

CAROLINA JOURNAL

Policymakers Question Fairness of N.C. Incentives

N.C.'s \$534 million offer to Boeing widens rift between big, small firms

By RICHARD WAGNER
Editor

RALEIGH
No matter how North Carolina slices them, "targeted economic incentives" — such as the \$534 million package offered to Boeing to start a new plant at the Global TransPark in Kinston — discriminate against companies already doing business in the state, both supporters and opponents of the inducements say.

But they disagree on what can be done to solve the problem.

North Carolina's chief architect of incentives, Gov. Mike Easley offered the state's largest-ever incentives package to Boeing in December. In return, Boeing would build a plant at the GTP, where workers would assemble the company's new 7E7 jetliner.

Perri Morgan, director of the North Carolina chapter of the National Federation of Independent Businesses, said the state is wasting its time offering incentives. Other factors, such as quality of life and an overall tax climate, are more important to companies. "All the money in the world wouldn't determine where they'd go," she said.

Small companies drive the state's economy, Morgan said. "Existing businesses in North Carolina create 80 percent of all new jobs. It's appalling that the tax money these businesses pay is being used this way," she said. "Incentives create a competitive disadvantage for our businesses."

But an incentives policy "does give lawmakers an opportunity to go back to their districts and say 'look at what I've done,'" Morgan said.

Sen. John Kerr, D-Goldsboro, a member of the Senate Commerce Committee and in whose district the GTP resides, said the offer to Boeing was based upon sound public policy. "In the scope of things, I thought it was a good offer. I'm glad that we at least showed we were business-friendly."

"You've got to be competitive. If we don't provide jobs for our people, we're lost," he said. "You've got to keep up with Joneses."

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Drawing courtesy of Boeing

A drawing shows Boeing's 7E7 Dreamliner, which is being designed as an airplane capable of carrying 200-250 passengers on long-range routes.

Public Records Law Barely Meets the Challenge

By RICHARD WAGNER
Editor

RALEIGH
Carolina Journal's attempt to gain access to records on the Boeing-GTP incentives began Dec. 19 with a phone call to the Commerce Department's Linda Weiner, assistant secretary for communications and external affairs. Weiner said that some of the information would be made available, as allowed under North Carolina's Public Records Law, after the Christmas and New Year's holidays. She also said that much of the records were confidential, such as trade secrets pertaining to Boeing, that were exempt from the public records law.

Carolina Journal followed up its telephone call with a letter on Dec. 29 again requesting the information. Weiner responded with a letter. "As you and I discussed during our phone conversation of Dec. 19, 2003, the records you have requested relate to an economic development project involving private industry. Such records often contain confidential information protected from public disclosure under various provisions of the North Carolina Public Records Act," she wrote. "As you know from our conversation, the NC Department of Commerce is currently in the process of

reviewing and evaluating records relating to this project to identify those records, which may be released consistent with the confidentiality provisions of the Act. Now that we have your records request, we will contact you as soon as this records review process is completed."

After having failed to hear from the Commerce Department as of early February, Carolina Journal hired a law firm to gain access to the records. A legal complaint accompanied by a letter was delivered to Secretary of Commerce Jim Fain on Feb. 5. Don Hobart, a Commerce Department lawyer, responded that he hoped the redacted records could be made available Feb. 11 or Feb. 12. But first, Commerce officials, he said, needed to study the records to determine which ones should be kept confidential because they contained Boeing trade secrets or might compromise the state's economic development efforts.

Finally, Commerce officials allowed Carolina Journal and a reporter from The Free Press of Kinston to review some of the public records Feb. 13. The second installment of the records was made available to all media Feb. 16.

Amanda Martin, general counsel for the North Carolina Press Association and whose firm represented Carolina Journal,

was not pleased with the Commerce Department's delay. "I think the Public Records Law worked ultimately in that the public got the information it was seeking. But the law was slow in working, and that can be a problem," she said.

"It seems the Department of Commerce was unreasonable until they were put to the test. The public shouldn't have to do that," she said.

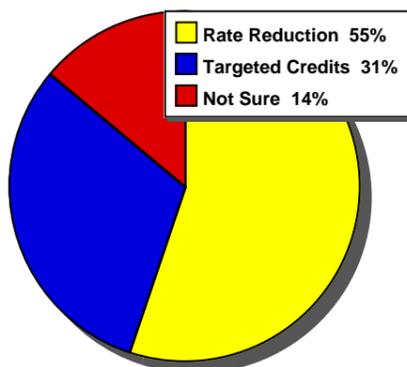
John Bussian, legislative and First Amendment counsel for the press association, said the public is entitled to open records without having to engage in brinkmanship.

"Had the Commerce Department delivered the records requested by the media when the department was first asked for them, the state's open records law would have worked as it is presently designed to work. Instead, Commerce threw a bunch of marbles on the floor and essentially dared the media to walk over them, claiming in the case of Boeing that the department's records could be withheld from the public and press after Boeing had decided to build its plant elsewhere.

"And the Commerce Department never

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Calendar

Newcombe, Creators Syndicate Founder, Featured in May

The John Locke Foundation will host a Headliner luncheon May 26 featuring Richard S. Newcombe, founder and president of Creators Syndicate, which serves thousands of newspapers around the world.

Newcombe accomplished what most industry analysts considered impossible: He founded the first successful independent newspaper and Internet syndication company in two decades — only the second major independent syndicate started since the 1930s.

Today, the company represents some of the best-known columnists and cartoonists in the world, including Johnny Hart, the creator of B.C. and the Wizard of Id, Bill O’Reilly, Mark Shields, Linda Chavez, Robert D. Novak, Michelle Malkin, Oliver North, Thomas Sowell, Molly Ivins, Lawrence Kudlow, Walter E. Williams, Mona Charen, Terence Jeffrey, and Neil Cavuto, among others.

It also syndicates political cartoonists Mike Luckovich of the *Atlanta Constitution*, Pulitzer Prize winner, and Steve Kelley of *The New Orleans Times-Picayune*, and the comic strips Andy Capp, Momma, Ballard Street, Speed Bump, One Big Happy, Rubes, Zack Hill, and Archie.

Creators Syndicate is a multimillion-dollar corporation that has operated since 1989.

Dozens of new syndicates start every year, but other than Creators, the only successful independent syndicates founded in the past 50 years have been Universal Press Syndicate in 1970 and the Hall Syndicate more than half a century ago.

With the newspaper industry in a period of reorganization because of competition from other media, most experts thought



Richard Newcombe

it impossible to start a successful new syndication company in recent times. But Newcombe believed that with his enthusiasm and knowledge of the business, he could put together the best staff in the industry and attract top talent by offering them freedom in their contracts.

Prior to founding the company, Newcombe served as president of News America Syndicate, which was the third-largest syndicate in the world and at the time owned by Rupert Murdoch. When Murdoch sold the company to King Features, King offered Newcombe the position of president of NAS, which he declined, because he wanted to build a syndicate from the ground up.

Before joining NAS, Newcombe served

as vice president and general manager of the Los Angeles Times Syndicate from 1978 to 1984.

A Phi Beta Kappa graduate of Georgetown University, Newcombe worked as a reporter and editor at UPI for four years.

Over the years, Newcombe has syndicated many celebrities, world leaders and well-known journalists, including Pope John Paul II, Richard Nixon, Hillary Rodham Clinton, Jimmy Carter, Nancy Reagan, Henry Kissinger, Erma Bombeck, Art Buchwald, Dan Quayle, and editorial cartoonists Paul Conrad of the *Los Angeles Times*, Bill Mauldin of the *Chicago Sun-Times*, Ranan Lurie and Pat Oliphant. The *New York Times* called him “a superhero for cartoonists.”

A native of Winnetka, Ill., Newcombe grew up in a newspaper family. His father, Leo Newcombe, served as senior vice president for the newspaper division of Field Enterprises.

The cost of the luncheon, to be conducted at noon at the Brownstone Hotel in Raleigh, is \$20 per person. For more information or to preregister, call (919)828-3876 or send an e-mail message to events@JohnLocke.org.

“Carolina Journal Radio”

The staff of *Carolina Journal* co-produce a weekly newsmagazine, “Carolina Journal Radio,” which appears in syndication on 16 radio stations across North Carolina. You can visit CarolinaJournal.com to locate an affiliate in your area. Also, subscriptions to a monthly CD containing selected episodes of the program are available by calling (919) 828-3876. *CJ*

States Promised the Moon for Boeing's 7E7 Assembly Plant

Continued From Page 1

Included in North Carolina's incentives were 539 acres of land at the GTP, valued at \$10.8 million, and \$225 million in tax-exempt bonds for a building provided by the state and "a third party." Among other unusual inducements were \$20 million for the University of North Carolina system to provide a masters-level curriculum for Boeing workers and \$40 million for workforce training, including a new high school that would specialize in aviation training. Other significant incentives were a \$20 million tax grant by Lenoir County, a \$42 million tax credit for machinery and equipment, a \$28 million grant for job development investment, and a \$45 million grant for a property-tax exemption.

Boeing's \$900 million plant at the GTP would have created 1,200 jobs, and its suppliers would have employed about 500, Secretary of Commerce Jim Fain said.

Competition and big money

Many states entered the competition for the Boeing plant after the company announced last June that it planned to build the 7E7 Dreamliner aircraft. Some states, including North Carolina, raised the amount and value of incentives in each new round of bidding for the project.

In the end, Everett, Wash., where Boeing builds its entire wide-body line of 747s, 767s, and 777s aircraft, won the 7E7 project with a total incentives package of \$3.2 billion.

Washington's bid more than likely totaled about \$7 billion after state-provided infrastructure was counted, Kerr said. "At least we haven't gone crazy like other states," he said. "We've got reasonable incentives in North Carolina. We don't have a Cadillac program, but you at least have to come to bat. I'm for reasonable incentives."

Rep. Paul (Skip) Stam, R-Wake, said he thinks North Carolina's offer was far from sensible. State officials were "not in their right mind if they offered that. They shouldn't have offered anywhere near that. I think infrastructure and training are OK, but not tax breaks."

A better policy would be to let the free market, instead of incentives, determine where companies locate, Stam said. "There's a fallacy that states need to get involved instead of allowing payment that normally would occur if the money is left in a free economy."

Stephen Slivinski, senior economist for



the Tax Foundation, a nonprofit organization in Washington, D.C., said that's exactly what should happen. "Generally, incentives wind up being counterproductive at worst."

"How can anyone say the incentives worked? At what cost did that seeming-success occur?" he asked. "And at whose cost?"

"The per-job cost of each one of these things is quite large. You'd be better off cutting taxes for everyone rather than cherrypicking a certain industry or business," Slivinski said.

Officials' narrow-mindedness is another drawback to incentives, he said. "A lot of these [incentives] are geared toward old-line industries like Boeing."

