignatiev, publisher of *Race Traitor*, believes that the white race ought to be abolished in order to bring about social change — a view that presupposes whites' awareness of their whiteness.

The motto of *Race Traitor* holds that "treason to whiteness is loyalty to humanity." The journal's statement of purpose announces that the "key to solving the social problems of our age is to abolish the white race."

In his recent *Harvard Magazine* essay "Abolish the White Race" Ignatiev compares whiteness with a monarchy and scholars like him with antiroyalists. He also writes that "people who still think of race as biology" greet his ideas with "bewilderment."

"The goal of abolishing the white race is on its face so desirable that some may find it hard to believe that it could incur any opposition other than from committed white supremacists," Ignatiev wrote. Later he added, "Every group within white America has at one time or another advanced its particular and narrowly defined interests at the expense of black people as a race."

Quoting the editors of *Race Traitor* to one of their bewildered readers, he wrote, "Make no mistake about it: we intend to keep bashing the dead white males, and the live ones, and the females too, until the social construct known as 'the white race' is destroyed — not 'deconstructed' but destroyed." *CT*

The journal's statement of purpose says that the "key to solving the social problems of our age is to abolish the white race."

cartoon goes here



**A New Web Site Providing a State Perspective
on 9/11 and the Current International Crisis
From the John Locke Foundation**

Recent Articles and Columns Spotlighted on NCAatWar.com Include:

- Military historian Victor Davis Hanson argues that the Western way of war — and Western notions of freedom and civilization — are proving their worth.
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- North Carolina's economy, hurt further by wartime deployments, awaits help from Washington, where disagreements about tax cuts block a stimulus bill.
- Dr. Andrew Taylor, NCSU Political Scientist, on the likely impact of the war on North Carolina politics and the U.S. Senate race.
- As U.S. Marines from Camp Lejeune participate in military action near Kandahar, Seymour Johnson airmen prepare for deployment to the Mideast.
- Gov. William Yarborough, former head of Special Warfare Center at Ft. Bragg, distinguishes terrorism from legitimate armed resistance.
- Locke Foundation President John Hood argues that North Carolina short-lived anti-war movement unknowingly exposed its own fallacies.

For the latest news, analysis, and commentary on the war on terrorism, visit what National Review once named its "Cool Web Site of the Day" located at www.NorthCarolinaAtWar.com — or www.NCAatWar.com.

Town and Country

New tax law on farmland

A new tax law change will make it more attractive for farmland owners to protect their property from development through conservation easements, the *New Bern Sun-Journal* reports.

Starting with the tax year following July 1, 2003, landowners will not see higher property taxes because they put their land in conservation easements. But critics say it is county governments that could get the short end of the stick.

Currently, owners of property that meets criteria to be classified as horticultural land, forest land or agriculture land can apply for a county tax valuation based on the land's use instead of its market value.

This present-use value assessment system was established in the 1970s to protect farmers whose income could not keep pace with escalating land costs. A land's present-use value is usually much lower than its market value.

However, the difference between the market value and the use value is considered a deferred payment, and if the land use changes the deferred taxes, plus interest, become due for the current year and the past three years.

In the past, this has kept some property owners from putting their land in conservation easement.

While a property owner receives a onetime conservation income tax credit, he acquires a higher property tax valuation for every year afterward.

The law change, approved by the General Assembly in September, provides an exemption from the deferred tax and allows property already in the present-use value program to maintain that tax status if it is put into an enforceable conservation easement.

Animal-control budgets suffer

In these days of bone-baring budget cuts that have left many governmental entities bleeding, animal-control departments such as the one in Moore County have had to set priorities, according to the *News & Observer* of Raleigh.

With reduced staffs and no money for overtime, many departments have their hands full answering the most pressing calls: animal bites, vicious or threatening animals, and injured ones. Mere stray animals are getting a reprieve.

In Moore County, the backlog of unanswered stray-animal calls topped out in July at 919. It has since been whittled to about 600. Gaston County, west of Charlotte, has a backlog of 726.

In Granville County, animal control has temporarily stopped trapping stray cats altogether, unless one is aggressive.

The animal-control budget is usually the first to be cut, said Joseph E. Autrey, a Granville animal control officer. The result appears to be a profusion of free-range animals, some friendly, some feral. The problem appears to be most severe in rural counties; Wake, Durham, and Orange animal control departments told the *News & Observer* of Raleigh they are operating normally. *cr*

'Smart Growth' Fizzles at Election Time

Disappears from 'the radar screen' at the state level but opponents remain wary

By DONNA MARTINEZ

Contributing Editor

RALEIGH

The September release of a Smart Growth America study charging that North Carolina's Triad and Triangle regions are home to the second and third most serious sprawl problems in the country put discussion of so-called "Smart Growth" back in the state's news. But despite prominent media coverage of the survey rankings by planning professors at Rutgers and Cornell universities, growth policies took a backseat to economic issues in the Nov. 5 election.

Days before North Carolinians headed to the polls, a high-profile Smart Growth activist told *The News & Observer* of Raleigh that she was surprised by the apparent disinterest of candidates and voters in an issue that once held great political cachet in the state.

"It seems to me that there isn't as much discussion on the issues of growth and traffic, which baffles me," said Cara Crisler, executive director of the North Carolina Smart Growth Alliance, a Carrboro-based coalition of environmental and planning groups and a partner in Smart Growth America.

Smart Growth policies typically regulate land use to control growth boundaries and limit housing choices to high-density developments. Advocates say these government regulations are needed to preserve open space and natural resources. Opponents decry the infringement on personal property rights and basic lifestyle choices such as where to live and how to get to work, preferring instead to allow market forces, voluntary land-use guidelines, and flexible zoning to create growth that balances development and the environment.

The political irrelevance of Smart Growth in North Carolina's midterm elections may have baffled Crisler, but it dovetails with the General Assembly's declining interest in state-dictated Smart Growth regulations, particularly as it grapples with the state budget, taxes, and other issues.

Legislative report shelved

That's an abrupt turnaround from recent history when Smart Growth was on the political fast track at the local and state levels. In 2001, a number of mayors were elected around the state on anti- or slow-growth platforms, including a sweep in the Triangle cities of Raleigh, Durham, and Chapel Hill.

That followed the legislature's creation in 1999 of the Commission to Address Smart Growth, Growth Management and Development, cochaired by Sen. Howard Lee and Rep. Joe Hackney, Democrats from Orange County. The 37-member group released its recommendations last year, but today the report lies dormant in Raleigh.

That's frustrating to Lee, a proponent of some growth restrictions and regional planning. "It's just laying on the shelf at the legislature," Lee said.

But according to one commission member, the North Carolina Home Builders Association, the report and the Assembly's failure to implement its recommendations are encouraging signs for North Carolinians who disagree with state government intervention in growth issues. Paul Wilms, the association's director of government affairs, questioned the validity of the commission's assertion that the state's water and air quality have worsened, and said the report lacked credible data and sources. He considers the commission report "just a



Portland, Ore., where the cost of housing has soared, is the poster city for 'smart growth' advocates.

collection of random observations."

Wilms is also critical of the lack of meaningful debate among commission members. "It was released without members having the opportunity to give substantive comments or debate it as a group," he said. In spite of his concerns, Wilms considers Lee a positive force in the discussion. "I have a lot of respect for Senator Lee," he said.

Lee vows to continue to champion the report and its policy recommendations with legislators, although he will do so as a community advocate after losing his bid for reelection to the Senate.

Wilms said his organization won't hesitate to enter the debate when Lee begins working the issue with his former colleagues at the Assembly. "We advocate comprehensive land use planning at the local level, not the state or federal level," he said.

Lee and like-minded Smart Growth activists will also face opposition from other groups that disagree with growth management theory and are concerned with the negative impact the policies have on individual liberty, particularly for home buyers and land owners.

"Smart growth tries to implement what the ideal community should look like," said Leonard Gilroy, research fellow at the Los Angeles-based Reason Public Policy Institute. "It advocates highly prescriptive growth controls and discourages low-density development. Groups like Smart Growth America tend to get a lot of publicity," he said, but Gilroy also thinks the media are beginning to listen to people who point out the fallacies of the policies.

Gilroy contends the fundamental problem with Smart Growth is its assumption that communities are static. "Communities evolve, demographics can change and the housing market evolves over time," he said. "The idea of putting restrictions on things the community desires is wrong."

Shutting the door on homebuyers

The result, Gilroy said, is that Smart Growth "tends to shut people out" who want a lower-density lifestyle. Studies consistently show many people want as large a home as possible on as large a piece of land as possible, the opposite of what high-density Smart Growth policies create.

Growth restrictions also price people out of the market as land and housing prices go up, particularly first-time buyers, many of whom are minorities.

"Economics 101 still applies," Gilroy said. "Efforts to contain growth limit supply of land for development. Affordable housing might not be produced," he said. Gilroy thinks more North Carolinians would question growth restrictions if they

understood the tangible effects on people rather than only the abstract theory.

Durham thwarts landowner

In Durham, a recent decision by the City Council illustrated the serious impact of land-use regulations on personal freedom. In mid-September, the Durham City Council voted 4-3 to limit commercial growth adjacent to the recently opened Streets at Southpoint mall by designating land for medium-density development, not commercial use. Mayor Bill Bell characterized the vote as a "defining decision" about the future of the area.

To some observers, that was the end of the story, but the vote had far-reaching economic implications for Rosa Tucker, an elderly black woman who owns about 12 acres of land affected by the council's designation.

According to news accounts, Tucker's land was of prime interest to "big box" retailers because it adjoins 50 acres already slated for commercial projects. By combining Tucker's acres with other nearby parcels, a retailer could create an area large enough for development.

That lucrative economic opportunity prompted the Durham Committee on the Affairs of Black People and the Durham chapter of the NAACP to support Tucker's request for commercial designation of her land. The argument fell on deaf ears. The council's vote limited Tucker's land to medium-density use and effectively killed her chance to work with the interested parties.

Similar scenarios may play out around the state if land-use regulations impede farmers and other landowners from deciding when and to whom they can sell.

Steve Woodson, associate general counsel for the North Carolina Farm Bureau, is concerned about this limitation on personal property rights and economic opportunity for his members.

"If a farmer needs to sell part of his land, sometimes just to keep the other part operating, we want to preserve the right to sell at the highest price possible," Woodson said. Like the Home Builders Association, Woodson said the Farm Bureau recognizes the desire to preserve open space but approaches the issue with a different perspective than Smart Growth advocates. "We want to find voluntary and incentive-based ways to preserve farm land, not state mandates," he said. "We don't oppose local zoning as long as our farmers have input."