Unfair to existing businesses

Targeted incentives basically are unfair to other businesses, he said. States should improve their competitiveness by providing "a level playing field" for all companies.

Sen. Charles Albertson, vice chairman of the Appropriations on the Natural and Economic Resources Committee who will represent Kinston's senatorial district the next full session, said he, too, thinks incentives penalize smaller businesses.

"It's not fair. But I don't know how you'd change that," he said.

It was unfortunate, though, he said that Boeing didn't come to the GTP. "I think it's

sad," he said. "But if you want to compete, you've got to offer incentives."

The excuse that "everybody does it" doesn't hold water, Morgan said. The bidding war among states has become fierce, she said, and action to curtail incentives needs to be taken on the congressional level. Also, North Carolina could refashion its laws to make the state competitive without using incentives, she said.

Rep. Connie Wilson, R-Mecklenburg and chairman of the House Commerce Committee, said incentives are a mixed blessing.

"Boeing was a wonderful once-in-a-lifetime opportunity for Kinston," she said. And generally, she said, she thinks incentives are appropriate. "I wish it were a perfect world, but it's not a perfect world."

A bidding war among states is one of the drawbacks of incentives, Wilson said. "It puts us in a danger, upping the price to compete with other states. It could damage our revenue in the future."

She said she understands why small businesses, which receive no help from the state, oppose targeted incentives. "Small businesses in North Carolina have every right to complain. North Carolina should have the best business climate, but we don't."

North Carolina doesn't need incentives to attract business, said David Mills, executive director of The Common Sense Foundation in Raleigh. "The state is ultra-competitive as it is," he said. "Incentives are

giveaways to big corporations. We're providing corporate welfare for them." Besides, he said, there is no proof that incentives have any impact, that businesses would have come to the state anyway.

Incentives also are unfair to the state's citizens, Mills said. "In tight economic times it's painful to see North Carolina giving away money to businesses. Job creation isn't something the government is good at. It should be providing education, health care, and a safety net for those who need it."

'Project Olympus' takes off

The Commerce Department worked with the governor's office to prepare the incentives package, called "Project Olympus," over a period of months, starting in early summer.

North Carolina's proposal did not constitute a commitment, state officials said, but rather a basis for a final negotiation of terms. Those terms would be subject to final approval of the governor as well as the review and approval of the General Assembly, local government jurisdictions, and various other board and authorities. To get that approval, Easley said Dec. 12, he would call legislators back to Raleigh for a special session if Boeing chose the GTP.

After winnowing a list of possible sites in North Carolina offered by the Commerce Department, Boeing settled on the GTP as a finalist in its nationwide search. Boeing officials had visited North Carolina "five or six" times during its search, Fain said.

Some other incentives in the package were \$3 million for road improvements, \$2 million for site preparation, \$10 million for water-sewer improvements, \$1 million for a day-care facility for Boeing employees, \$28 million for transportation infrastructure, \$20 million to upgrade airport operations and services, and a \$17 million credit in real property improvements.

North Carolina was forced to do something, Kerr said. "We didn't start this war on incentives. Our great heroes in Washington wouldn't let us have taxes on the Internet, and that's not fair to your little local business."

Mills and Morgan, though, said states that use incentives are following a dangerous policy. "It's mutually-assured destruction," Mills said. "Unilateral disarmament wouldn't be such a bad idea."

"If we have another September 11th, we're going to be in trouble having commitments to these long-term contracts," Morgan said. CJ

State Secrecy Grows in Proportion to Economic Incentives, Lawyers Say

Continued From Page 1

even replied to a request by a daily newspaper in eastern North Carolina that asked to see the same records. It wasn't until a lawsuit was threatened that the lion's share of the requested records were released. So, unfortunately, the state came up way short in meeting its obligation of prompt and full disclosure to the public in this instance."

Both Martin and Bussian anticipate greater trouble down the road as the state expands its role in economic development.

"No question, as economic development becomes one of the more important issues in our state, the more the state will claim exemptions to the Public Records Law," Martin said. "We're going to see the issue more and more. I think the public needs to be vigilant."

The records law should be reworked to meet the challenge, Bussian said. "The recent wave of incentives offered by the state

signals that more and more tax dollars will be handed out without public oversight. And that, in my mind, sounds the alarm more than ever for the need to overhaul the present open-government statutes in North Carolina, which currently permit huge sums of tax money to be promised to corporate interests — as relocation and development inducements — without any member of the press or public knowing about it before these deals are done."

Bussian sees widespread misuse of exemptions under the guise of "trade secrets."

"There has been a noticeable increase in the number of conflicts between the media, in its watchdog role for the public, and the government over access to all kinds of information that the government now claims as exempt from disclosure under the broad banner of trade secrets," he said.

"The trade secret claim was one of the excuses that rang hollow when offered by the Commerce Department in refusing pub-

lic and press access to the department's incentive package offered to Boeing. This kind of shell game by the government is on the rise, and continues in the face of clear directives from the N.C. Supreme Court that the state's open-government laws are to be interpreted broadly with any questions about the interpretation being resolved in favor of allowing public access."

Demonstrating the extent of secrecy in government-corporate negotiations, Martin cited a case of *The News & Observer* of Raleigh vs Gale Force Holdings, with whom the city of Raleigh entered into a contract for use of the RBC Center.

A weakness of the records law, Bussian said, is the latitude government wields to suppress information on business deals. "The secret treatment given to economic development meetings and records in North Carolina is as restrictive as anywhere in the country. Compare North Carolina's law on the subject to Tennessee's, for example. In

Tennessee, you begin with the position that all economic development discussions and records are open to inspection as a matter of law. Only if the commissioner of Tennessee's economic development commission and the state's attorney general agree that certain parts of an economic development record are sufficiently 'sensitive' can that part of the record be withheld. That doesn't happen often, and look at the success Tennessee has had in attracting industry. Here, the public is denied the chance to see or hear anything about incentives — in every case where they are offered — until it's over."

"The NCPA's Legislative Committee leadership has given some preliminary thought to targeting for repeal the current economic development secrecy features of the state's open government laws. Given the dollars at play today in the incentives game, it's high time the state legislature re-examined that culture of secrecy," Bussian added. CJ

Around the State

• **CORRECTION:** Last month's front-page article on Medicaid identified U.S. Health and Human Services Secretary Tommy Thompson as the former governor of Ohio. He is the former governor of Wisconsin.

• North Carolina's state-maintained highways now rank among the worst in the nation in such areas as pavement condition and urban congestion, according to the findings of a national study released in February by the John Locke Foundation.

Dr. David Hartgen, a professor of transportation studies at the University of North Carolina at Charlotte and an adjunct scholar and policy analyst for the nonprofit Locke Foundation, has issued an annual study of state highway performance since 1992.

The new report, which examines trends in highway data from 1984 to 2002, found that North Carolina has fallen to 45th in the nation in highway performance and to 36th in the nation in the overall cost-effectiveness of its state-maintained road system.

North Carolina's overall ranking last year was 20th. It generally ranked in the top tier of states during the 1980s and early 1990s.

The state's transportation problems were particularly acute in areas such as rural pavement conditions and traffic congestion on urban interstates. Only three states have a higher percentage of congested urban interstates — California (82 percent), Maryland (82 percent), and Minnesota (77 percent) — than did North Carolina (75 percent). The state also ranked 42nd in the condition of urban interstates, 44th in rural interstate condition, and 45th in the condition of rural primary roads.

"This is a sad showing for a state that once prided itself on good roads," Hartgen said.

The study was based on data submitted to the federal government by all the states, for 2002, the latest year available. South Carolina was rated 22nd, Virginia 28th, Tennessee 27th, and Georgia third. Although North Carolina has the second-largest state-owned road system in the country, due in part to the existence of county road systems in other states, its per-mile expenditures have historically lagged other states. The system was in relatively good shape until recently, when deterioration increased relative to other states, Hartgen found.

The study also concluded that the United States' overall improvement in average highway conditions had slowed to a halt, even as the states and federal government increased their expenditures. Nationally, five of seven performance indicators worsened or held steady from 2001 to 2002. "Congress and the states must act now to head off a perfect storm in road repairs," Hartgen said. "It's not just more dollars. We must also put the dollars on the ground."

Hartgen's latest study is available on the John Locke Foundation's website at www.johnlocke.org/policy_reports/2004020943.html. *cj*

Locke Foundation celebrates 14 years as taxpayer advocate, government watchdog

Colorado Gov. Bill Owens Keynotes Anniversary

By PAUL CHESSER
Associate Editor

RALEIGH

The John Locke Foundation celebrated its 14th anniversary March 10 with a dinner featuring Colorado Gov. Bill Owens as keynote speaker.

The nonprofit think tank also honored Stokes County Commission Chairman Sandy McHugh and Franklin County businessman Bob Luddy with awards for their commitments to individual freedom and limited government.

Owens, recognized by *National Review* magazine as "the best governor in America," praised the work of the "new wave" of conservative think tanks such as the Locke Foundation and the Golden, Co.-based Independence Institute. He said those groups help political leaders make better, more-informed decisions.

"When policy makers have data (and) the arguments," Owens said, "it allows us to win some of these policy debates."

He won his first term as governor in 1998 and won reelection in 2002. During his tenure he pushed through the largest tax relief package in state history, amounting to \$1 billion in cuts in rates of sales, personal income and capital gains taxes, and an elimination of the marriage penalty. Owens also instituted sweeping school reform by creating an education accountability system.

But Owens offered praise for the work of many other former and current conservative governors. He noted the accomplishment of former Wisconsin Gov. Tommy Thompson on the issue of welfare reform. He also cited Florida Gov. Jeb Bush's implementation of choice for employees in the state's retirement plan, and Arkansas Gov. Mike Huckabee's ability to eliminate the income tax on capital gains realized from



Colorado Gov. Bill Owens speaks to John Locke Foundation supporters at the dinner.

the sale of homes.

Owens attributed those successes to the leadership of President Ronald Reagan, who he said began the revolution that enabled modern-day conservatives to achieve their policy goals.

"Ronald Reagan understood where this nation needed to go to reach its potential," Owens said.

Owens also explained a few of his own accomplishments, including a Taxpayer Bill of Rights for Colorado citizens, which limits the growth of the state budget by linking it to the inflation rate. All surplus revenues are refunded to the taxpayer. Owens believes Colorado's tax policy is responsible for its consistently high rankings for busi-

ness climate and income growth, and its low rankings in taxes per capita.

As the ceremonies closed, Bob Luddy was given the John William Pope Sr. Award for the Advancement of Freedom in North Carolina. He was recognized for, among other achievements, leading commissions in Raleigh and Wake County that promoted efficiency in government.

Sandy McHugh was honored with the James Knox Polk Award for Leadership in Public Office. As interim Stokes County manager in 2003 McHugh held the line on the budget when Gov. Mike Easley withheld local tax revenues. She and other leaders prioritized county spending and prevented a property tax increase. *cj*

Locke Foundation Paper Debunks Business Tax Study

By CAROLINA JOURNAL STAFF

RALEIGH

A study released earlier this year by an accounting firm and recently touted by North Carolina politicians as evidence of the state's attractiveness to business is fundamentally flawed and offers little useful information to policymakers considering tax changes, according to a report published by the John Locke Foundation.

Ernst & Young conducted the study for the Council on State Taxation. Focusing on 2003, the study purported to find North Carolina near the top of the states in various rankings of the cost of business taxation.

In mid-February, Gov. Mike Easley touted the finding in a press release, which was followed by other favorable comments about the state's business-tax climate by politicians and the news media.

But Dr. Roy Cordato, an economist and vice president for research at the Raleigh-based John Locke Foundation, was already examining the Ernst & Young/COST study and said he was surprised at the conceptual errors it contained.

"This study ignored entire categories of taxation paid by business and some of the most basic principles of public-finance economics in coming to its conclusions," Cordato wrote in a new Spotlight briefing paper on the issue. "It would not be an exaggeration to say that the Ernst and Young study is worthless as an analysis of the business-tax environment in North Carolina and other states."

Cordato found that the study, unlike

two other national rankings of business costs released in 2003, did not include data on individual income taxes or most sales taxes in its computations of tax burden.

This was puzzling, he said, because most businesses are unincorporated and pay individual rather than corporate taxes on the income earned, while the burden of taxes on both personal income and retail sales is actually shared among business owners, customers, and workers — making such taxes a critical element of the fiscal environment affecting business activity and economic growth.

What's left out

Small businesses, Cordato wrote, are particularly affected by the taxes left out of the Ernst & Young study. They account for about half of employment in North Carolina and have generated 80 percent of net job growth in recent years.

"A model for measuring business taxation that leaves out a major tax liability for these firms is obviously of limited value in gauging whether a particular state is relatively congenial or hostile to business investment and growth," he said.

Because of the study's selective use of data, states that rely primarily on property taxes — including those heavy in land-intensive industries such as oil production, mining, and ranching — scored poorly on the resulting "business-tax" rankings, while those relying more on income and sales taxes, such as North Carolina, scored well. In most other studies of state fiscal poli-

cies, the trend lines are almost precisely reversed — states with high marginal tax rates on income, sales, and capital gains are often rated by both researchers and businesses as adverse environments for growth.

Cordato found, for example, that a 2003 study by the Washington-based Tax Foundation gave good marks on taxes to states such as New Hampshire, Wyoming, and Washington that the Ernst & Young study had rated as among the most heavily taxed states. Similarly, a 2003 study by the Small Business Survival Committee ranked places such as Nevada and Texas as low-tax states while Ernst & Young ranked them as middle- to high-tax states.

Within the Southeast, North Carolina was the lowest-tax state in the Ernst & Young study but near the top in tax burden in the Tax Foundation study and ranked significantly worse than all other states in the region did in the Small Business Survival Committee study.

North Carolina's marginal tax rates on income are among the highest in the United States, and its combined retail sales tax rate now exceeds that of most of its neighbors.

With other research demonstrating the adverse effects of high marginal tax rates on state economic growth, Cordato argued that "North Carolina policymakers should take no comfort from the Ernst & Young study. Initiatives to reduce the tax burden would have significant and positive effects on North Carolina's prospects for economic recovery and development."

Cordato's Spotlight on the issue is available at www.JohnLocke.org. *cj*

Fines and penalties for Ballance's organization are mounting

Hyman Foundation Still Has Not Filed All Its Federal Tax Returns

By DON CARRINGTON
Associate Publisher

RALEIGH
Rep. Frank Ballance's state-funded charity to help youths apparently has failed to file IRS tax forms required for nonprofit organizations.

Carolina Journal first reported April 15, 2003 that the John A. Hyman Memorial Youth Foundation, chaired by Ballance, D-1st, had never filed an annual IRS Form 990, Return of Organization Exempt From Income Tax. At the time, Ballance told *CJ* the information would be available the following week. But it was late July 2003 before a Form 990 for each year from 1994 through 1997 was filed with the IRS.

At the time, foundation Executive Director Eddie Lawrence said, "The remaining years are being prepared by our accountant and will be filed with the IRS upon completion."

The information, if filed with the IRS, should also be available at Guidestar.org, a national database of nonprofit organizations. The only Hyman reports that are available at that site are for 1994 through 1997. Ongoing efforts by *CJ* to obtain the remaining overdue forms have been unsuccessful, indicating the forms have still not been filed.

The telephone number for the Hyman Foundation has been disconnected. *CJ* left a phone message with Ballance's congressional communications director, Joanna Kuebler, about the past due forms. She did

not return the phone call.

Tax-exempt nonprofits that have annual receipts greater than \$25,000 are required annually to file Form 990 with the IRS.

The foundation has routinely received more than \$25,000 a year from the state since 1994. Nine or 10 years of reports were due. The information contained on the form includes the names and salaries of officers, the source of funds, and the expenditures by category.

Copies of the past three years' reports are to be made available to the public on demand, at the organization's place of business during normal business hours.

Troubling audit report

In October the State Auditor's Office released a scathing report on the foundation.

The nonprofit received \$2.1 million in state funds since 1994 to treat drug addicts and alcoholics. The auditor found that much

of the money, however, never found its way to the intended purpose. Instead, as chairman of the foundation, Rep. Ballance wrote checks to relatives and people who contributed to his political campaign.

"This program is riddled with conflicts of interest in providing contracts and services," State Auditor Ralph Campbell said at a press conference to announce the audit's findings.

Federal and state law enforcement officials have launched investigations, and Ballance's family members

and friends have been required to testify to a federal grand jury.

Yet Ballance moves on. He recently completed a "state of the district tour" in which he met with constituents, heard their concerns, and offered assistance with their prob-

lems. The tour was not a campaign event, but Ballance made it clear he was going to run again. Reporters questioned Ballance about the Hyman situation, but he would not discuss it.

"I'm not going to go into that. It's been hashed and rehashed.

"I want to stay on the message of what I can do on behalf of the people. I want to talk about creating jobs. I'm not interested in discussing that matter," Ballance told *The Daily Reflector* of Greenville.

Raleigh TV station WRAL also interviewed Ballance about his future.

"For legal reasons, I cannot talk about specifics of the ongoing investigation," he said.

Ironically, one particular constituent service Ballance offers on his official congressional web site is help with the Internal Revenue Service.

"If you have tried to work with the Internal Revenue Service and have had problems, we might be able to help you. Please click on 'Contact Me' to write us," reads Ballance's offer.

According to IRS regulations, a tax-exempt organization that fails to file a required return is subject to a penalty of \$20 a day for each day the failure continues. The maximum penalty for any one return is the lesser of \$10,000 or 5 percent of the organization's gross receipts for the year. Using these guidelines, the foundation's fines for 10 years of not filing may be as high as \$100,000. *cj*



U.S. Rep. Frank Ballance

Organization accused of role in partisan campaigning

Lawmaker Asks State Auditor To Probe State-Funded Nonprofit

By DON CARRINGTON
Associate Publisher

RALEIGH
State Rep. Russell Capps, a Raleigh Republican, has asked State Auditor Ralph Campbell to investigate the Opportunities Industrialization Center of Wilson, a nonprofit organization largely funded by the state.

In a Feb. 17 letter to Campbell, Capps cited reports by the *Wilson Daily Times* and *Carolina Journal* that documented OIC's role in a 10,000-piece mailing for the Wilson County Democratic Party. A letter in the mailing package asked the recipient to vote a straight Democratic ticket for the partisan races, and for the Democrats in the nonpartisan races. A sample ballot was included and marked accordingly.

Some nonprofit organizations such as labor unions are permitted to participate in political activities as long as the activities and expenditures are reported. According to the IRS Code, a tax-exempt 501(c)(3) organization such as the Wilson OIC "will lose its tax-exempt status if it engages in political activity."

According to the *Daily Times*, three former students of the OIC claim that as students, they helped OIC staff prepare the mailing Oct. 31, 2002 just before the general election. The students were let out of class early and paid to help with the project.

After the *Daily Times* story was published, *CJ* interviewed Rep. Joe Tolson, whose district includes Edgecombe and Wilson counties, about the mailing project. He confirmed OIC's involvement.

"I helped carry it around from the party

headquarters to the OIC. We were working on it at Democratic headquarters at the mall, but we needed more space and more help where we had more space and people to work on it," Tolson said. He also acknowledged that students and OIC staff were involved in the mailing.

"These reports are indications of clearly illegal activities within the center and participated in by the center staff members," Capps wrote to Campbell. "I respectfully request that your office initiate an immediate investigation into this matter."

The Wilson OIC, a tax-exempt organization with an annual budget of more than \$2 million, receives state, local, and federal funds. The organization's activities include job training for low-income and socially troubled individuals, AIDS education and testing, food distribution, youth counseling, and alternative education.

OIC President Howard Jones told *CJ* that he was not aware of Capps's letter.

Dennis Patterson, a spokesman for the Campbell, acknowledged that the office has received the request from Capps, but the office's policy is to not comment on current or potential investigations.

Jones originally told the *Wilson newspaper* that OIC employees were not used to stuff envelopes and that OIC did not pay the students, even though one student said that Jones is the one who paid them \$20 each.

Later, in a Feb. 13 letter to the *Daily Times*, and copied to *CJ*, he claimed the students belonged to Wilson Technical Community College even though the class they were attending was being held at the OIC. *cj*



For more than 12 years, *Carolina Journal* has provided its thousands of readers each month with in-depth reporting, informed analysis, and incisive commentary about the most pressing state and local issues in North Carolina. With a particular emphasis on state government, politics, the General Assembly, education, and local government, *Carolina Journal* has offered unique insights and ideas to the policy debate.

Now *Carolina Journal* is taking its trademark blend of news, analysis, and commentary to the airwaves with a new program — **Carolina Journal Radio**.

A weekly, one-hour newsmagazine, **Carolina Journal Radio** is hosted by John Hood, publisher of *Carolina Journal*, and features a diverse mix of guests and topics. Education reform, tax policy, the state legislature, affirmative action, air pollution, freedom of the press and the courts — these are just a few of the subjects that **Carolina Journal Radio** has tackled since the program began production in May.

Currently broadcast each weekend on 16 commercial radio stations — from the mountains to the coast — **Carolina Journal Radio** is a one-of-a-kind program that seeks to inform and elevate the discussion of North Carolina most critical issues, and to do so in a fair, entertaining, and thought-provoking way.

For more information or to find an affiliate of *Carolina Journal Radio* in your community, visit www.CarolinaJournal.com.

NC News In Brief

Math questions

According to Cindi Jolly, Wake County assistant superintendent of curriculum and instruction, the rising concern over the county's adoption of Math Trailblazers as its elementary- and middle-school math curriculum is a question of "finding balance."