While Wilms thinks Smart Growth is "not on the radar screen" at the state level, he cautions that it's unlikely to disappear. "Too many groups have too much invested in it," he said. *cr*

Boardings at Selected N.C. Airports

	Charlotte	Raleigh-Durham	RDU Originating Only
August 2002	1,091,674	378,158	377,779
August 2001	1,118,850	432,828	361,761
August 2000	1,026,999	455,362	382,741
% Change 8/00 - 8/02	+6.3%	-17.0%	-1.3%
% Change 8/01 - 8/02	-1.8%	-12.6%	+4.4%
% Change 8/00 - 8/01	+8.6%	-4.9%	-5.5%
Flights, August 2002	550	220	220
Flights, August 2000	531	297	297

Source: Airport figures

Strong traffic despite economy, Sept. 11

Airports Still Flying High in North Carolina

By MICHAEL LOWREY

Associate Editor

The airline industry continues to be caught in a severe financial downdraft, as the effects of a weak economy and the aftermath of Sept. 11 send carriers to a second year of heavy losses. These industrywide effects have also been felt locally — US Airways has laid off more than 1,000 employees in Charlotte and Raleigh-Durham-based Midway Airline's suspended operations in July cost additional jobs. Yet despite setbacks, North Carolina's main airports remain attractive — and busy — places to fly from.

Industry losing billions

The airline business has always been highly cyclical in nature. In good times, business and individuals have more discretionary funds available and are willing to spend some of them to fly. In bad times, travel, especially air travel, is often one of the first items reduced in a corporate or family budget. As a result, the airline industry tends to do very well when the economy is well and struggle — or worse — during economic downturns. This trend has been exacerbated by the effects of Sept. 11.

While fewer people are flying in general, the reductions are especially large on short-haul flights. A recent AAA survey shows that 22 percent fewer people are flying on routes of 200 to 400 miles. With increased security and the delays that might — or might not — be caused by it, time, convenience and cost factors have driven many people to other forms of transportation or not traveling at all.

Compared to the same month two years earlier, traffic in September on United Airlines was off 15.4 percent, off 11.4 percent at Delta, down 12 percent at Northwest, and down 14.6 percent at Continental. Traffic at Southwest Airlines was down only 1.4 percent in September 2002 compared to September 2000, but unlike other airlines, Southwest has continued to add capacity. It's load factor — the percentage of seats it filled — fell 8.9 percentage points over the two-year period to 56.8 percent in September 2002.

The U.S. airline industry lost \$8 billion in 2001 and is expected to lose an additional \$8 billion this year. Best-case scenarios have the industry breaking even in 2004 if the economy recovers.

US Airways doing poorly, CLT doing OK

Current market conditions have hit no major airline harder than US Airways. The carrier, which has a major hub and heavy maintenance facilities in Charlotte, lost a billion dollars last year even before Sept. 11. With the shortest average flight length of the six large hub-based airlines (Southwest does not have hubs *per se*) and a strong presence in the Northeast, US Airways has experienced a disproportionately large reduction in demand. Compared to September 2000, the airline's traffic this past September was down 26.4 percent. The carrier is operating under Chapter 11 bankruptcy protection.

Despite the generally difficult market conditions, Charlotte/Douglas International Airport (CLT) continues to do

CHARLOTTE

remarkably well. The largest US Airways hub in terms of flights, it also has been the least-affected by the airline's troubles.

Given that US Airways has more than 90 percent of the flights out of Charlotte, total airport figures may be taken as a measure of the hub's vitality. The number of boarding planes in Charlotte (originating or connecting) was 1,091,674 in August 2002, compared to 1,118,850 in August 2001, and 1,026,999 in August 2000. On a percentage basis, enplanements at Charlotte/Douglas were up 6.3 percent in August 2002, compared to August 2000.

The importance of the US Airways hub is not limited to just the immediate Charlotte area; the only scheduled air service from New Bern, Jacksonville, and Greenville, N.C. are to Charlotte. Those wishing to fly to or from Wilmington or Fayetteville must do so over either Charlotte or Atlanta. Charlotte is one of only three destinations served from Asheville.

Even should US Airways fail, the carrier's Charlotte operation might well prove appealing to another airline. The markets served by US Airways from Charlotte do not duplicate other airlines route structure except for Delta. Charlotte/Douglas also offers the second lowest per passenger cost of any hub airport in country.

The strength of the Charlotte market has not gone unnoticed by other airlines. American Trans Air started service to Charlotte from Chicago's Midway service this past summer. ATA, which originally was offering three flights a day, will add a fourth daily flight this month. "Demand in Charlotte has been remarkable," John Hula, ATA's vice president of planning, told *The Charlotte Observer*. "It's at break even, but that's outstanding in this environment."

American Airlines will also expand its flight offerings from Charlotte this month, with new daily nonstop service to its hub in Miami.

RDU doing well, too

The failure of Midway Airlines as an independent operator has obviously reduced the number of travelers using Raleigh-Durham International Airport (RDU). More than 70,000 people changed planes at RDU in both August 2000 and August 2001, the overwhelming majority on Midway. In August 2002, by comparison, only 379 travelers used RDU as a connecting point.

The number of people beginning their trips in Raleigh-Durham, however, has remained remarkable steady over the past two years. Originating traffic was down only 1.3 percent in August 2002 compared to August 2000.

Raleigh-Durham International, like Charlotte/Douglas, has attracted new routes even in the wake of Sept. 11. America West began service to Raleigh from Phoenix and Las Vegas in May.

American Airlines has announced plans to begin non-stop service to San Juan, Puerto Rico this month and to San Jose, Calif., in March. American Airlines has also picked up most of the market share that Midway once held. Between the mainline carrier and its American Eagle commuter division, boardings in Raleigh grew from 68,444 in August 2001 (including passengers on TWA, which American acquired) to 96,005 this past August. *CL*

GOP Trend Carried To the Local Level

We should have seen it coming. *National Review* reported before the election ("They're All Bushies Now?" Nov. 11) that many Democrats across the United States ran campaign ads linking themselves to the popular Republican president. So agog were Democrats to ally themselves with Bush that they engaged in the most perverted form of "me-tooism" (usually it is Republicans who commiserate with the left-wing Democrats). This nevertheless resulted in surprising national gains for Republicans and stunning losses for Democrats almost across the board — Democrats managed to make noticeable gains in the governor's mansions.

This national trend had an affect on the local level, where, in North Carolina, Republican popularity translated into the overwhelming support of Elizabeth Dole. When CNN called the election for Dole soon after the polls closed, the only question that remained was whether she had enough skirt for local Republican candidates. It appears she did.

In probably the most surprising result of the election, Wake County, which split the ticket in the 2000 election voting almost all Democrat except for the presidential race, pulled a solid Republican lever and swept out the Democratic-controlled Board of Commissioners. Not only did Dole beat Erskine Bowles handily, but Republicans picked up seats in the General Assembly. The trend translated into local races in Wake, where Republicans defeated Democratic incumbents and picked up three seats. The challengers campaigned on fiscal responsibility and low taxes. Two of the new Republican commissioners courageously and rhetorically asked whether the county ought not cut the school budgets. Incumbent Herb Council did not campaign on such issues and did not receive the endorsement of the Wake Taxpayers Association, but the Republican managed to win despite his less-than-solid record on taxes and development.

In Mecklenburg County, Republicans repeatedly drew voters' attention to the Democratic-controlled board's tax increases and refusal to reign in spending. While Democrats argued that Republicans would force the county to regress, Republican Tom Cox contended that fiscal responsibility does not mean progress is impeded. Cox's rebuttal demonstrated that the message low taxes and progress resonates with voters.

But if the Mecklenburg voters found the fiscal arguments appealing, they also embraced a socially conservative message — more specifically, they rejected the race-based politics of the left typical of Mecklenburg and Charlotte. Voters elected their first Latino at-large commissioner, and a Republican one at that: Dan Ramirez. The Ramirez victory will make it difficult for some to argue in the future that the voters of the county are racists. Ramirez said election night that Latinos can succeed in this country with diligence and hard work. Despite that assurance, it did not stop outgoing Democratic incumbent Darrell Williams from engaging in vituperative rhetoric. Ramirez outpaced Williams by more than 4,000 votes.

These data suggest that North Carolinians more often than in the 2000 election pulled a straight-ticket lever for Republicans. The national concerns combined with the state trends represented in the Dole-Bowles race helped Republicans on the local level. It also did not hurt that leaders in the General Assembly and governor's office made a mockery of the budget process. The result was a substantial Republican gain on the local level in consecutive elections. Combined with the 2000 election where Republicans, who raised less money but won office, the 2002 election could put Democrats on the defensive for 2004 — especially if their candidates are out of sync with voters on property rights and fiscal responsibility. *CL*



Erik Root

Local Innovation Bulletin Board

Tracking Variation in Degrees

According to Census Bureau figures released in June, one-fourth of Americans now have college degrees — an all-time high. During the 1990s, the number of people with a sheepskin increased by well over one-third, while the number of high school dropouts declined. But the bounty of the educated is not evenly distributed across the country or within states.

States and local communities wishing to improve their tax bases attempt to lure the best and brightest. At the same time, new immigrants with below-average education are locating in gateway regions, where affluence has driven demand for low-skill services — restaurant workers, office cleaners, and the like. This creates the potential for local “barbell economies,” with bulges at both ends of the education scale.

In the District of Columbia, nearly four out of 10 residents have college degrees, while one in three are so blessed in Massachusetts.

The comparable number in West Virginia is one in seven.

In Mississippi, Kentucky, and Louisiana, more than one out of four adults did not finish high school, compared to about one in eight in Minnesota, New Hampshire, and Utah.

Latino border metros, however, show large concentrations of dropouts — McAllen, Laredo, Brownsville, El Paso, Los Angeles, and Miami.

The nation as a whole showed a decline in the number of high-school dropouts, but seven Western states and Texas bucked the trend. The common thread: significant increases in Latino populations.

Several states gaining dropouts were also states that had big gains in college graduates. The resulting barbell effect is even more pronounced in Las Vegas, Phoenix, and other metros — a selective migration pattern long evident in the more mature gateway area of Los Angeles, which is a magnet to low-skilled service workers from Latin America and highly educated Americans.

Interestingly, North Carolina metropolitan regions can be found at both ends of the national rankings.

The Raleigh-Durham-Chapel Hill area had the third highest ratio of college graduates to high school dropouts among metropolitan regions of at least one million people in the United States at 2.66-1. Only the Minneapolis-St. Paul and Seattle-Tacoma-Bremerton regions had higher ratios.

The Greensboro-Winston-Salem-High Point metropolitan area, meanwhile, had the sixth lowest college graduate to high school dropout ratio in the United States at 1.07-1. It ranked ahead of only the Las Vegas, Miami-Ft. Lauderdale, greater Los Angeles, San Antonio, and New Orleans regions.

Research by William H. Frey, “Brains and Brawn,” *Charticle, Milken Institute Review*, Third Quarter, 2002. For text, see <http://www.milkeninstitute.org>

Electricity real-time pricing

During the summers of 1998 and 1999, prices in the Midwest soared to \$7,000 or more per megawatt-hour compared to a typical price of \$30 to \$50. One factor contributing to the volatility is the

fact that relatively few retail customers pay real-time prices that vary with changes in supply and demand. Recent research suggests that using real-time pricing can generate savings. Analyzing data from Duke Power’s real-time pricing rate program, researchers found the savings are substantial.

As theory would suggest, real-time pricing customers reduce demand for electric power during peak hours. By reducing demand during key hours, Duke Power’s load is about 70 megawatts less per day.