Jolly's remarks to the *News & Observer* of Raleigh note that "the school system wants to find a balance between an approach that encourages students to explore and think for themselves and more traditional instruction that lays a strong foundation in math skills."

Even if the material is, as Jolly says, "simply a resource to support the approach Wake has been using," parents may want to look at some professional reviews of the material on the website www.illinoisloop.org. Reviewer Wayne Bishop, who participated in the California "content review panel" for assessing prospective curricula or adoption in California schools, wrote the following about Math Trailblazers:

"Based upon evaluation of its content only, this submission is not recommended for adoption as either a BASIC or a PARTIAL program."

"This submission is not based upon the fundamental skills required by mathematics, including, but not limited to, basic computational skills."

"This submission does not enable instruction in almost all (if not all) of the individual standards for the intended grade level(s) or disciplines(s), either in whole or in one or more of the subject area(s) or disciplines listed above, in a cohesive, clear, systematic, and significant fashion."

"This submission is not factually accurate, and the inaccuracies cannot be reasonably corrected."

Further pages offer a comparison of what is IN and what is OUT of the MTB program. These pages should give parents and educators a good idea of what Wake County math students can expect in the classroom.

"No Child" no way

Pitt County is keeping a close eye on the progress of 11 schools placed on the No Child Left Behind watch list, according to the *Greenville Daily Reflector*. They make up one-third of the schools in the county, and illustrate the bind that systems can face when they fail to meet adequate yearly progress standards.

"Watch" schools have a final chance to meet achievement standards next year. If they don't, federal sanctions begin, and the system will have to allow parents to move their children to a nonfailing school.

The 11 schools are all elementary schools, and officials are making contingency plans should some of them fall short again next year. All subgroups except students with disabilities and limited English proficiency were able to meet the benchmark in 2003-04. *cj*

Latino Parents Find More to Like at School

National survey compares Latinos' responses to views held by whites and blacks

By KAREN PALASEK
Assistant Editor

RALEIGH

Latino households with school-age children find more to like in the nation's public schools than do white parents or black parents, a national survey finds. The Pew Hispanic Center, in conjunction with the Kaiser Family Foundation, polled adults between August and October of 2003, asking a variety of questions about K-12 education.

The survey, "Attitudes Towards Education And Assessment of Schools Today," reveals that Latino parents generally view public education in a more positive light than either white parents or black parents.

North Carolina is home to a significant and growing Latino school population. In 2002, the Census recorded 19,308 Hispanic residents in Raleigh alone. The Wake County school system added 4,600 net new students in 2003-04. According to reports in the *News & Observer* of Raleigh, Hispanics were the fastest-growing component of that group. In January 2004, *Business North Carolina* estimated that the state's Hispanic population was about 400,000, or 5 percent of total residents.

Fieldwork for the 3,421 families in the Pew Survey was conducted by International Communication Research, and respondents could opt to conduct the interview in Spanish or in English.

Based on the question "Are you, yourself, of Hispanic or Latino origin or descent, such as Mexican, Puerto Rican, Dominican, Central or South American, Caribbean or some other Latin background?" 44 percent of the adults sampled answered "Yes."

To better understand the answers, the sample was split several ways: parents vs. non parents, native-born vs. foreign-born Latinos, non-Latino whites, and non-Latino blacks.

Only 37 percent of the 3,421 adults surveyed had children in a K-12 school program. Just over half of the parents identified themselves as being part of a Latino household. Another 27 percent of parents were white, and the remaining 19 percent of parents in the survey were black.

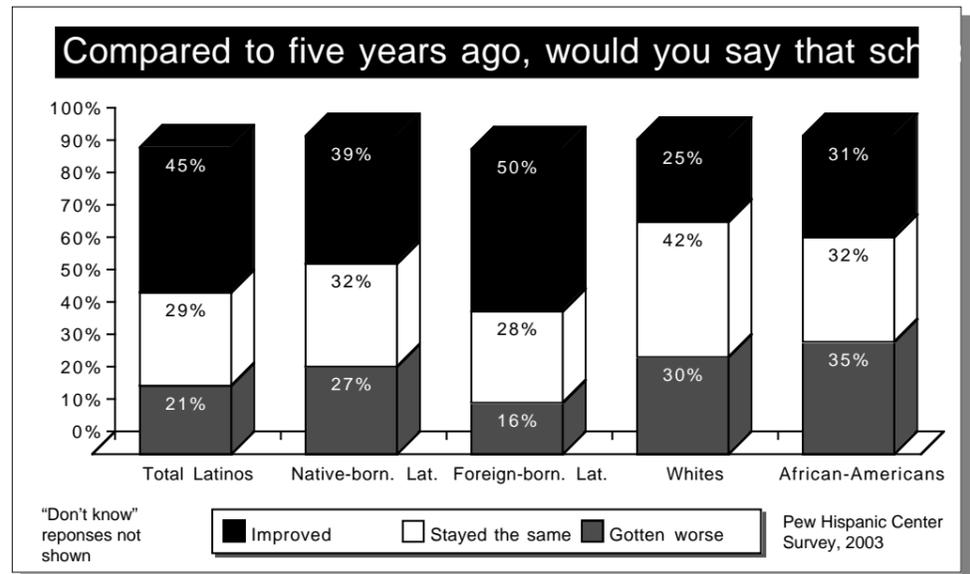
Some questions were asked only of the parents in the study. The relatively small sample size for some responses brings the margin of error for the poll to plus or minus 2.43 percentage points overall. The poll consists of two sections: one on education and schools today, and a second on politics and policy.

Rating schools today

Perceptions about public schools vary among white, black, and Hispanic parents. Hispanic parents, especially those who are foreign-born, give schools higher ratings and are more optimistic about the future of the schools than any other group.

In the survey, 52 percent of all Latinos gave the schools nationwide an A or B, and 63 percent rated their community schools as deserving of an A or B.

But a breakdown between foreign- and native-born parents shows that confidence is higher among foreign-born parents. More than twice as many of the foreign-born Latino families thought community schools were top-notch, as compared to native-born parents. And the rate of approval for the nation's schools for foreign-born parents



was triple the A-rated approval from Latino parents born in the United States. About half of all Latino families expressed confidence that U.S. schools have improved over the past five years.

When compared to responses from the Latino community, whites and blacks were far less positive. Only 25 percent of white parents thought the schools have improved since 1999; 31 percent of black families expressed the same view. "Whites and African Americans are more negative about public schools than Latinos, and are less likely to give public schools good ratings," the survey results read.

Primary concerns

Security at school was the No. 1 concern of Latino parents. They ranked problems with teachers, school funding, problems with other children in the schools, and curriculum behind safety in the survey.

Security issues reflect concerns about drugs, violence, and gang activity on school property. Between 24 and 29 percent of Latino parents said security was their biggest worry about the school system.

By comparison, white families ranked school funding far ahead of security issues. About 24 percent of white parents, compared to 16 percent of blacks and 10 percent of Latinos, picked school funding as the most serious problem with American schools. Only 11 percent of white parents, and 17 percent of black parents, thought violence, drugs, or gangs were the most urgent school issues.

Are the schools that serve mostly Latino or mostly black students comparable to those that serve mostly white students?

Parents of children in Latino-majority schools were more positive about the quality of the schools their children attend than were parents of children in mostly-black schools.

About 53 percent of Latino parents said schools that serve a primarily Latino population are just as good as the ones that serve mostly white students. Half that number, 28 percent, thought that mostly Latino schools were worse than white schools, while 13 percent said the Latino schools were probably better.

When Hispanic parents were asked how black-dominated schools stack up against those with a majority of Hispanic kids, most said the schools are about equal. Seventy-one percent of Hispanic parents think mostly black and mostly Hispanic

schools are on par with each other.

Only 9 percent of Latinos think black students attend schools that are generally worse than schools with a majority of Latinos. Fourteen percent say Latino schools are of higher quality than mostly black schools.

Black families don't share the same perceptions as Hispanic parents when they evaluate schools. Schools with a majority of black students, 38 percent of black parents said, are not likely to be comparable to schools with a majority of white students.

Nearly half of black parents are convinced that their children already attend lower quality institutions, when compared to mostly white schools.

Asked how mostly Latino schools compare to mostly white ones, 45 percent of black parents said they perceived Latino-majority schools to be just as good as white-majority schools.

Expectations and experiences

Robert Suro, director of the Pew Hispanic Center in Washington, D.C., commented on the expectations of Hispanic parents as expressed in the survey. "In a lot of different surveys and on a lot of different questions, immigrants are generally more optimistic about their lives in the United States and about their children's future here. They're learning as they raise their kids how this all works... and there's more of a willingness to go along with things."

When survey responses split out the answers of foreign-born vs. native-born Latinos, Suro's observations seem validated. Overall, 80 percent of the Latino parents surveyed thought that their children's teachers had a good understanding of their children's strengths and weaknesses, though a much smaller proportion — 43 percent of foreign-born vs. 66 percent of native-born — thought they have a good understanding of the curriculum or academic goals for their children's grades. On a similar note, 50 percent of foreign-born Latino parents say schools have improved over the last five years, but only 39 percent of native-born Latino parents agree.

As to why Latino children are not doing as well as their white peers, parents assign the reasons to schools, teachers, to themselves, and to their children.

Teachers, expectations, labeling, culture, language, and lax attitudes all contribute, they say.

Opinions about President Bush's No Child Left Behind law were mixed, but Latino parents endorse the use of standardized tests, and the idea of holding schools accountable for student performance. *cj*

*Trouble with system has many frustrated***NC WISE May Not Be a Smart Move After All**

By KATHLEEN KEENER

Contributing Editor

N.C. public schools plan to spend up to \$150 million on a computer system that some teachers say is plagued by glitches and is too costly. The Department of Public Instruction plans to roll out the computer program, called NC WISE, from Murphy to Manteo in 2006.

No spending cap

There is no concrete ceiling on how much the state will spend on the project, DPI officials say. "The 10-year budget is in excess of \$100 million, but it's really premature to say how much it's going to be," said Bob Bellamy, associate superintendent for accountability and technology for the DPI. "I think it is definitely worth every penny that we have spent and maybe even more."

At first glance, \$150 million is a staggering amount of taxpayer money. It looks more like national defense spending than the price tag for a school computer system. The sum has a lot of buying power in the education world. It could pay the construction costs for 28 new elementary schools being built for \$8.2 million a piece; it could pay all of the expenses — including buying laptop computers — for 11,460 students at the University of North Carolina at Chapel Hill this year; or it could cover the current salaries of 6,000 starting teachers in public schools.

Of course, the \$150 million is not being spent all at once. The project started in 1999 as a \$54 million contract with PricewaterhouseCoopers to replace the public schools' aging computer system. In 2002, IBM bought that arm of PricewaterhouseCoopers and inherited the project. The state has a contract with IBM until 2009. Bellamy says the state has committed more than \$100 million and the project could easily reach \$150 million.