Absolute-quantity changes are largest at peak hours, but these changes are dwarfed by percentage changes in price that may be as large as 500 percent on a hot day.

This leads to substantial cost savings to customers. Individually, customers using the real-time pricing program avoided costs of \$3.90 per megawatt per year for additional generating capacity. This translates into long-term savings totaling \$2.7 million per year.

Even with price caps as low as the \$150 recently imposed in California, short-term saving associated with the response to real-time pricing can be substantial.

The longer a customer uses the program, the more adept they are at using the system. Longtime customers were 5 percent more responsive to price changes than were newer customers.

Real-time pricing programs may offer simple ways of coping with escalating electricity costs.

Researched by John A. List and David Lucking-Reiley, “Bidding Behavior and Decision Costs in Field Experiments,” *Economic Inquiry*, Vol. 40, No. 4, October 2002. For text see <http://ei.oupjournals.org/cgi/content/abstract/40/4/611>

‘Vineyard sprawl’

One might think that growing grapes to make wine might be among the world’s least objectionable uses for land. But environmental groups in California, which produces 90 percent of the wine in the United States, find it obnoxious.

Charging that winemakers are wasting precious resources and despoiling the landscape with “vineyard sprawl,” environmentalists are trying to rein in the industry — and some of their efforts are bearing fruit. About two years ago, Napa Valley officials enacted an ordinance restricting vineyard expansion.

Elsewhere in the state, activists have fought vineyards on the basis that they use pesticides and produce excess waste.

Vineyard interests appear to be knuckling under to the attacks. The state’s Wine Institute trade group and the California Association of Winegrape Growers is expected to adopt a code of “sustainable” practices, which includes sharply limiting water intake.

Trying to avoid mandatory state regulation, some vintners see positive aspects in parts of the 360-page code workbook — particularly sections relating to water conservation. But environmentalists still complain that the code doesn’t go far enough to curb vineyard sprawl.

Reported in the *Wall Street Journal*, October 23, 2002. *CJ*

Allen Joines, Economic Developer
And the Mayor of Winston-Salem

By ERIK ROOT
Assistant Editor

WINSTON-SALEM

CJ: What is your background in North Carolina?

Allen Joines: I was born in Wilkes County. I was the first person in my family to attend college. I received a BS from ASU and then a masters in public administration from the University of Georgia. I worked for the City of Winston-Salem for 30 years in a variety of roles, retiring in 2000 as deputy city manager. I currently am president of the WS Alliance, a nonprofit development corporation that was established to push for improving the economic vitality of our community and creating jobs.

I am married to Peggy S. Joines, who is a senior vice president with Wachovia. I have two children. My daughter, Michelle, is a public school teacher for learning disabled children here in Winston-Salem, and my son, Jeff, is a professor of engineering at NCSU.

CJ: How did you first get involved in politics?



Mayor Allen Joines

Joines: I got involved in politics in 2001 because of my concern about lack of leadership at the city in creating a vision, dealing with economic issues and being a partner with the private sector in moving our community forward. I felt because of my background in doing economic development projects with the city and in developing affordable housing projects there as well, I could bridge the gap between the business community and the neighborhoods. I developed a campaign based on nonpartisan support and received 78 percent of the vote.

CJ: What are the current major issues facing you as a mayor?

Joines: A major issue for me is for the city to have a clear direction. As a result, the Board of Aldermen and I developed a strategic plan for the city. This plan created 27 major initiatives that we want to accomplish during our four-year term. These priorities will give us direction in making tough economic and funding decisions.

Secondly, we need to grow the tax base, so that we can keep tax rates low. Thus far,

we have been able to secure the headquarters of Sara Lee Branded Apparel in Winston-Salem. This keeps about 3,000 jobs here and brings in another 500-plus. Sara Lee broke ground two weeks ago on a \$35 million building to house the jobs. Also, CME North American Energy has announced that they will build a \$400 million privately owned power generating station here.

Finally, I proposed that the City-County Utility Commission make available funds from their reserve to help the city and county in purchasing land for business parks. The land will then be sold to private developers and the money returned to the Utility Commission. This proposal was unanimously approved by the Board of Aldermen.

CJ: What issues on the horizon will Winston-Salem have to face in the future?

Joines: Major issues for the city include transition from a manufacturing city to a “New Economy.” Fifteen years ago, 35 percent of our jobs were in manufacturing and R.J. Reynolds was the largest employer with 15,000 jobs. Today about 22 percent of jobs are in manufacturing and RJR has less than 7,000 jobs.

Conversely, 15 years ago, less than 20 percent of jobs were in service. Today about 36 percent of jobs are service and our largest employer is the Wake Forest University Medical Center.

We expect further tightening of manufacturing because nationally, only about 14 percent of jobs are in manufacturing. We will build our new economy on financial services (we have 12,000 jobs in this area), medical, bio-medical and advanced manufacturing. Our job growth has not kept pace with the state average (2 percent annually vs. 2.4 percent) and the growth of our tax base has not kept up with inflation. This places tremendous burden on our ability to provide services at a reasonable tax rate.

The state’s budget crisis has obviously had a tremendous impact on cities. The state has withheld \$16 million from Winston-Salem in the past two years. The city has responded by cutting the budget, reducing services, using up a significant amount of our reserves, and as a last resort raising property taxes. We will closely watching the state as it deals with next years budget. *CJ*

Decline in Murder Rates Nationally
Attributed to Emergency Response

U.S. murder rates began a dramatic decline beginning in the early 1990s. The usual explanations given for the good news included more police and better policing, more prisons and the aging of the population, including the graying of criminals.

But one factor often overlooked has been the improvement in emergency responses.

A study led by Anthony R. Harris, of the University of Massachusetts at Amherst, draws attention to the role the 911 number and improved trauma care have played in saving the lives of victims of attempted murder.

Homicides peaked in 1991 at 24,700, then dropped throughout the decade to 16,000 last year.

Without better emergency care, the 1999 total of about 15,500 homicides might have been more than four times that high — nearly 70,000 — the researchers estimate.

The study concludes that slow and steady annual declines — averaging 2.7 percent for deaths by knifing, 3 percent for deaths by firearms, 4.4 percent for deaths by poisoning and other means — all contributed to the precipitous decline overall.

Unlike in 1960, before there was a 911 number to call, a person shot during a robbery might have lain in place and bled to death, but today the victim would be swarmed over by a dozen or more medical personnel in the critical first hour, then whisked to a hospital, where a fully informed trauma team would be standing by.

From Cherokee to Currituck

Wilmington-Area's Transportation Costs Far Below Initial Estimates

By MICHAEL LOWREY

Associate Editor

CHARLOTTE

Wilmington-area officials are re-examining their transportation priorities after discovering that a planning document formally adopted in 2001 contains cost estimates that are grossly inaccurate.

The problems came to light after the N.C. Department of Transportation took another look at the cost of building an interchange between South College Road and Oleander Drive. The intersection is the busiest in New Hanover County. In the latest version of the Greater Wilmington Urban Area Transportation Plan, the project is listed as costing \$1.67 billion. The DOT's new estimate, by comparison, is only \$109 million.

The Greater Wilmington Urban Area Transportation Plan was developed by local and state planners and approved by the Wilmington City Council and the New Hanover and Brunswick county commissioners. It serves as a guide in helping local officials to prioritize projects. The state Board of Transportation then considers these locally established priorities when deciding which roads the state will build and when.

The South College Street/Oleander Drive interchange had been ranked as the third-highest priority in the Wilmington area.

The local officials responsible for developing the figures have largely moved on to other jobs.

Cost estimates for a number of other projects in the urban area plan are also suspect. Officials noted that they could find no rational basis for several cost estimates contained in it. The proposed Southern Cape Fear Bridge, for example, is listed as costing both \$389 million and \$281 million in different portions of the plan. The current state estimate is just under \$300 million for the new span.

The revised cost of the South College Street/Oleander Drive interchange greatly reduces the funding shortfall for Wilmington-area transportation projects. Previously, there was a nearly 40 percent difference between the cost of identified needs over the next 25 years and the funds available.

With the new cost estimate, the funding gap had shrunk to less than 10 percent — providing that the other cost numbers in the urban area plan prove to be reasonably accurate, which is far from certain.

"The whole plan needs to be reviewed to see what's accurate and what needs to be reviewed," Lanny Wilson, N.C. Board of Transportation member for the southeastern part of the state, told the *Wilmington Star News*. "It's very disturbing, disappointing and very embarrassing that we have this plan floating around out there."

Wilmington Mayor Harper Peterson agreed. "We really need to start from the beginning and make sure we have accurate figures and that something like this doesn't happen again" he told the *Wilmington Star News*.

Triangle light rail costs up

The Triangle Transit Administration has released new cost estimates for its 35-mile long rail system connecting the Research Triangle Park, Durham, and Raleigh. The initial phases of the project are currently estimated to cost \$721.9 million, up almost \$100 million over the past two years.

The increased cost, along with less revenue from the car rental tax that helps fund the TTA, has forced the agency to put off building certain parts of the line for now.

The 5 percent car rental tax in Durham, Orange, and Wake counties, which was approved in 1997, was projected to bring in \$8.4 million in fiscal year 2002. In the weak economy and aftermath of Sept. 11, the actual figure was \$7.2 million. The TTA will borrow against future car rental tax revenues to help finance construction of the rail line.

The TTA projects to start service on most of its line in 2007. Service will reach north Raleigh and the Durham Medical Center only in 2010. Future extensions of the line — say to Chapel Hill or Raleigh-Durham International Airport — are considered unlikely unless additional revenue sources are found.

TTA officials remain optimistic, though. "Until they can walk around and kick a tire, it's very hard to convince voters to put forth the additional sales tax," TTA General Manager John D. Clafin told the *News & Observer* of Raleigh. "After that, the extensions come flowing. There's so much request for

extensions, you can't keep up with the planning."

Hickory may restrict roadside sales

The city of Hickory is considering adopting restrictions on roadside merchants, solicitors, and temporary businesses. While the exact details of the regulations are still being fine-tuned, city officials have come to a general consensus about their scope. The rules are likely to effect everything from traveling merchants operating out of cars, to yard sales, and groups selling religious materials at street corners.

Under the envisioned restrictions, solicitation and temporary businesses would be illegal along major city streets and in city parks without a permit. Permits would be of limited duration and require the vendor to have liability insurance.

Door-to-door solicitation would also require a city-issued permit. Political and religious groups would be exempt from the requirement as long as they were not selling anything or asking for donations.

Obtaining a door-to-door solicitation permit would involve paying a fee, being fingerprinted, and providing information about criminal convictions. Solicitors would also be required to wear a city-supplied badge while selling their wares.

City officials are currently gathering feedback from town boards. After that, a formal proposal will be submitted to city council and public hearings will be scheduled. *CL*

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National Review Ad

From the Liberty Library

• Linda Chavez made her reputation taking on the civil rights establishment, the feminist movement, and multiculturalists. What few people knew was that the hard-nosed conservative began her career among socialists and labor-union officials, teaching in college affirmative-action programs and writing political propaganda for the Democratic National Committee. In *An Unlikely Conservative*, Chavez recounts her political journey from the Young People's Socialist League to the Reagan wing of the Republican Party and the sometimes shocking personal experiences that shaped her views. From excrement-smear car seats to threats of attacks with bombs and switchblades, she learned quickly that opposing racial quotas and ethnic studies carried a high personal cost. But at its core, hers is the story of a working-class Hispanic girl who overcomes a difficult and painful childhood to become one of America's most prominent political conservatives. Further details on the Internet at www.basicbooks.com.

• In *The High Cost of Peace: How Washington's Middle East Policy Left America Vulnerable to Terrorism*, terrorism expert Yossef Bodansky uncovers the bitter legacy of a peace process that has cost tens of thousands of lives, emboldened such outlaw countries as Iran and Iraq, enriched Arab militaries with billions of U.S. dollars, and mobilized an underground network of terror cells around the globe. He reveals in detail the political undercurrents and secret deals that have shaped and destabilized the region, the confluence of events leading up to September 11, and the inside story of a dangerous quest for peace that has led to a war unlike any the Middle East has seen before. See www.primapublishing.com for more information.

• An accomplished critic and journalist, Terry Teachout has combed through reams of H. L. Mencken's private papers, including candid autobiographical manuscripts sealed after his death in 1956. Out of this material he has fashioned a portrait of the artist in *The Skeptic: A Life of H.L. Mencken*. No modern writer has been more controversial than Mencken. His fans saw him as the fearless leader of the endless battle against ignorance and hypocrisy, while his enemies dismissed him as a cantankerous, self-righteous ideologue. The surging popularity of Franklin D. Roosevelt, the politician he hated most, eventually caused his star to fade, but the unsparing vigor of his critique of American life and letters retains its freshness and relevance to this day. Learn more about his biography at www.harpercollins.com.

• In December Spence Publishing will release *Feminist Fantasies*, in which author Phyllis Schlafly writes that there has been no assault more ferocious than feminism's 40-year war against women. Described as a "dispatch from the front lines," feminism's most potent foe "exposes the delusions and hypocrisy behind a movement that threatens our families, our economy, and our security." More information about Schlafly's book at www.themarketplace.com/Spence. *CF*

Book Review

Death of American Liberalism Stranger Than Fiction

• H. W. Brands: *The Strange Death of American Liberalism*, Yale University Press; 2001; 191pp.; \$22.50

By **GEORGE C. LEEF**
Contributing Editor

H. W. Brands is a prolific historian who has some readable books to his credit, such as his biography of *Ben Franklin, The First American*. In *The Strange Death of American Liberalism*, however, he ventures into the field of intellectual history and has produced a book that reads more like an overstuffed college term paper with a hastily conceived thesis than a book worthy of a major university press.

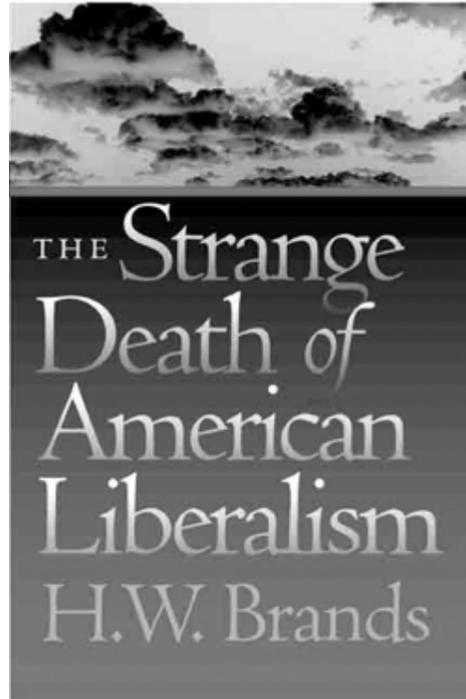
By "liberalism," Brands (who teaches at Texas A&M University) means the belief that government should not just protect life, liberty, and property, but should undertake programs designed to "make life better." Early on, it becomes clear that Brands likes the deformed, modern conception of liberalism and disdains those who reject it. But the main point of the book is not to demonstrate the correctness of liberal belief, but to explain why he thinks that it's dead.

"During the 1960s," Brands writes, "liberalism permeated American political life; it was in the very air, supplying the optimism and energy that enabled Lyndon Johnson to declare war on poverty and inequality and believe that could defeat those historic foes of human happiness. But by the mid-1970s, the liberal dream had died, and by the 1980s, 'liberal' had become an almost-actionable epithet." Brands admits that there are still a lot of liberals around, but sniffs that liberalism is politically kaput. No more will the mass of the people and politicians embrace uplifting programs to attack the "foes of human happiness."

Brand's hasty autopsy

Before we get into Brands' autopsy, is liberalism really dead? Much as I wish it were, liberalism is merely in a period of remission, with occasional outbreaks.

Brands puts the date 1975 on liberalism's tombstone (why is a matter we'll get to shortly), but signs of life have been detected often since then. He dismisses the Carter



presidency as a "period of confusion" in American politics, but Carter bequeathed to us two monuments to liberalism: the federal Departments of Education and Energy. Both bear the liberal seal of wanting to use governmental power to manage crucial aspects of life "for the common good." Since their creation in 1977, they (and all the other bureaucracies) have been busily regulating in ways that bring smiles to liberals. Liberalism still exerts strong influence on public policy, but more often does so now through covert regulatory moves than visible legislative ones.

The Reagan presidency was rather stingy toward liberalism, but the first President Bush happily gave us the monstrosity known as the Americans with Disabilities Act. It's hard to imagine anything more attuned to "liberalism" than that. Clinton tried and failed to saddle us with Hillary's authoritarian health care plan, but did push through the bossy "Family Leave Act." Under President Bush II, liberalism triumphed again with "campaign finance reform."

No, liberalism isn't dead. It springs to life whenever politicians see a "crisis" where sensible inactivity is rejected because it gives future opponents the dreaded, "He doesn't care about..." attack ad.

Movie Review

Bush Romances Camera in 'Journeys With George'

By **BRIAN SHRADER**
Editorial Intern

How would you feel if a shrill San Francisco liberal followed you around for a year, videotaping every public moment of your life? President Bush handles it with aplomb in HBO's new documentary, "Journeys With George."

The White House had no reason to panic. "Journeys" is an entertaining, if lightweight, film, giving Bush admires more to love, and his detractors more to bemoan.

Former NBC producer Alexandra Pelosi, daughter of Rep. Nancy Pelosi, D-Calif., used a handheld video camera to document her yearlong journey with Bush, from the New Hampshire primary to his 2001 inauguration. She shows a playful, quick-witted, charming man, who misses no opportunity to mug for the camera.

Bush strikes up an unlikely friendship with Pelosi. He constantly plays to her camera, exhibiting his disarming charisma and

dry humor.

Pelosi's wry, often superfluous, narration tries too hard at times. She seems to pattern herself after Michael Moore, the left's premiere gadfly and documentarian. Pelosi's "Journeys With George" moves briskly, carrying the same fresh cadence as Moore's hilarious (if politically misguided) 1989 film *Roger & Me*. The pacing keeps the film enjoyable, but shallow.

"Journeys" touches on the repetitious rigors of the campaign trail, focusing closely on the traveling press corps. It also proves that the media loves nothing more than to talk about itself.

These campaign reporters are an awfully cynical lot, and many wear their biases on their sleeves. One jaded newspaper reporter, who has a penchant for singing 1960s hippie songs throughout the film, compares a bologna-and-cheese sandwich (President Bush loves them, by the way) to Republican presidential nominees — all white bread, full of bologna, and Swiss

cheese, which represents the holes in their arguments. Ho, ho.

So, what does "Journeys" tell us about Bush, the man? Near the end of the documentary, the boozy traveling press corps were celebrating something when Pelosi asked them informally who they thought would win the election. Fueled by margaritas, the overwhelming majority of reporters said Gore would win.

The story was leaked to the New York gossip columns the next day, and an embarrassed, angry press corps would not acknowledge Pelosi as they covered the day's campaign events. But, much to her surprise, Bush walked up to Pelosi and said, "When they see me talking to you, they're going to act like your friends again. But, they're not your friends."

"Journeys With George" offers no great glimpses into the inner machinations of modern presidential campaigning, but it does offer a profoundly likable unplugged take on some of the stops along the way. *CF*

Vexed by Vietnam

That explanation just won't do. It places far too much importance on Vietnam, which most people have forgotten, and, astoundingly, places no importance whatsoever on the rise of libertarian thinking and its spreading influence. Brands talks about lots of politicians, but never brings up any of the pro-market intellectuals who have given liberalism such a pummeling in the battle of ideas.

He has nothing to say about Nobel Laureates F. A. Hayek, Milton Friedman, and James Buchanan. Nothing about the growth of antiliberal think tanks and publications, or the importance of talk radio. The free-market movement has made many people skeptical about liberalism by showing that there are sound reasons to doubt that governmental coercion can "make life better," but Brands never mentions it.

Liberalism held sway for decades because the opposition to it was disorganized. Few people ever heard cogent arguments against Social Security or Medicare. Now, intelligent analysis of lunatic bills is available so widely and quickly that some liberals want to trash the First Amendment to "equalize access to speech."

The weakness of liberalism in the marketplace of ideas is a much better explanation for its decline than is the author's strange account. *CF*

Book Review

Junk Science Judo: Quacks Hazardous to Our Health, Author Says

• Steven J. Milloy: *Junk Science Judo: Self-Defense Against Health Scares & Scams*, Cato Institute; 2001; 191 pp.; \$18.95

By THEODORE BLAKER

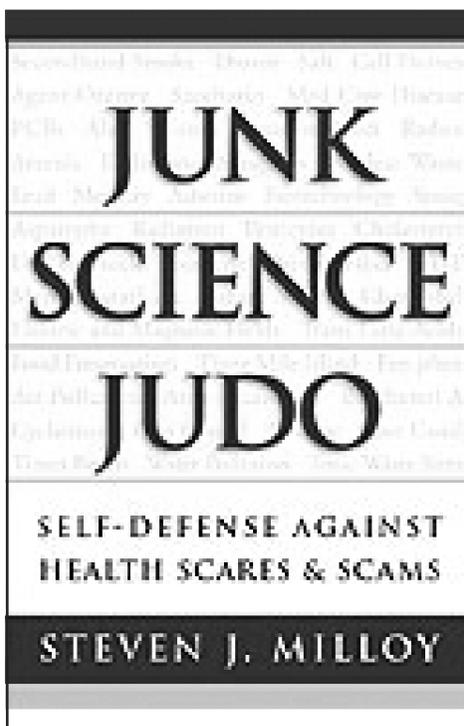
Guest Contributor

So much of staying healthy and sane is worrying about what's important, and not sweating the small stuff. It makes sense to worry about, say, getting enough exercise since exercising regularly can greatly improve one's quality of life. Most rules for maintaining a healthy life are quite simple.