"There were two reasons for developing NC Wise," Bellamy said. "First, the more information we have about children, the more effectively we serve children. The system that was in place was out of date and getting very old."

When the state first started the project with PricewaterhouseCoopers, the software for NC Wise had already been developed.

"We took a commercial off-the-shelf product and modified it for North Carolina," Bellamy said.

The initial contract was for taking the off-the-shelf product and developing the software. Officials continue to spend more as they roll out the program in more schools, make changes to software, and conduct training.

That product has gone through a significant evolution during the pilot programs and review committees. Despite the time North Carolina teachers have spent in trial and error with the system, it belongs to IBM. The company can sell the technology to other states and school districts and North Carolina will not see one penny of the profits.

The software is designed to do a number of things including record and average grades, schedule classes, keep attendance, and generate transcripts. It also will store data on students, from the basics such as name, race, birth date, and address to more detailed information such as test score data and information on learning disabilities. When students are absent, it can even call their parents on the phone and let them know their kids are not in class. Eventually, student records will be kept on the system, which means if a student transfers from a school in Cumberland County to an Iredell-Statesville school, staff in Statesville will have access to the student's information immediately.

Pilot programs

The NC Wise program is being piloted in six school districts. This fall the Department of Public Instruction will expand it to 40 percent of the state's schools, and by the fall of 2006 DPI plans a statewide roll out, Bellamy said.

The problem is, NC Wise does not work very well.

East Chapel Hill High School is one of the campuses piloting NC Wise. It should be an ideal place to use the system because every classroom has a computer, and the school has a technology specialist to help teachers with the software. Despite the possibilities for the system, teach-

ers use NC Wise only for attendance, and they keep hard copies of the information because they say the system often loses it. History teacher Holly Borham said she is one of only three or four teachers who use it to average grades.

"I have found it relatively easy to use the grade book after I figured it out," Borham said. "But it's still annoying because it's down a lot on the weekends when I am trying to work from home."

Many teachers gave up on the NC Wise grade book after it averaged grades incorrectly at the beginning of the year. Bellamy said that was a software glitch and that it has been fixed.

"When you do a pilot you expect that there is going to be a bumpy road from time-to-time and we've learned a lot of things," Bellamy said.

Teachers at East Chapel Hill say the system still is not user-friendly.

"The system has potential, but it's too much work and it's too slow," said Kelly Allen, a chemistry and biology teacher. After spending 10 hours trying to set up a grade book on NC Wise, Allen said she gave up.

"It wastes so much time," she said. "It eats away at your time little by little."

Allen was not alone. So many teachers at East Chapel Hill had trouble with NC Wise that the school bought another computer program for the teachers to use for grade books.

Across town at Chapel Hill High School, technology specialist Michelle Amman says her staff is having some success with NC Wise. "I think it has come leagues since I first started here," she said. "The folks at IBM and DPI really listened and helped make changes."

Statewide access

When Ammann started at Chapel Hill High School three years ago, she said the teachers were frustrated with the system, in part, because they had not been trained. She's worried that will happen at other schools when it's rolled out in two years.

"It's going to be hard for districts that are rural," she said. "They are going to have to have a computer in every classroom to make it work. They are also going to have someone on staff for support. They are definitely going to need training. I don't think you can drop something in a schools' lap and say 'good luck.'"

When NC Wise goes statewide, it will be the largest student accounting system in the nation, Bellamy said. Ammann questions whether having all schools linked is really necessary.

"Personally, I would like to see something that's districtwide," she said. "I don't know if total connectivity is a good idea."

The connectivity piece is designed to allow school administrators to have immediate access to school records when students transfer, but that information could be shared electronically through email. Email may not be as fast as logging on and having students' records at one's finger tips, but it's much less costly.

Despite the grumbling on campuses about NC Wise, state school board members are committed to staying the course with IBM at least through the end of its contract in 2009.

"We've been very supportive of NC Wise all along," said Evelyn Monroe, the 4th education district representative, who lives in West End. "I think it should be very helpful and something that is needed down the road."

Michelle Howard-Vitale, who lives in Chapel Hill and represents that 2nd education district, said that investing in computers is the cost of doing school business in the new millennium.

"We're in the new century," she said. "We're not going back to using paper."

Vitale admits that the system has bugs, but said she is confident those can be worked out.

"We know the cost of NC Wise," she said. "What we don't know is the cost of the potential we could lose in terms of providing a flexible learning environment and information on students." Teachers who have been struggling as the guinea pigs for NC Wise during the pilot program have a hard time understanding why the state is committed to continuing it.

"It angers me that they are using this much money for it when it could be used for other things," Allen said. "It hasn't made my job better or easier," Borham said. *CJ*

Dominican Republic Leaves Impression

Traveling to other countries always expands my perspective and I return home more appreciative of the opportunities I enjoy in America. The possibilities in our country to determine one's own destiny are a rare and precious gift. This was no less true as I recently returned from the Dominican Republic.

The DR is less than half the size of our state, with a few less in population. I visited several schools and discussed education issues with directors of the Distrito Nacional region, one of 17 districts in the country and containing the national capital of Santo Domingo.

Dominicans are warm and hospitable people. Like us, they enjoy a representative democracy. However, the country carries scars from years of military coups, dictators, mismanagement, and corruption. History of this sort results in economic problems and a deficient infrastructure. Even with these fractures and strains, regional officials seemed delighted I asked to visit schools and meet teachers.

They escorted me to a poor neighborhood with a "house-school." The small building containing four classrooms was buried within a community without electricity and water. Both the principal and small staff seemed committed to the nearly 350 students attending half-day sessions.

The other schools were larger, but basic. I was impressed with teachers who work in the extreme conditions on the equivalent of \$180 per month. It seemed DR also struggles with large bureaucracies and little resources getting to the classroom.

While the country claims a compulsory attendance law, it does not take long to see the lack of enforcement. Child labor laws do not exist, and many children are sent from home to shine shoes or wash car windows, earning a few pesos daily.

The majority of Dominican children attend independent schools, where families pay tuition. Only families that cannot afford tuition send their children to government schools. People readily acknowledge the two-tier education system. One free-market system was for the economically empowered and another was offered by the government.

Education receives only about 16 percent of the national budget. While it was never verbalized, the covert attitude seemed content that most families did not rely on government for education. Unless the family valued education, and forced children to attend school, the government seemed apathetic. I also wondered whether politicians thought it expedient to keep people ignorant. The teachers and directors were concerned and committed, but a tired and overwhelmed feeling seemed to fill the room as we discussed issues educators face.

Comparing cultures is like comparing fruits and vegetables. With so many different factors, you simply cannot compare. However, the monopolistic system of education for the poor was obvious, and suddenly I thought of my own country.

While the amount of money allocated to education by the two countries is incomparable, I was frightened by some comparable attitudes. America's government schools in wealthier areas are usually of higher quality because empowered parents demand excellence and can afford education options if necessary. Rural and inner-city families have fewer options. Where fewer options exist with less empowered families, poorer quality schools within the monopoly system also exist.

I left the DR more committed than ever to civil rights and social justice for lower income students. We must continue to hold government schools to high standards, AND allow lower-income families to choose schools through financial assistance.

I am thankful the concept of school choice is taking root in America. No matter what perspective, there is one principal that remains true; education is the gatekeeper in a free country. *CJ*

Lindalyn
Kakadelis

Around the Nation

IRS vs. NEA

The National Education Association is under investigation by the Internal Revenue Service and the Department of Labor. Questions about possible illegal use of membership dues are driving an audit of the teachers' union, according to *The Washington Times*.

Complaints filed by the Landmark Legal Foundation initiated action in April 2002. The foundation alleges that the NEA used union dues for political purposes, and failed to properly report that spending on its tax returns. Expenditures for political purposes may be taxable.

If the NEA did not properly report the spending, it may also have breached conditions that allow it to maintain its nonprofit status.

Labor Secretary Elaine Chao said the previous reporting requirements were "virtually meaningless." The old standard allowed one union to itemize spending under "sundry expenses," and "joint projects," without further detail. Those categories, according to Chao, accounted for \$3.9 million and \$63 million in spending, respectively. Union leaders were convicted of mishandling member dues.

The cure, Chao said, is to "carefully audit all the reports the unions must file."

Tennessee value-added

The *News & Observer* of Raleigh reported that North Carolina is considering using the Tennessee value-added assessment method in N.C. schools. It would still keep the ABCs, according to the report, but could add the dimension of evaluating teacher effectiveness, not just student performance.

Independent sources say there may be a reason why the state is looking beyond the ABC's. North Carolina's Reading First grant proposal for 2004-05 requires the state to select an organization to evaluate results of the program. Evaluations must, the proposal reads, "use valid and reliable methods" and be grounded in "scientifically-based research." The Tennessee system could serve that purpose.

The system is "certain to worry teachers," according to the *N&O*. It could be one factor in determining teacher bonuses. Carolyn McKinney, president of the N.C. Association of Educators, argued against the proposed new evaluation tool. According to McKinney, "any new decision to add emphasis to test results should include teachers themselves."

Certification = high scores

According to the Urban Institute, national certification for teachers means higher achievement for students.

North Carolina has more of these teachers than any other state, and will spend \$38 million on the program this year. CJ

High Schools, Community Colleges Fail to Prepare Students for Jobs in Today's Technical Economy

By KAREN WELSH
Contributing Editor

RALEIGH

Lack of education and vocational training, specifically in technology, science, and biotechnology fields, has left the North Carolina public school system lagging in the competitive race of building a competent workforce to attract new corporations and businesses to the state.

Martin Lancaster, president of the North Carolina Community College system, said the NCCC is doing its best to bridge the gap across the state through tech prep and other programs, but he thinks the state is on a collision course of disaster in preparing the workforce for the future.

Problem begins in high school

"Forty-eight percent of recent high school graduates that enroll in community college need remediation in either reading, writing, or mathematics," he said. "It's a very bad sign that puts the North Carolina economic future at risk. If North Carolina is going to be an economy based on knowledge, then we need to do better at our high school and community college level."

Part of the problem, Lancaster said, is that students aren't challenged on the high-school level. Most, he said, end up getting a general high school diploma that only can get them a job flipping hamburgers. "Almost any job of the future is going to require math and science skills if you're going to be successful beyond menial tasks."

This news doesn't bode well for many of the corporations looking for sites to build new facilities.

A report by The Workforce Stability Institute in Greensboro said employers are increasingly concerned about maintaining a stable workforce. "They need competent, dedicated, and effective workers to serve their customers to fulfill their missions... It is frustratingly difficult to find, recruit, and hire the caliber of employees that companies desire today."

Incentives no, education yes

Carly Fiorina, former North Carolina resident and current CEO of Hewlett Packard, said most industries are technology-based and are looking for a well-educated workforce.