Quacks manipulate the media

Since most of us are not physicians or actuaries, we rely on the media to furnish us with the health information we incorporate into our personal risk assessment calculus. Unfortunately, media outlets often muddy our view of risk assessment with outlandish and overstated threats. At the core of many of these threats one often finds the fingerprints of the junk scientist. He urges us to fret about small risks such as Alar, breast implants, and second-hand smoke, and confuses us with shrill warnings about what we breathe, buy, and eat. Sometimes it seems that the junk scientist would have us sweat only the small stuff. Thankfully, Steven J. Milloy reminds us that the most important lessons of risk assessment are often the simplest.

His book, *Junk Science Judo: Self-Defense Against Health Scares & Scams*, delivers what it advertises. The antijunk-science movement revels in exposing quacks, crooks, and misguided do-gooders, but here Milloy goes a step further. He gathers the lessons



learned from locking horns with junk scientists, and offers a handbook for staying sane in a culture seething with corrupted science.

Milloy reminds us that, while science may appear intimidating, the scientific process remains simple. We should find comfort in the scientific method with its predictable process of observation, hypothesis, testing, revising of hypothesis, and more testing. Science plods, ever so slowly and deliberately, toward truth. Science is not fickle; it does not leap from one truth to the next. Headlines that tout the findings of a shocking new study should be understood in the larger context of science plodding toward truth. One study cannot turn thousands of

years of accumulated knowledge on its head.

As Milloy notes in a pronouncement typical of the book's colloquial style: "A hypothesis should get the you-know-what tested out of it until it is credible enough to be labeled a 'theory'". Even then, more testing is needed before a theory can graduate to scientific law. Before we buy into the scare of the moment we ought to see how it conforms to the larger body of scientific knowledge. It may not be necessary to uproot the family and move away from those power lines, after all.

Milloy correctly notes that most of us remain properly skeptical of scientific claims made by corporations, since corporations often have selfish motives in under or overstating health risks. But we become trusting when confronted with the claims of government officials, activists, and consumer and environmental groups. Some groups seem untainted by self-interest, motivated only to serve the common good. However, the intentions of activists may be especially menacing since noble rhetoric camouflages their self-interest.

Fear: environmentalists best friend

Take fund-raising for environmental groups. It has become a multi-billion dollar industry, and, whether the science is sound or not, coffers grow with each new scare. Often, the junk scientist is merely a partisan in public advocate's clothing.

Milloy is particularly effective when he illustrates (with endless examples) two fundamental rules of *Junk Science Judo*: statistics aren't science, and the dose makes the poison. Statistics provide associations; they do not establish causation between phenomena. Often journalists try to skirt this

issue by using weasel words. "May," "might," "possibly," and "link," all imply causation where causation may not exist.

Milloy rebuffs a journalist who writes that PCBs have been "linked" with cancer: "Certainly PCBs have been 'linked' with cancer — the same way Richard Jewell was 'linked' with the bombing at the Atlanta Olympics. Both were accused and assumed guilty but subsequently vindicated."

Prejudice and the public

Such prejudice is common in the public sphere. Certain substances are simply presumed guilty. Alar, radiation, dioxin, and lead can only be harmful. While the mantra of the junk scientist is "any dose is poison," Milloy encourages us to remember a fundamental principle of toxicology: "the dose makes the poison." Two aspirin relieve your headache; two hundred may kill you.

Here we find the crux of an archetypal junk science issue, the Alar scare. Yes, you might be at greater risk for developing cancer if you drink juice from Alar treated apples — but only if you spend your life drinking 19,000 quarts per day.

One area Milloy could emphasize more is the importance of taking the junk out of science. Junk science makes us less safe by using the noise of outlandish risks to distract us from health and safety measures that actually improve lives. Crisis is the seedling of big government. So even if we side-step junk science in our personal lives, we still must face politicians bent on making junk science the law of the land.

Theodore Balaker is a network TV news associate producer.

Book Review

Death of the West: An Incoherent Argument Against Immigration

• Patrick J. Buchanan: *The Death of the West: How Dying Populations and Immigrant Invasions Imperil Our Country and Civilization*, St. Martin's Press; 2002; 308 pp.; \$25.95

By DANIEL T. GRISWOLD

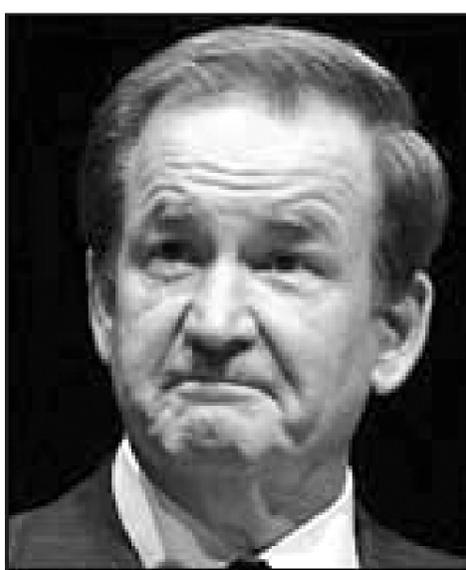
Guest Contributor

WASHINGTON, D.C.

Give Pat Buchanan his due: The man can write. In his latest book, *The Death of the West*, he unleashes his rhetorical Howitzer against his own "axis of evil" threatening Western civilization: the birth dearth, the secular left, and "mass" immigration. But his barrage of well-crafted words cannot hide gapping holes in his argumentation.

As usual, Buchanan delivers his message with clarity and passion: Cutting tax rates and spurring economic growth are good causes, he grants, "But what doth it profit a man if he gain the whole world and suffer the loss of his country? ... With the collapsing birthrate, open borders, and the triumph of an anti-Western multiculturalism, that is what is at issue today — the survival of America as a nation, separate and unique, and of Western civilization itself — and too many conservatives have gone AWOL in the last great fight of our lives."

Along two of those battlefronts, demographic and cultural, Buchanan's arguments resonate with more than a grain of truth. Most economically advanced Western nations are indeed on the verge of a demographic implosion with birthrates now be-



Pat Buchanan

low the replacement level of 2.1 per woman of child-bearing age. Russia and Japan will soon begin to shrink. Meanwhile, populations in most of the Third World, including the Middle East, continue to grow albeit more slowly than in the past. But this story is nothing new.

On the cultural front, Buchanan again is on to something. For decades, an educated elite, mostly in universities and the media, have been waging an intellectual war against traditional American values of family, individual responsibility, private property, and free markets. According to their worldview, Western civilization is basically a force for evil in the world and the

breakdown of the family something to be celebrated, not a problem to be addressed. But here again, Buchanan only wraps in his own rhetoric a message that we've heard before from the likes of Allan Bloom.

On immigration, however, Buchanan's arguments take a contradictory and sometimes even bizarre turn. He argues that Mexicans in particular are immigrating to America in unprecedented numbers, that they have no desire to assimilate, and that they will profoundly change our culture and politics.

Buchanan minces no words: "Uncle Sam is taking a hellish risk in importing a huge diaspora of tens of millions from a nation [Mexico] vastly different from our own. And if we are making a fatal blunder, it is not a decision we can ever revisit. Our children will live with the consequences, balkanization, the end of America as we know her."

Buchanan's fears of mass immigration are greatly exaggerated. First, the numbers: The rate of immigration today is well within historical American experience. The annual inflow of immigration during the past decade, as a percentage of the U.S. population, was less than half the rate a century ago during the Great Migration of 1880-1914. The rate of Mexican immigration today, legal and illegal, is proportionately smaller than Irish immigration in the mid-19th century, or Italian or Russian immigration in the early 20th century. We managed as a nation to successfully absorb those millions despite worries at the time that they were

too different, in religion, language, and culture, to become "real Americans."

American culture and the English language have penetrated every corner of the globe. Why would immigrants right here in the United States be immune to those same powerful influences? Immigrants come here because they admire the United States and the opportunity it offers.

As for our shrinking population, immigration is obviously not the problem but in fact the answer. By maintaining America's population growth, immigrants expand our productive capacity as a nation and strengthen our cultural and economic ties abroad — enhancing America's influence in the world. Immigration is a key reason why American influence has grown in recent decades, while that of Europe and Japan has receded.

Finally, the jury is still out on the political implications of immigration. We do not know that future immigrants will necessarily be supporters of statist politicians.

Buchanan is a master of the emotive phrase, appealing to our values and, more cleverly, our prejudices. And he does his homework, stocking his argument with interesting, if highly selective, facts and quotations. But his talents as a polemicist cannot mask what in the end is an incoherent argument. □

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Charlotte Arena: Another Slam-Dunk

By **MICHAEL LOWREY**
Associate Editor

CHARLOTTE

Well, they did it. To no one's great surprise, the Charlotte City Council has cut a deal with the NBA. The city gets an expansion team to replace the departed Hornets in exchange for putting up most of the \$250 million for a new arena.

There are, of course, numerous reasons to question the arena deal: the breach of faith after Charlotte voters rejected an arena bundle referendum last year, the use of revenue sources that will have to be made up by property taxes. To the political class, however, such arguments are meaningless. Charlotte voters have not recently inflicted a political cost — defeat at the ballot box — for not following their express wishes. Until they do, most Charlotte politicians will follow the wishes of the banking, investment, and land development interests that largely fund their campaigns.



Michael
Lowrey

However, to put things in a manner that these interests and city leaders would hopefully understand: The city got a bum deal and is ignoring basic marketing and economic principles.

One of the most basic concepts of marketing is creating a distinct product. The appeal of New Orleans is that it is, well, New Orleans. The same thing is true of San Francisco, Boston, New York. Love or hate them, they are unique spots in America with unique appeals. Charlotte, in contrast, is taking its hotel-motel tax pot of gold (and then some) and throwing it at the NBA to become one of 30. That's hardly distinctive or visionary — come to Charlotte, we have a NBA team, too. Me-tooism equals mediocrity, be it in education, the arts, or urban development.

To make matters worse, economic study after economic study has shown that sports arenas are bad investments. They simply do not generate jobs or growing incomes. Indeed, there aren't even any plausible reasons to think they would. Charlotte's new arena, of course, would have to generate a whole lot of new jobs over time to pay for itself.

There is a cost to Charlotte besides the dollars it is spending on the new arena. By building the arena and expending its supply of hotel-motel tax receipts, — which must be spent on tourism-related projects, the city cannot do other things without using property or sales tax revenues. In economics, this is called the opportunity cost.

The list of projects that might have been funded with hotel-motel tax money includes relocating the Mint Museum of Art, remodeling the Discovery Place science museum, helping build an uptown baseball stadium, enlarging the Afro-American Cultural Center, or even building a NASCAR museum or an aquarium. Ironically, several of these projects were part of the arena bundle last year and considered by observers to have been far more popular than a new basketball arena.

Many of these things that Charlotte now cannot do would generate more bang for the buck than a new basketball palace. If the aim is to create a distinctive attraction, then certainly the plans for an Olympic-quality whitewater park are unique. It would also involve only a few million dollars in public money. If the aim is drawing warm bodies to uptown Charlotte, then subsidizing a minor league baseball stadium would be a much better deal. With its longer season, \$25 million plus land to get the class AAA Charlotte Knights to relocate from Fort Mill, S.C., where they currently play, would get about as many people to come to central Charlotte at a fraction of the cost.

Or, if none of these alternatives made sense, the city could have reduced its hotel-motel tax to lure more visitors with lower costs. *CL*

Editorials

A STATE DESCENDS

Subsidy policies harming our reputation

In the closing days of the 2002 election campaign, revelations about North Carolina's "economic development" programs demonstrated the extent to which the state's political class has risked its reputation for questionable gain.

No government is free from political pressure, from patronage, from venality. Wherever the power exists for some people to take other people's money and give it to third parties, corruption can follow.

Obviously, a free society needs government. It depends on the existence of law enforcement and courts, on the provision of public goods that cannot be delivered in voluntary markets, and on a basic system of public education to ensure that residents become good and responsible citizens. These functions require taxes and employees or contractors paid from them.

Unfortunately, most politicians find it impossible to stop there. They believe their power should be used to coerce taxpayers to support pet projects — be they sports stadiums, cultural attractions, give-away programs, or speculative businesses. They may truly believe that these kinds of expenditures are needed, that they confer net benefits on the economy. But their delusion should not distract the citizenry from what is really going on: a transfer of wealth from the taxpayers to political insiders.

North Carolina's record thus far

While North Carolina has indulged these political appetites for larceny no less than most other states, we have at least managed to avoid some of the more blatant abuses of power found elsewhere. We haven't seen any of our governors indicted. We haven't found large-scale bribery scandals in our legislature.

Mostly, we have escaped this level of criminality by exercising reasonable controls on what we funded with tax dollars, and who got to pick the beneficiaries. Now, with our latest foray into economic development grants, the controls are disappearing — and the ethical quandaries are proliferating.

Consider the case of the Golden LEAF Foundation. Created as a nonprofit charity to capture and dole out half of the state's share of the national tobacco settlement, Golden LEAF was supposed to promote growth in distressed communities and insulate grantmaking from politics. The reality has become exactly the reverse.

All the members of Golden LEAF's board are politically appointed. Rather than demonstrating independence, Golden LEAF has become an arm of the government, as its assets are eyed enviously by lawmakers looking to "do

something" but saddled with billion-dollar budget deficits.

As *CAROLINA JOURNAL* has reported in this issue, Golden LEAF's decision to invest \$85 million in three new speculative biotechnology initiatives appears to have been the result of political pressure, particularly from State Senate President Pro Tem Marc Basnight.

Documents and email records suggest that Basnight and his legislative allies pushed the foundation to change direction and make the investment, not-so-subtly intimidating that a failure to do so might result in the legislature intercepting the next installment of tobacco money.

Basnight then went on to claim that the \$85 million biotech investment was in reality part of a "Democratic" initiative to create jobs. Also, one of the funds that will receive and manage — without any competitive bidding — Golden LEAF's investment is partly run by a large contributor to Gov. Mike Easley's campaigns.

Never allow the shockwaves of the real world to rock your cocoon, be it spun so snugly with the strands of socialism.

Now, in fairness, we should mention that we never thought the Golden LEAF Foundation to be the proper mechanism for expending the tobacco-settlement dollars. We think they should have been returned directly to the General Fund and used for appropriate purposes such as funding our costly Medicaid program. But having set-up a supposedly "independent" foundation to dole out some of the money, couldn't our leaders have waited just a few years before trampling all over that independence? Couldn't they have preserved at least a semblance of propriety about the entire enterprise?

Conflict of interest poses questions

Running parallel to this story is another one in *CJ* last month that described conflicts-of-interest among those pushing for a new state incentive program. Supporters of the program, which will allow another panel of political appointees free rein to make hundreds of millions of dollars in grants to a few selected corporations, said that a prime beneficiary of the program would be Time Warner Cable. We found that a state legislator who boasted of his furious lobbying effort on behalf of the legislature, Rep. Pryor Gibson, was simultaneously employed as a lobbyist for Time Warner in its Raleigh office (Gibson claims residency in faraway Montgomery County).

Similarly, Easley's Commerce Department hired the accounting firm Ernst & Young last year to study incentives as part of the administration's effort to fashion a new economic development strategy. A year later, when the new incentives bill was working its way through the legislature, the Ernst & Young consultant who had worked for the state was in Raleigh working for Time Warner.

This merely scratches the surface of the political risks associated with North Carolina's lurch into corporate socialism. Because these initiatives will do nothing to address the state's real economic problems, such as high tax rates and inadequate infrastructure, the result will likely be an economy more like Mississippi's and a political culture more like Louisiana's.

North Carolinians, we can do much better than this.

HIGHWAY ROBBERY

Just another day in court against the state

The road to ruin runs through the center of Raleigh these days, starting at the doorsteps of the legislative leadership and Gov. Mike Easley, who have engaged, quite literally, in highway robbery.

No longer content to rely on North Carolina's traditional sources of revenue the last couple of years the governor and his allies raided all of the state's liquid assets and transferred the money to other projects that were more aligned with their political preferences. The juiciest plum to land in their basket was the Highway Trust Fund.

Easley plucked it to the tune of \$80 million in February, and will take \$205 million more this year. Highway advocates fear that this is just a start, that in the future the trust fund will exist merely as a cash cow to be milked continually by the political class.

Easley's pet project More at Four, yes. Tax reimbursements for localities, no. Giveaways for business "incentives," yes. Highway construction, no. And on it goes.

By denying full funding to highways, Easley accomplishes yet another goal of his administration: to appease radical environmentalists and the Smart Growth crowd, who see road construction as the bane of society.

Then, too, the state's financial crisis provides just the cover Easley needs to seize monies under an "emergency." That way, he can continue to buoy his pet projects while draining those that don't suit his tastes, all ostensibly for the purpose of rescuing a foundering ship of state.

But now the hijackers' victims are fighting back. The architects of the Highway Trust Fund filed a lawsuit on behalf of the state's taxpayers to retrieve the people's money. The lawsuit, filed Nov. 14 by former Transportation Secretary Jim Harrington and former state Sen. Bill Goldston, follows another suit that was recently filed by 22 cities and counties to recover hundreds of millions in local tax revenues seized by Easley.

Raleigh lawyer Eugene Boyce is representing Harrington and Goldston in their lawsuit. Boyce is also litigating the localities' case against the state. Boyce argues that the constitution authorizes the governor to "effect the necessary economies in state expenditures," but that the governor may not use money from dedicated funds.

If past performance is any indication, the Easley crowd has grown accustomed to running for cover. Boyce's record in major lawsuits against the state is perfect: five wins and zero losses.

According to a study performed by the University of North Carolina at Charlotte, in 1984 the state ranked eighth in the nation for its quality and efficiency. By 2000, North Carolina had sunk to 25th. If the free fall continues, North Carolina could rank at the bottom of the national heap before long.

During the 1990s state road maintenance failed to keep pace with inflation, resulting in a \$290 million backlog of road and bridge repairs, a report by the state Department of Transportation showed. During the same period, the amount of traffic on North Carolina roads greatly outstripped road capacity. In 1990, vehicle miles traveled was equal to the amount of paved lane miles. In 2000 vehicle miles traveled were 40 percent higher than in 1990, while the mileage of paved roads increased by just 16.9 percent.

North Carolina taxpayers pay for state highways through taxes on motor fuels and vehicles. Expenditures from the state's highway funds have grown significantly in nominal dollars over the past 20 years, to \$2.1 billion in FY 2001-02, and North Carolina levies a relatively high motor fuels tax rate. But that's not the whole story. Adjusted for inflation and the numbers of vehicle miles traveled, highway expenditures actually decreased over the past two decades. Per-capita state and local spending on transportation grew at a much slower rate than spending on education, welfare, health care, and overall government spending.

DOT officials grade state roads the same way teachers grade pupils, with letter grades ranging from A to F. North Carolina's interstate highways rated a C, while the rest of the state's roads rated a D, the report said.

At a press conference in which they announced their lawsuit, Goldston and Harrington showcased Article 5, Section 5 of the state constitution upon which they rest their case. "Every act of the General Assembly levying a tax shall state the special object to which it is to be applied, and it shall be applied to no other purpose," the passage reads. Simple enough, as Harrington said, that means "hands off." No additional words or translations necessary.

Unless the observer is Easley, or Senate leader Marc

Basnight, or House Speaker Jim Black, who, based upon past behavior, will treat any and all monies as though they were their own personal slush funds, to be appropriated for whatever purpose they deem appropriate at the time.

Under their rules, why should state government continue to function under any pretense of a republican democracy? Why have a constitution? Why bother with legislation? North Carolina's political leaders seem hell-bent to continue their desperado ways until the courts rein them in, again and again.

North Carolina's taxpayers are lucky to have Harrington and Goldston leading the charge on their behalf this time. It's tragic, though, that day in and day out, someone has to rise to the task of taking public officials to court to reclaim funds spent contrary to law.

GRIDLOCK, INDEED

Hail the new era of two-party politics

Gridlock in state government: To hear North Carolina's major newspapers, and the political leadership they worship, tell it, it's a fate worse than death.

Now, only a few days after the Nov. 5 election, the moaning by the major news media is growing louder. How on earth, they fret, will state government function with a revamped General Assembly comprised of a watered-down Democratic majority in the Senate and a House taken over by Republicans? Oh, how will the citizens of this fair land manage to survive under this ominous new world order?

Probably better than anyone could dare to imagine.

Consider what the media and others called a "gridlocked" legislature, under Democratic leadership, that passed these measures in 2002:

- Approved an unbalanced \$14.3 billion budget that used more than \$800 million in one-time revenues to pay for ongoing expenses and created a projected deficit of more than \$1 billion for 2003-04. All this handiwork followed a session that addressed a previous budget deficit by raising the statewide sales tax by half a cent.
- Ended \$333 million in reimbursements to cities and counties to feed more spending by state government. In return, legislators allowed localities to raise sales taxes by an additional one-half cent.
- Approved \$28 million to launch Easley's More at Four pre-kindergarten program;
- Created an "economic stimulus and business incentives" program that is expected to cost at least \$300 million over 13 years.
- Gave banks a \$22 million-per-year windfall by capping the amount of corporate taxes banks pay on dividends from their subsidiaries;
- Created the N.C. Toll Road and Bridge Authority, which will oversee the construction and operation of the first toll roads in the state since the late 1800s.
- Passed a "Clean Smokestacks" bill that precludes lower rates for electricity customers by forcing coal-fired plants to cut nitrogen oxide and sulfur dioxide emissions by 75 percent by 2013.
- For the first time, shifts the burden of financing multimillion-dollar judicial races to the public.

If this is "gridlock," we would hate to see its opposite play out in the North Carolina legislature.

Perhaps taxpayers should consider the source of all the doomsday drivel about gridlock, and reawaken to the beauty of checks and balances built into the republican form of government. The Founding Fathers never intended for legislation to be easy; indeed, they intended it to be difficult, to forestall the excesses of would-be tyrants.