"Keep your tax incentives and your highway interchanges," she once told the National Governor's Association. "We will go where the highly skilled people are... Education is at the heart of everything, I believe. You must, we must together continue to reinvent and re-engineer our education systems to achieve higher standards of competence and skill."

The Rural Program, founded by The Duke Endowment to Help Strengthen Rural Communities, found the largely agricultural state of North Carolina does not meet the standards or educational levels required by most industries to compete in the current economy. "In many rural counties only slightly more than half of the population have a high school degree," the report said. "Getting a good job in today's economic environment now requires postsecondary education and training, along with systems of lifelong learning."

A recent article by Jason Spencer of *The Free Press* of Kinston cited how education



A vo-tech student learns how to use a saw in carpentry class.

and training became the focus when Boeing, a leading manufacturer on airplanes, was trying to decide on a location to build a new plant.

The article said the company was told in a state proposal that a pool of 96,000 workers were available within a 200-mile radius of the Global TransPark, located in rural eastern North Carolina. However, Boeing officials didn't necessarily want employees skilled in traditional crafts such as manufacturing and painting. The company was also apprehensive about finding enough qualified workers for their plant.

Jones County economic developer Roy Fogle said he wasn't surprised at the manufacturer's decision. "It's hard to find a trained labor force for a big company like Boeing in rural areas."

Fogle said there are ways to improve a community's chance to land a large anchor business. One is lowering the dropout rate of more than 100 students per day in North Carolina by providing vocational and technology training before they reach college age. "It's got to start with high school. Students ought to have a choice. I think America is falling down on training for those boys and girls who need it. We're failing those kids, giving them a productive life and productive living."

There is some good news though.

Laura Williams-Tracy, reporter for the North Carolina Citizens for Business and Industry, said Johnston County commissioners offered \$3 million to build a workforce development center to train frontline workers in the field of biotechnology. "We believe the best incentive we have to offer business is a prepared workforce that needs less training," said Linwood Parker, chairman of the Johnston County Economic Development Advisory Board.

New technology, more training

Williams-Tracy said the facility, which is being built in cooperation with Johnston County Community College and Johnston

County Public Schools, will offer apprenticeship programs to school-age students.

The article also quoted Mike Desherbinin, director of Johnston County Economic Development. "It behooves us to be in a position to provide the best available workforce," he said.

"New technology is really driving the need for retraining. Standard operating procedures 10 years ago no longer exist. It's a constant lifelong process for the workforce to be adaptable as possible. Retraining never goes away."

Lancaster said many counties are beginning to offer a "middle college" experience for at-risk high school students. "This program is for students who are thinking about dropping out, but have the ability to succeed in a different setting." Lenoir County, home of the GTP, is also seeing the need for more expanded training and programs, said School Board Chairman Connie Mintz.

Early training needed: Survey

She said the school district recently sent out a survey to more than 1,000 teachers and support staff to find out what is needed to upgrade the school system. "It was amazing to me how important it is to most of those surveyed to get vocational training back into the high school level," Mintz said. "The days of the farm are over, and we're seeing how important it is to start training at an early age."

One of the ways to achieve this goal, she said, is to work with experts outside the public school system. "Some of these jobs in today's world are very, very complicated," Mintz said. "I think we need to work in conjunction with the community college and get more of the high school students to attend. They are going to need specific training for specific jobs."

Larry Gracie, director of Planning, Accountability and Continuous Enhancement in the North Carolina Community College system, said allowing high school students to begin training in a specialized field can only be good for the region. "If we start the children younger, they can be out by the age of 18 and be a viable part of the workforce," he said. CJ

"I think America is falling down on training for those boys and girls who need it."

—Roy Fogle,
economic developer

"Keep your tax incentives and your highway interchanges. We will go where the highly skilled people are."

—Carly Fiorina

Core Knowledge curriculum promotes coherent presentation of subjects

Rat for Lunch A Well-Received Offering at Atlanta Convention

By KAREN PALASEK
Assistant Editor

Core Knowledge has become a nationally recognized K-8 curriculum, built on an inventory of essential cultural, social and academic knowledge. Founder and Chairman of the Board of the Core Knowledge Foundation E.D. Hirsch, a former English professor at the University of Virginia, addressed the opening session of the Core Knowledge national convention in Atlanta in March. He outlined the reasons he thinks American schools need a CK approach.

The CK movement "is based on principles held by the best scientists," Hirsch said, and contains the information that is "taken for granted" in spoken and written language in our society. "It doesn't embrace a partisan ideology, except the classical idea of a democratic education, one that seeks to give the child only the best we can give them."

One of the biggest problems with current educational practice, according to Hirsch, is that teachers find themselves in "an incoherent system." Students receive an uncertain and uneven early preparation, focusing on short-run "quick and dirty" tactics such as drills to boost short-run test scores. This wastes the talents of both teachers and students, according to the CK founder, because they never take the time for the "slow, cumulative learning, deeply dependent on content," that young students need.

CK schools

North Carolina has eight official Core Knowledge schools for 2003-04, and many more that have implemented part of the CK curriculum. Official Core Knowledge Schools make the commitment that 80 percent of the teachers, in grades K-8, will teach at least 80 percent of the CK sequence.

Rudy Swofford, principal of Greensboro Charter Academy, offered some thoughts on Core Knowledge at his CK school. Greensboro has been open and operated by National Heritage Academies for five years. They've been an official Core Knowledge school for three years.

Swofford explained the success of the program at Greensboro by noting that, on

end of grade tests, "93 percent or better of third-eighth-grade students are at or above grade level in math and reading." The school was also named a school of excellence by the Department of Public Instruction last year. While some academies operate on an extended day, Greensboro's school day is 8:15 to 3:15 for all grades — normal for middle school and slightly longer than a typical elementary schedule.

Although the CK curriculum doesn't necessarily line up grade-for-grade with the North Carolina Standard Course of Study, Swofford is confident that the students get all of the material required by the time they finish middle school. The Core Knowledge Foundation is in the process of producing state-aligned guides for use in the classroom. According to Swofford, teachers at Greensboro "like the Core Knowledge curriculum because it is systematic and coherent."

Teacher retention is not a great problem at Greensboro Charter, Swofford said.

Rat for lunch

Educators and school administrators began the weeklong Core Knowledge convention in Atlanta with a menu full of varied and engaging topics. More than 2,100 conferees gobbled up math and other workshops at breakfast, and sang the praises of rat for lunch at the Saturday keynote event.

Saturday's luncheon featured a talk/performance by poet Jack Prelutsky. Prelutsky promotes literacy through witty, entertaining, and often incongruous themes.

"We remember things in rhymes," he says, "it's the way that news was originally conveyed from town to town."

Prelutsky claims his poems are inspired by his own experiences, to which he adds a touch of the fantastic. "Rat for Lunch!" was inspired, according to the author, by a visit to a Seattle restaurant. The author sang verses of "Rat for Lunch!" in comical style, while luncheon diners chorused "Rat for Lunch!" in the interludes.

"Rat for Lunch!" appears in *A Pizza the Size of the Sun*. A forthcoming work—*If Not For The Cat*—is a collection of haiku; 17 poems in 17 syllables, written from the point of view of animals.

In the workshop "Elementary Mathematics: Identifying the Missing Pieces," Dr. Liping Ma, senior scholar at the Carnegie Foundation and author of *Knowing and Teaching Elementary Mathematics*, discussed the link between understanding and teaching math.

Ma compared teachers in China and the United States to determine how well they understood the deeper math concepts behind elementary math. "On sheepskin, the American teachers seemed decidedly superior to the Chinese: they were all college graduates, and several had M.A.'s. The Chinese teachers had nine years of regular schooling, then three years of normal school for teachers—in terms of study time, a high school degree."

Interviews with 23 U.S. teachers and 72 Chinese teachers, each about evenly split in experience, posed four questions about teaching math concepts. The questions covered subtraction with regrouping, three-digit multiplication, division by fractions, and the relationship between perimeter and area.

Only 20 percent of U.S. teachers had a conceptual grasp of the regrouping process in subtraction; 40 percent could explain the place-value concept used for partial products in three-digit multiplication. Nearly 90 percent of Chinese teachers understood these concepts.

Unfortunately, fewer than half of U.S. teachers could even compute division by fractions correctly. For area and perimeter, "most, though not all, could state the formulas. However, when it came to analyzing the mathematics, most were lost at sea."

By contrast, according to Ma, some Chinese teachers "gave responses that more than answered the question," or "suggested that the given problem was too easy and offered harder ones."

Addition: Concepts Of Increasing Diffic



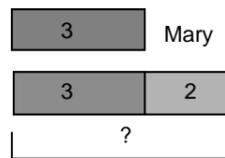
COMBINING
(overpresente)

Mary has 3 apples. Ron has 2 apples. How many apples have all together?



INCREASING
(underpresente)

Mary has 3 apples. Then she gets 2 more. How many apples does Mary have all together?



FINDING A LARGER VALUE
(underpresente)

Mary has 3 apples. Ron has 2 apples more than Mary apples does Ron have?

Liping Ma: *Knowing and Teaching Elementary Mathematics*

Ma explained that American students and teachers are exposed to too many examples of some kinds of problems, and too few of others. Simple 'combining' in addition, she argues, is "overpresented." Problems that require a deeper and more subtle understanding are "underpresented." Underpresented types include 'increasing' and 'finding a larger value.'

'Increasing' problems have a time element, which makes them more difficult. 'Finding the larger value' problems are less obvious due to larger numbers (eight apples are involved in the sample problem), and contain an implicit element of algebra that Chinese teachers seemed more comfortable with. "No such awareness of the algebraic backbone of arithmetic was shown by the American teachers," Ma reports.

The solution? Give math students practice with harder concepts, and make math teachers math specialists. Since "American texts tend to be lavishly produced but disjoint in presentation," teachers should have "texts that are coherent and promote self-study." These steps, she says, can help teachers learn and transmit a coherent understanding of math.



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See what one Raleigh paper called "Matt Drudge with Class"

Course of the Month

Porn and physical education

This month's choice comes by way of "The Wolf Web," an online site used by students at North Carolina State University to chat, find rides and books, help each other with homework, and also select classes. The site compiles interesting statistics, even charting the courses and departments within the university with the highest and lowest cumulative grades.

Recently, a student asked about a particular class: "has anyone had this class? is it interesting? what the hell is the material, im curious" (all quotations, sic). The class he asked about was the "Human Sexuality" class offered by N.C. State's Physical Education Dept.

PEH 213: HUMAN SEXUALITY

Physiological and psychosocial aspects of human sexuality. Emphasis placed on health-related topics of birth control, pregnancy, childbirth, abortion and sexually-transmitted diseases. Concepts of gender acquisition, sexual values, and sexual morality discussed as related to the promotion of healthy lifestyles within contemporary American culture.

The response was enthusiastic. "Probably one of the best classes I took at NCSU," one wrote. "The material ranges from stuff you are laughing so hard at you cry to stuff that makes you sick to look at. You learn about very detailed functionings of male and female reproductive systems, birth control methods, STDs [sexually transmitted diseases], pr0n [message-board shorthand for pornography], sexual research studies, sexual deviance, etc. We had lecture with huge close-ups of genital warts, then a couple weeks later we were watching pron videos."

Another one chipped in "one of my friends is in that — he loves it" (a smiley face appears next to "he loves it"). She added, "qs [questions] on the test are stuff like "in female-on-top position, what is one way to increase the tightness around the male's penis?" Another added, "one of my friends on the gymnastics team said her advisor recommended it to her cause it was an easy class... she seemed to enjoy it" (another smiley face).

Reviews of the class under the site's "School Tools" section were equally enthusiastic. Many remarked about how interesting and entertaining the class was. Several rated it "Awesome." One of those said, "The information in this class is great! Very interesting and applicable to the real world. Not hard at all. Probably one of the only classes where you actually come home and tell all your friends what you learned."

Several reiterated that the class was "easy," with only "10 homework assignments out of the book (it even tells you what page to find the answers on!)" and "the answers are asterisked in the book." There is also one short paper, described as "2-3 page paper = cake assignment." CJ



UNC-CH Summer Reading Committee Picks Book Chronicling Students at West Point

By SHANNON BLOSSER

Contributing Writer

RALEIGH

Since 2002, controversy and the University of North Carolina at Chapel Hill's summer reading program for incoming freshmen have seemingly gone hand in hand.

The book selection committee's choice for 2002, *Approaching the Qur'an: The Early Revelations* by Michael Sells, prompted an outcry among some Christian activists and even a lawsuit claiming that the book violated students' First Amendment rights by promoting Islam.

Last year's selection of Barbara Ehrenreich's *Nickled and Dimed: On (Not) Getting By in America* fanned the reading-program controversy. Conservative students on campus claimed the book was unscholarly, Marxist, and amounting to liberal indoctrination at a public university.

The selection committee this year sought to avoid the outcry of the past years by opening the selection process, and this year's choice is a book that looks at service and the sacrifice by a group of cadets at West Point. In February a nine-member committee chose David Lipsky's *Absolutely American: Four Years at West Point* to be recommended for incoming freshmen and transfer students to read during the summer months before attending UNC.

The Lipsky book won in a close decision, 5-4, over Bill McKibber's *Enough: Staying Human in an Endangered Age*.

The selection committee comprised three faculty members, three staff representatives, and three students.

Absolutely American is the sixth book to be selected as part of the summer reading program, which began with the freshman class of 1999. That year incoming freshmen and transfer students were assigned to read *There Are No Children Here* by Alex Kotlowitz.

Besides the two controversial selections, other reading choices have included *Confederates in the Attic* by Tony Horowitz in 2000, and *The Spirit Catches You and You Fall Down* by Anne Fadiman in 2001.

Committee Chair Jan Bardsley said *Absolutely American* fits into the program's goal of originating discussion among new students.

"It opens up a lot of discussions for students to think about their own lives at college and what they want to accomplish," said Bardsley, an assistant professor of Asian studies.

Bardsley also said committee members would have been pleased with either *Absolutely American* or *Enough*.

"Our committee felt both books would be worthy selections and remain true to the central purpose of the reading program — to focus on discussions and dialogue," Bardsley said.

Absolutely American and *Enough* were among five books that had advanced to the final round of discussions. The committee began with a list of about 500 books that were nominated from students and others with ties to UNC.

Also being considered by the committee were *A Hope in the Unseen* by Ron Suskind, *Life of Pi* by Yann Martel, and *Middle of Everywhere* by Mary Pipher.

The selection of *Absolutely American* was an appropriate choice, Bardsley said.

"While the experiences of UNC students and West Point cadets are different, our committee felt that the descriptions in *Absolutely American* would be an appropriate springboard for exploring a wide range

of timely topics in the discussion sessions for our new students," Bardsley said.

The process

Before the committee could advance a book as its selection, committee members had to make their way through the mountain of nominated books. Some of the books that were being considered included *The Bible* and *Plato's Republic*. There were also more obvious political selections in the list including Al Franken's *Lies*, and the *Lying Liars Who Tell Them: A Fair and Balanced Look at the Right* and David Limbaugh's *Persecution: How Liberals Are Waging War Against Christianity*.

"We wanted to cast the net as widely as possible in receiving suggestions," Bardsley said.

By winter break, Bardsley said, the list had been cut from 500 books to about 60. That list was then narrowed even more before members chose Lipsky's book.

"It was really difficult to get a perfect book," Bardsley said. "There is really no perfect book."

This year's book selection process marked the first in its six-year history that the university opened the meetings for public observation. Chancellor James Moeser said an open selection process was in the university's best interest.

Memories of previous controversies were on the minds of committee members during portions of the process, Bardsley said. The committee also took into consideration the upcoming presidential election in November.

"For most students, this is their first opportunity to vote in a presidential election," Bardsley said. "I hope this [book] encourages them to think about that, to think about voting."

From selection to discussion

Interviewed by *The Herald-Sun* in Durham, Lipsky said the book is not political. If anything, Lipsky said, the book is a moderate look at life the military at West Point.

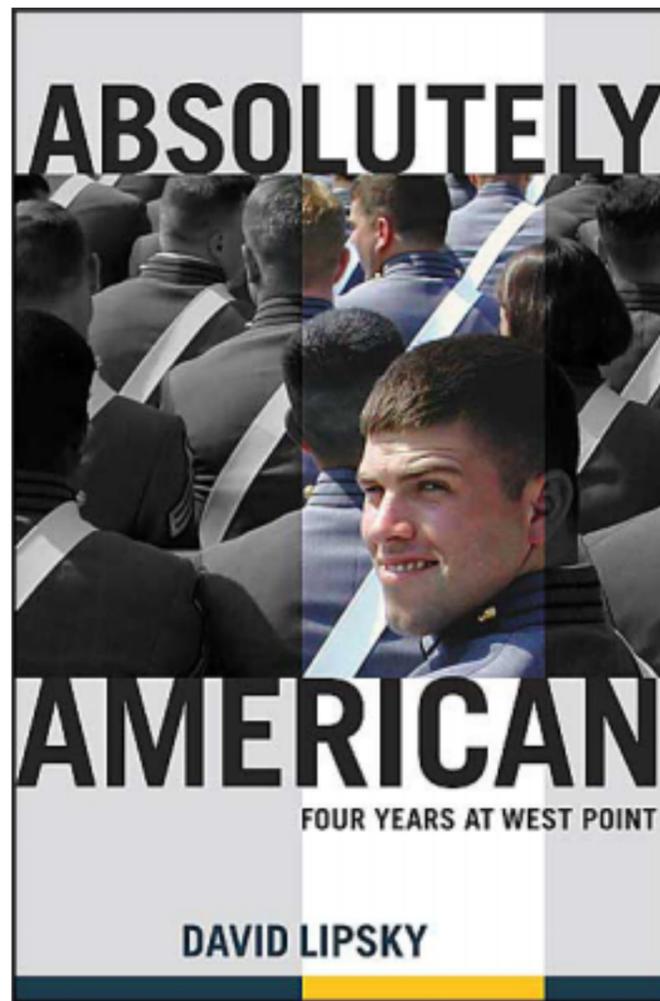
"The army is not political," Lipsky said. "It's just people."

The military, specifically representatives from West Point, approached Lipsky in 1998 with the story idea. West Point officials pitched the idea as a possible feature in *Rolling Stone* magazine, where Lipsky is a contributing writer.

According to the book's publishing company, Houghton Mifflin Publishing, West Point agreed to give Lipsky complete access to go where he wanted and talk to whomever he wished.

Skeptical at first, Lipsky spent several years following a cadet class and examining how the cadets adjusted to the West Point lifestyle and regimen.

Reviews have heralded the book as a quality look at life at West Point, which President Theodore Roosevelt called the



most "absolutely American institution."

A review by *Publisher's Weekly* says that *Absolutely American* deals with controversial topics, such as a cadet who was thrown out for backing a subordinate who told a nonpolitically correct joke.

"Ultimately, he came to respect and know the people he was following, future officers of the U.S. Army in a world at war," the review says.

Bardsley said the book is well-written. "It's written in a very approachable style with vignettes," Bardsley said. "All the West Point students emerged as unique personalities."

With the selection of *Absolutely American* complete, the selection committee will soon begin the next stage in the process — organizing group discussions and other programs. Their role will be limited to explaining the reasons for their selection; the Resource Development Committee will plan the small group discussion forum.

Those small group discussions will be held 1-3 p.m. Aug. 23, the day before classes are scheduled to begin at UNC-CH. Students and faculty members will lead the discussions, with possible discussion topics including a look at the sense of duty in the 21st century and examination of the question of whether young adults should be required to serve their nation (West Point cadets must serve five years in the military after graduation).

The information also lists some possible programs, outside of inviting Lipsky to the campus to speak. Some of the program ideas include inviting soldiers returning from Iraq or Afghanistan to share their experiences, discussions involving women and gays in the military, and addressing how service influenced the lives of veterans.

Committee member Zach Clayton, a freshman from Raleigh, told *The News and Observer* of Raleigh after the book was selected that it would lead to strong debate on issues that students are talking about.

"I think we'll have a very invigorating discussion on American values and our obligations," Clayton said. CJ

Republicans, Democrats Argue Over How Best to Institute College Price Controls

By SHANNON BLOSSER
Contributing Writer

Two rival bills under discussion in the U.S. House Education and Workforce Committee would get the federal government involved in the debate on higher-education tuition increases.

Both bills, however, take different approaches to make college more affordable for students.

The Republican plan would call for a College Affordability Index and would give more information to parents and students about college costs. The Democrat plan would also call for an affordability index, however it would punish states that decrease higher-education spending.

The bills are part of an effort to reauthorize the Higher Education Act in time for passage of the 2005 fiscal budget. Both are under review by the 21st Century Competitiveness Committee, which is chaired by California Republican Rep. Howard "Buck" McKeon. McKeon is the lead sponsor of the Republican-backed plan, known as H.R. 3311.

Massachusetts Rep. John Tierney is the lead sponsor of the Democrat bill, known as H.R. 3519.

According to the College Board, which administers the SAT exam to high school students, tuition and fees increased by 38 percent, when adjusted for inflation, at private and public four-year colleges and universities between 1992-1993 and 2002-2003.

In a speech on the House floor, McKeon said tuition increases could prevent two million students from receiving a college education.

"This is unacceptable, and I believe we can no longer stand idly by while our nation's students, the future of our country, are being priced out of the promise of higher education," McKeon said.

An index of college affordability?