For too long North Carolina remained a one-party state, reducing the range of choices and protecting public officials from healthy competition. Government growth and bureaucratic overreaching attest to the dangers of loyalty granted blindly to one entrenched group. During this period, circumvention of the state constitution became a standard method of operation.

Nov. 5, however, promised to usher in a new era in Tar Heel politics. One can hope it will be an era in which the dynamic of conflicting politics forces restraint upon a state that has grown more oppressive with every new session of the legislature.

Gridlock may be the word *du jour* cooked up by the media and political elite. But the enlightened majority of voters may well call it competition — the only hope for a free people seeking refuge from an abusive and arrogant government. *cr*

Real Election Woes Need Our Attention

The 2002 elections are a wrap. Republicans outperformed. Democrats underperformed (except in Minnesota, where their funeral "performance" got bad reviews). Pollsters blew it. Campaign money flowed like tears on the "Ricki Lake Show." The print media did better in spotlighting issues rather than just campaign tactics. The television media were missing in action.

Fair enough. Now the chattering classes and political scientists will now start in on how broken the electoral system is. They will complain about poor voter turnout and decry the horrible influence of money. They will grouse about negative campaigns and how they turn voters off.

And they will be wrong.

Many of the "problems" that the political class says it cares about aren't problems at all. For example, the fact that fewer than half of eligible North Carolinians voted this year poses no threat to representative government. Citizens have a right, but not a duty, to vote.

There is no evidence that heroic measures to cajole people to vote, such as same-day registration or Saturday voting, would have a salutary effect on the process. Indeed, it seems highly unlikely that our politics would improve as we induced reluctant voters in to the mix. Let's be serious: How hard is it to get out and vote on a Tuesday, before or after work, or to vote weeks early?

Since much of the political class is left-of-center, they have begun to see higher turnout as a way of reversing a rightward trend. Again, it's hard to see empirical support for this. Opinion surveys show that nonvoters do not significantly disagree with voters on most issues.

Furthermore, in North Carolina we have seen relatively low turnout result in Republican gains in 1966 and 1994 and Democratic gains in 1974 and 1998. Our two highest-turnout midterms were in 1986, when liberal Sen. Terry Sanford was elected, and 1990, when conservative Sen. Jesse Helms beat Harvey Gantt. And arguably our two most "negative" campaigns, the aforementioned Helms-Gantt race and the Helms-Jim Hunt Senate race in 1984, had the highest turnouts in recent state history.

On campaign finance reform, the myths fly like fists on the "Jerry Springer Show." It is argued that big-spending politicians almost invariably win. A better read of the data is that winning politicians almost invariably raise more money. Most face no credible challenger. In the few competitive elections, money is a valuable asset but by no means determines all or even most outcomes. In races this year for the North Carolina House, for example, 14 Democrats who outspent their Republican counterparts, often by huge margins, were defeated.

This brings up the real problem with our electoral system: the advantages of incumbency. They start with gerrymandering. The vast majority of political districts are safe or moderately safe seats for either Democrats or Republicans. While some of this is a natural extension of voter preferences, a good portion is directly attributable to the ever-improving ability of lawmakers to pick their voters rather than the other way around.

It's competition we need, not more dainty campaigns or more business for clever campaign-finance lawyers and fundraisers. If the so-called experts were really interested in improving our elections, rather than helping their favored parties or magnifying their influence, they would push vigorously for nonpartisan commissions to draw districts and for term limits to ensure rotation in office.

I'm not holding out much hope. Perhaps the best we can hope for is term limits for election experts. *cr*

John Hood

Editorial Briefs

"Social Exclusion" in Australia

In Australia, a new concept, "social exclusion," is displacing an older and more familiar one — the idea of "poverty." The term "social exclusion" can mean almost anything and can be applied to almost anybody, and unlike the word "poverty" it always implies causation. Identifying someone as "socially excluded" fixes in advance the presumption that they are not to be held responsible for their condition — and is language that apportions blame and guilt to justify redistributing people's money, critics warn.

People are "excluded" if they are unable to participate in a style of life deemed "normal" in their society. "Social exclusion" occurs at the top as well as the bottom of society as privileged groups withdraw from participation in mass society.

The finger of blame is being pointed at higher earners, who are shirking their social obligations, and at government, which is letting them get away with it. But the claim that there is a deprived stratum of people who cannot participate effectively in social life turns out to be empirically untrue.

The main cause of poverty today is lack of employment, and the principal solution to poverty lies in getting more welfare claimants into work. The language of social exclusion obscures these simple truths, critics argue.

Minimum standards and health care

Minimum government standards on private medical insurance for the elderly have led to lower coverage than would have been the case in the absence of such regulations, researchers say. Minimum standards imposed on "Medigap" insurance 25 years ago resulted in a decline in voluntary purchase of the regulated supplemental insurance policies.

This finding is of particular interest because minimum standards continue to be applied or proposed in many different health insurance markets, including state-imposed minimum standards on employer-provided health insurance and federal proposals for a "Patients' Bill of Rights" that would impose minimum standards on Health Maintenance Organizations.

The introduction of the minimum standards was associated with a 15 percent decline in nongroup coverage in the first two years, and a long-run decline of 25 percent. There is no evidence that individuals switched to other forms of insurance that were less regulated.

Although few nongroup policies would have met the minimum standards before implementation of the regulations, many of the policies had provided additional benefits — such as prescription drug coverage or coverage for care in a skilled nursing facility — not required by the minimum standards.

Trading of water quotas works

Water shortages are common in arid areas. The usual solution is for the government to institute some sort of rationing and engage in production of fresh water.

Some experts believe this is impractical. They contend that government is the primary cause of water misallocation, arguing that governments worsen the water situation by engaging in Soviet style centralized water control. The best solution is for governments to create an initial allocation of water and a legal framework that allows individuals to trade their quotas.

Chile offers a telling lesson for water-deprived states. In 1966, Chile nationalized its water supplies. But 15 years later allocated rights to individual farmers, businesses and municipalities, and allowed each group to trade its quotas. The results were impressive. In 1970 only 27 percent of rural and 63 percent of urban dwellers received drinkable water. By the mid-1990s, the respective percentages were 94 percent and 99 percent. These figures are better than any other mid-income developing country in the world.

Experts believe that other arid areas should implement similar reforms. This would divert water away from entrenched agricultural interests, direct water toward more efficient ventures and allow more efficient uses of the land. *CF*

The Fallacy of Economic Incentives

By MICHAEL L. WALDEN

Contributing Editor

The North Carolina General Assembly recently passed a new package of business incentives designed to lure businesses and jobs to the state. Business incentives are an old technique, and privately many advocates admit they wish the incentives wouldn't have to be used. But, the promoters say, other states use business incentives, so to remain competitive, North Carolina must do likewise.

Yet business incentives have hidden costs and potential adverse consequences. When these are exposed, incentives lose their luster and sensibility to an alternative way of promoting economic development.

Mission impossible

At the heart of the argument for business incentives is the assumption that state officials can identify winning industries. The idea is to select companies in industries that will prosper in the future and then subsidize, with incentives, their location in North Carolina.

Sounds easy, right? Wrong! Although many economists, business analysts, and futurists may advertise they can pinpoint winning industries, in reality this is very hard, if not impossible to do.

Business formation doesn't move on a straight and predictable line. Supply, demand, and markets are always changing. Only people at the "ground level," such as entrepreneurs and venture capitalist investors, can even hope to keep track of the fast and unpredictable movements in the business world. Certainly academics in their ivory towers and bureaucrats at their downtown offices can't, with any degree of certainty, determine what inventions and innovations will move the economy in the decades ahead.

There are other problems with business incentives. In applying for business incentives, companies will make projections of jobs and spending. But there's no assurance these projections will be correct. A recent study of South Carolina auto manufacturers found actual job and investment performance fell short of the performance predicted by original impact studies.

Business incentives for new companies are unfair for existing companies in two possible ways. First, existing companies, simply because they're already located here, receive no help from the state and, indeed, their taxes help subsidize the incentives for new firms. Second, the incentives subsidize new firms that will compete for workers and perhaps product sales with existing companies.

Business incentives don't come cheap. Some states have effectively paid hundreds of millions of dollars of incentives to single firms. States bet the incentives will eventually more than pay for themselves with added new tax revenue. But to finance the incentives, states must

increase taxes or cut other spending that might contribute to economic development, and these actions may actually deter other economic growth. So there's no guarantee the state's bet will pay off. South Carolina, a heavy user of business incentives, has the highest tax burden in the Southeast.

Prospering without incentives

In the 1990s, North Carolina was a modest user of business incentives, compared to other states, and yet, North Carolina prospered. North Carolina was a leader in the nation in many business and investment categories, and the state's economic growth rate was greater than the nation's.

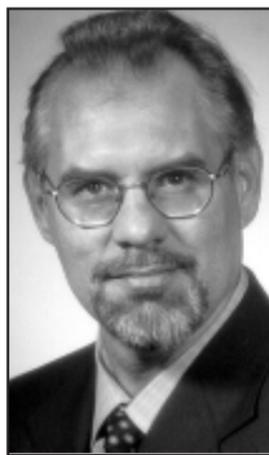
How could this happen without the massive use of business incentives? Simple. It's because businesses consider many other factors besides incentives when deciding where to locate. Labor availability and cost, access to markets and suppliers, quality of education and training facilities and programs, and the extent and quality of the transportation system are some of the key characteristics businesses look for before they consider business incentives.

So rather than selecting companies on which to shower riches (incentives) — and remember, these companies may or may not prosper — an alternative approach is for the state to use its scarce resources to create an attractive economic environment for any business. Focus the state's attention on developing and maintaining first-class educational and transportation systems. Reform the tax system to make it simpler and less burdensome. Review the benefits and costs of state regulations affecting business and streamline the regulations where needed.

Incentives are bribes

The alternative approach eliminates the unfairness to existing companies associated with incentives by treating existing and new businesses the same. The alternative approach is also a less risky strategy because the spending is on characteristics and amenities that apply to all businesses. Using investment terminology, the alternative approach is a diversified one, whereas incentives put our "economic eggs" in only a few baskets.

We don't want to bribe businesses to come to North Carolina with targeted tax and public spending gifts. Instead, we want businesses to be attracted to North Carolina because of our attractive human, physical, and natural attributes. If the state focuses on this basis tenant, we'll run rings around states using big, and costly, incentives. *CF*



Michael L. Walden

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Johnny Unitas: the NFL's Blue-Collar Hero Dies at 69

By **MARC ROTTERMAN**

Contributing Editor

RALEIGH

Earlier this year one of the true gentlemen of sports, Johnny Unitas, died at the age of 69. Unitas was arguably the greatest quarterback in the history of the game. Unitas was not flamboyant, nor did he have a contract in the millions of dollars when he played in the pros. Unitas was a blue-collar everyman with an incredible work ethic who rose from being a \$6-a-game sandlot player to become the best in his chosen profession.

Unitas was born to a working-class family in 1933 during the Depression. Unitas' father, a coal deliveryman, died when Johnny was 5. His mother worked two jobs to raise four children. Like many who played the game during his time, Unitas missed out on the big money that today's players earn. Though like most of us he yearned for more, his friends say he was satisfied with his station in life and never developed the sense of superiority and entitlement that is so common among today's athletes.

A general leading the way

On the field Unitas was the general leading his troops. Dubbed the "Golden Arm," Unitas also had an iron will and uncanny ability to read opposing teams' defenses. And yes, Unitas called his own plays. Unlike today's quarterbacks, no coach from a sky suite called in Unitas' plays. Unitas ran the offense and in fact, in most instances, controlled the tempo of the game.

In his trademark black high-top cleats, Unitas led the Baltimore Colts to titles in 1958 and 1959 and was chosen to five All League teams and won the Player of the Year Award three times. He played in 10 Pro Bowls. He threw at least one touchdown pass in 47 consecutive games, a National Football League record.

The road to the NFL was not an easy one for Unitas. After high school, Notre Dame thought Unitas was too light. Indiana also passed on him. Pittsburgh offered him a scholarship, but he failed the school's entrance exam. Finally, he accepted an offer from Louisville and did well



Johnny Unitas

enough to be taken by the Pittsburgh Steelers in the ninth round of the NFL 1955 draft. The Steelers had four quarterbacks that year, and Unitas rode the bench. He was dropped after never having played a preseason game.

Unitas took a construction job, stayed in Pittsburgh, and played semipro ball for the Bloomfield Rams. The next year Unitas signed with the Baltimore Colts for \$7,000. His contract was contingent on him surviving the year, and survive he did, playing 18 spectacular years in the NFL. Unitas was perfect for Baltimore in the late 1950s and '60s.

At Unitas' funeral Cardinal William Keeler said he found "sanctity in a man who threw footballs as if they were missiles, but never lost his human touch. He was the kind of man who would shake the hand of a homeless person and say it was an honor to shake his hand." That human touch is what endeared Unitas to Baltimore, that and Unitas' hunger to win.

In 1958 he led the Colts to a 23-17 victory over the New York Giants in sudden-death overtime in an NFL championship game that is still regarded by many as the greatest game ever played. In 1959 he set an NFL season record of 32 touchdown passes and led the Colts to a 31-16 victory over the Giants in the title game. In '71 his Colts beat the Dallas Cowboys, 16-13, in the Super Bowl. Unitas was inducted into the Pro Football Hall of Fame in 1979.

Charity and disability after football

After his days in football were over, he preferred to attend charity events rather than to revel in his past football exploits. But football had taken its toll on Unitas' body. He had numerous operations to repair his knees, and his right arm was so injured in a 1968 preseason game against Dallas that in recent years he could not pick up a fork and feed himself with that hand. In 1997 he underwent five hours of surgery on the arm. The condition did not improve. Unitas hoped to receive league-financed disability payments, but he was turned down by the NFL because he received a monthly pension. League officials said they denied the disability payments because Unitas had not filed for disability before the age of 55. That is a sad commentary on a league that Unitas helped bring into the television age. It was his mastery of the game that attracted countless numbers of fans to the sport and television.

It was humanity and lack of ego that endeared him to the fans. Today's pro athletes would do well to emulate Unitas both on and off the field. CR

Marc Rotterman is a senior fellow at the John Locke Foundation and treasurer of the American Conservative Union.

No Excuses for Media Mistreatment of UNC-CH Salary Study

By **JON SANDERS**

Assistant Editor

RALEIGH

A recent study of faculty salaries at the University of North Carolina at Chapel Hill revealed a significant salary gap between white male faculty and minority faculty. Now that the pay gap has been proven, it's time for the university to address the obvious pay bias.

The next step is hard but clear: UNC-CH must take corrective action to pay white males more. The good news is at least they're now getting paid more than females.

Sound shocking? Well, don't get your dander up. The preceding paragraphs were merely a spoof of actual media treatment of the report.

Media fixated on women

It's true that the study, "Report on the 2002 Faculty Salary Equity Study," prepared by Drs. Lynn Williford and Bernadette Gray-Little, did find that white male faculty were paid significantly less than minority faculty — to the tune of \$1,680 overall. The focus of media attention, however, was on the finding that women earned an average of \$1,332 less than white males on campus. Their reaction reveals the rather curious lenses through which the media view issues of race and gender.

The UNC study "should spur the UNC system to determine whether women academicians are being fairly paid at its other 15 campuses — and if not, to take corrective action," opined *The News & Observer* of Raleigh in a house editorial. "The good news from Chapel Hill is that the university has overcome a pay disparity that had affected its minority personnel."

"UNC Salary Gap Found — But How to Fix It?" asked a headline in *The Herald-Sun* of Durham. In the accompanying story, reporter Eric Ferreri asks UNC-CH officials about how their reactions to and plans to address

the salary inequity — the one between women and men. Provost Robert Shelton says "corrective action" is needed. Faculty Chairwoman Sue Estroff said the gap is "not insignificant" and, "It's unacceptable for a university of this magnitude to have such a discrepancy in pay for female faculty." UNC-CH Women's Center head Diane Kjervik said the report "does confirm what we [female faculty] suspected."

Ferreri also reports, "The women's center will join with the Association of Women, Faculty and Professionals and the Faculty Council's committee on the status of women to sponsor a series of discussion groups for female faculty in the coming days and weeks."

"We have a problem, and it needs to be remedied," Estroff said in the statewide Associated Press story on the report — again, referring only to the female salary disparity. She is quoted twice more about the "serious problem," which "is systematic, and it is significant," before the story mentions, in its eighth paragraph, that "The UNC-CH study showed a different picture for minorities."

The fun thing in all this is that not only does the 14-page report downplay those same findings, its two-page executive summary does the same. Yet the media downplay — flat-out ignore, actually — that aspect of the report.

The report uses multiple regression analysis with a professor's nine-month salary as the dependent variable, and it includes measures of education, discipline, market forces, professorial status, administrative roles, experience, service length, career level, gender, and ethnicity as independent variables.

As the report's executive summary explains, "the strongest predictors of salary were those variables that we normally expect to be related to higher salaries: full professor rank, distinguished professorship, administrator of a large unit, tenure track appointment as opposed to fixed term, and specialization in a relatively high-paying discipline." The summary explains, "After adjustments for

the variables expected to be related to higher salaries, the variables gender and ethnicity contributed very little to the overall prediction of salaries."

The salary gaps were covered in the next paragraph, which reads, "However, examination of the coefficients indicates that status as a minority member was positively related to salary in all but the School of Medicine analyses, where a very small negative differential was observed. Average female salaries lagged behind the average for the white male reference category in every analysis, ranging from a deficit of \$1,169 in the College of Arts & Sciences to \$9,293 in Clinical Medicine."

Preliminary? No matter to the media

The key paragraph, however, was the next one:

"Although the models developed are quite robust, the results indicate that between fifteen and twenty-five percent of the variability in faculty salaries was not explained by the analyses. This remaining variability is quite likely due to differences in the quality of faculty contributions that are not accounted for in the regression analyses."

"Therefore, the results of this study should be treated as preliminary only. Further analyses at the school/department level might focus on individuals with large negative disparities between their predicted and actual salaries in an attempt to determine what productivity differences or other factors might account for the observed gap."

In short, the UNC-CH report found pay disparities between females and males and between minorities and white males. It also made clear that it cannot explain 15 to 25 percent of the variability and suggested that it's likely due to the quality of productivity differences and other factors the study did not include. For that reason, the study explicitly explained that its results should be treated as preliminary only.

Regardless, the media have chosen to highlight just one of those disparities and ignore all of the report's caveats. Why? Try to think of a single, good reason. CR

"It's unacceptable for a university of this magnitude to have such a discrepancy in pay for female faculty."

— Diane Kjervik

Have a County Commissioner Christmas!

Sing along with the John Locke staff as we ring in statewide sales-tax increases with a stocking full of carols!



Wreck the malls

Wreck the malls! Now this is funny!
Ha ha ha ha ha ha ha ha
'Tis the season to raise money
Ha ha ha ha ha ha ha ha
Raise we now our sales-tax rates! Whee!
Ha ha ha ha ha ha ha ha
Yuletide dough for we — and not thee
Ha ha ha ha ha ha ha ha!

Here we come a-tax-raisin'

Here we come a-tax-raisin'
Among the sales so green;
Here we come a-countin' on
The rev'nue to be seen.

We'll get ours; heck with you
And your merry Christmas too.
May God bless you and send you a Happy New
Year,
Yes, you're gonna need a miracle this year.

Carol of the Pols

Hark how the pols,
brash, brazen pols,
all seem to say
more tax our way
(Ching!) Christmas is near
(Ching!) bringing good cheer
(Ching!) to counties here
(Ching!) sales taxes dear
Oh how they ring

cash registering
o'er hill and dale,
ringing their sales!
Gaily they ring
with folks shopping
Christmas is here —
early this year!

Merry, merry, merry, merry Christmas,
Merry, merry, merry, merry Christmas,
More, more they raise
These are the days!
Their joyful toll
to every pol
Ching-ching! Ching-ching!
Ching-ching!

I saw sales taxes

I saw sales taxes sailing up,
At Christmas time, at Christmas time;
As if recession weren't enough,
At Christmas time in the counties.

O come, all ye people

O come, all ye people,
Come ye to the county stores
O come ye, and stay away from
Amazon.com
Stay off the Internet
And those tax-free online sites!
Come on, give us some money;
Come on, give us some money;

Oh please give us some money
Through tax revenues!

Go, Blow It Out Your Eardrum

Go, blow it out your eardrum,
Get out of my office, off my phone,
Stop tying up my fax line,
That sales-tax hike is done!

Grandma got run over by a tax hike

Grandma got run over by a tax hike
Shopping for our presents Christmas Eve.
You can say we got our gifts regardless
But as for me and Grandpa, we got squat.

Nuttin' for Christmas

We're gettin' nuttin' for Christmas
Easley and the legislature were bad.
We're gettin' nuttin' for Christmas
'Cause we ain't been nuttin' but had.

I saw Commies taxing Santa Claus

I saw Commies taxing Santa Claus
(OK, that's hyperbole)
They didn't seem to care
that recession's everywhere;
They voted a tax hike right at Christmas
to up their share
So
I say Commies have taxed Santa Claus
'Cause who else would pull such a stunt these
days?

Oh what a laugh it would have been
If Christmas would have happened
Not after Election Day, but prior!

What tax is this?

What tax is this, that, voted in,
In December was active?
Why do we hail a hike on sales
While pennies folks are counting?
This, this is ludicrous
To raise taxes at Christmas!
Haste, haste to have their heads,
The dolts who voted for this!

The 13* Days of Christmas

On the thirteenth* day of Christmas
My commissioners gave to me
Thirteen sorry excuses,
Twelve made-up stats,
Eleven loads of B.S.
Ten dudes a-fibbing
Nine questions dodging,
Eight bucks a-passing,
Seven furtive glances,
Six whines a-whining,
Five blatant lies!
Four mild whoppers,
Three nervous coughs,
Two governors bashed,
And a sales tax increase on my gifts!

* (Reflects seasonal adjustment)



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