McKeon's bill, known as the Affordability in Higher Education Act, would create a College Affordability Index. The index would be calculated by using the percentage increase in tuition and fees for a first-time undergraduate student between the first of three previous academic years and the last of those three years. That number would then be divided by the Consumer Price Index from July of the first of three academic years to July of the late of those years.

"This bill moves beyond the rhetoric, and offers real solutions that will hold colleges accountable and empower consumers as we all work together to keep higher education affordable," McKeon said.

After June 30, 2008, if a college affordability index exceeds 2.0 during a three-year period, that institution would be required to file a report with the Department of Education detailing reasons for the increase and plans to reduce the tuition costs.

There are exemptions to the bill, including one if the total increase is less than \$500.

McKeon's legislative director, James Bergeron, said the bill would give more information to parents and students and would provide more light on tuition costs.

An editorial in *The Baltimore Sun* credited McKeon's bill with creating a new debate on higher education costs.

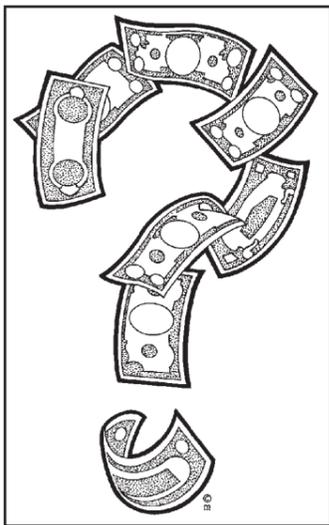
"We want to put a lot of transparency on the process," Bergeron said.

But Tierney said McKeon's bill would not provide parents and students with accurate information. According to Tierney, his bill's index would provide the best information for those looking at college affordability.

Tierney's plan, known as the College Affordability and Accountability Act, would require the Department of Education to publish a report on college affordability. The report would provide information on the "sticker price" to attend a college.

The bill defines the sticker price as the total price of attendance, net tuition price, and net access price for institutions that participate in federal aid programs.

It would also list the percentage change in the sticker price, total price of attendance, net tuition price, and net access price during a three-, five- and 10-year period. Also, the amount of federal and state support for higher education per pupil would be in the report.



"Their measure was wrong," Tierney said.

Republicans have criticized Tierney's bill, saying the bill amounts to federal price controls on higher-education tuition. Tierney's bill would prevent states that decrease spending on higher education from receiving money used for the administrative costs of all federal education programs.

The bill also says that no state can reduce the total amount provided to institutions by any amount less than what was spent during a five-year period.

If passed, Tierney's bill would prevent states that decrease higher-education spending from receiving money for No Child Left Behind and the Individuals with Disabilities Education Act, House Education and Workforce Committee Chairman John Boehner, R-Ohio, said.

Nearly \$500 million in the fiscal 2003 budget went to the administrative of federal education programs.

"At the same time they falsely accuse President Bush of 'underfunding' education, House Democrats are rallying behind a bill that would punish states for higher education by denying them access to million in funds states receive to administer the No Child Left Behind Act, the Individuals with Disabilities Education Act, and other federal education initiatives," Boehner said in a press release.

Tierney said the comments are an effort by Republicans to put a spin on his bill.

"No, it's not price control," Boehner said. "This is an effort of reinvigorating the states."

A national nonprofit group has come out against Tierney's bill. Paul Gessing, of the National Taxpayers Union, said Congress should work with states to make sure colleges and universities are using taxpayer money wisely.

"[T]he only way to rein in costs is to ensure that universities are subject to the same pro-consumer forces as service providers in the general marketplace," Gessing said.

McKeon's bill has come under fire as well from Democrats, who claim his bill would keep students from receiving federal aid programs.

A recently removed penalty provision would prevent institutions from participating in programs within the Higher Education Act.

The bill, according to information from the House Education and Workforce Committee, would have excluded direct aid to students, such as Pell Grants, and Stafford and Direct Loans.

Earlier in March, McKeon removed that portion of the bill after meeting with representatives from the American Association of State Colleges and Universities.

That group promised McKeon that it would avoid tuition increases. McKeon said he would reinstate the provision if universities and college don't live up to their end of the promise.

No need for higher-education price controls

George Leef, director of the Pope Center for Higher Education Policy and a former economics professor, had criticism for both bills.

"The McKeon bill is just a sort of price control, and price control is a bad idea, whether we are talking about gasoline, college tuition, or anything else," Leef said.

"If some colleges and universities raise tuition, students and their parents can and should look for other universities that have increased tuition less or not at all. It's much better to let consumers deal with the cost issue than for the federal government to blunder in," Leef said.

Leef said there also was no need for a college affordability index created and run by the federal government.

"Students and their parents already have plenty of financial information available to them," he said.

The Tierney bill is also ill-advised, Leef said.

"The idea that the federal government should penalize states that reduce their spending on higher education is not only an attack on the Constitution, but is based on the ridiculous assumption that all current spending on higher education is necessary," he said.

"On the contrary, higher-education budgets should be a prime target for the reduction of wasteful spending." *cj*

Five-Step Process of Budget Whining

Here we go again. North Carolina's economy is still struggling. Surprising, isn't it, as ours was the only state to enact large tax increases three straight years, from 2001 to 2003 — that is, every year since voters passed the \$3.1 billion higher education bond referendum in 2000 after being assured by proponents there wouldn't be tax increases. It seems this combination of tax hikes and voter-mandated spending increases is actually *helping* to extend our economic slowdown. Economists are floored.

For the UNC system, a struggling economy means budget cuts. So we will be told, repeatedly. But this is by now a familiar process. It has five steps.

Step One: UNC says it faces budget cuts. In homes and businesses, the term "budget cut" means essentially *we have less money to spend now than we used to*. Not so for UNC. For UNC "budget cut" means *we're getting a smaller increase in spending than we expected*.

UNC has an online "Advocacy Notebook" at the system website (www.northcarolina.edu), where it lists its legislative priorities for prospective UNC advocates. On its main fact sheet for advocates last year, "Summary of 2003-04 Budget Conference Priorities," the top item was "Eliminate cuts to the University's continuation budget." The "cuts" were proposed by the House, which was a "\$21 million (60%) reduction in continuation budget *increases*" (emphasis added).

Step Two: UNC says it has nothing left to cut except essentials. Here is the hook, which requires believing that UNC schools have shed all excess baggage and are down to only essential services. Last year, for instance, UNC officials made out that they were down to deciding between their Xerox machines and their telephones. This year, if a March 15 article in *The Daily Tar Heel* ("System budget cuts may affect classes") provides indication, the schools would also have to drop class offerings.

Step Three: The media eagerly repeat the warning, without bothering to investigate the UNC claim of being down to essentials. For example, in early August 2003 the *Durham Herald-Sun* ran an article (also picked up by *The Charlotte Observer*) entitled "Belt-tightening strains basic UNC services" which opened, "Decades from now, students of history at UNC may have some trouble doing research dating back to 2002 or 2003." Nowhere in the article, which also warned of the impending Xerox vs. phones decision, could be found the phrase "Get a load of this" or anything approaching a modicum of skepticism.

Step Four: Meanwhile, the UNC budget increases. Thus, as John Hood showed in a John Locke Foundation *Spotlight* research paper (online at www.johnlocke.org/spotlights/2003063078.html), the legislature granted small *increases* to UNC's budget for 2003-04 and 2004-05, for a total of \$54 million in 2004-05 than 2002-03. Hood's numbers were from the General Fund, and did not include the additional money from higher-education bond sales.

Step Five: UNC complains that it cannot withstand another budget cut like that. This step is made despite Step Four, because all UNC mouthpieces understand that in the realm of politics, repetition can produce "reality." For example, the UNC Advocacy Notebook's top "Talking Point" for 2003 opens, "While we all must participate in solving North Carolina's fiscal problems, the University has shouldered a significant share of budget reductions required to balance the state budget."

Expect the same this year. As Chuck Hawkins, senior associate vice chancellor for financial services at East Carolina University, told the *DTH*, "Cuts have been deep over the last few years."

Hawkins also said, "We've already taken out everything we could out of nonacademics." That is because Step Five not only completes one year's cycle of whining (in this case, 2003), it allows for a smooth transition to start the cycle anew the next year (2004). *cj*



Jon Sanders

Bats in the Belltower

Socialist Types Wage Titanic Battle for Best Failed Ideology

On Saturday, Feb. 21, an epic match was played before the State Capitol that had participants on both sides reminiscing of the glory days of years long passed. Nevertheless, by the day's end, the International Socialists thoroughly drummed the National Socialists, 500 to 35, in the Capitol's "Battle of the Failed Ideologies."

The challenge was issued first by the National Socialist Movement, which organized a rally at the Capitol on the pretense of celebrating George Washington's birthday. The International Socialist movement quickly rose to the challenge. After all, there's nothing communists hate more than Nazis, ideologically their twins except for the overt racism. Familiarity breeds contempt.

So the International Socialists in colleges and universities near the Capitol — including N.C. State, Duke, and UNC-Chapel Hill — not only were drawn to the National Socialists' rally, but overwhelmed it. Truly, this was the kind of contest where, as commentators are wont to say, you hate to see one team lose.

The National Socialists wore their home white uniforms with trademark hoods while some of the visitors dressed in black festooned with bandanas. There was pageantry aplenty. The National Socialists brought swastika banners and the Stars and Bars flag of the Confederacy, and the International Socialists brought oversized signs, banners with swastikas crossed out, and numerous noisemakers.

As the contest began, however, it became evident that the National Socialists team didn't show up — according to published reports, there were only 35 Nazis, skinheads, and Ku Klux Klan members hoisting placards and barking out slogans such as "Seig heil!" and "White power!" The International Socialists team, despite having been trounced repeatedly in recent years, arrived the more motivated bunch. About 500 peaceniks, communists, Green Party members, Black Student Movement activists, and anarchists waved signs, beat homemade drums, shouted "Die, Nazi scum!" and sang to drown out their hapless rival.

It would have been a complete rout, in fact, were it not for the intervention of

officiating. The Raleigh Police Department set up barriers and at times drove the International Socialists back from the area set aside for the National Socialists. The contest saw five ejections.

Naturally, such "home cooking" from the officiating did not set well with the International Socialists, who being socialists are not too fond of enduring others' free speech anyway — especially not those of their ugly step-sister.

As one participant put it, "I came here to try and prevent the Nazis from being able to speak, and if given the chance, to beat the s—t out of some Nazis," he told the *Duke Chronicle* Feb. 23. "As it turns out, cops are like Nazis on salary, so it looks like I'm here to fight cops so I can fight Nazis."

Another one shouted at the cops, "Why don't you turn around and face them? They're the ones preaching hate!" Elsewhere was heard, "Look, a pig riding a horse!"

The matchup also offered sidelines entertainment and refreshment, thanks to the "Clowns Against Klan Action." As reported in N.C. State's *Technician* Feb. 23, CAKA "sang, danced, and handed out peanut butter and jelly sandwiches made with one slice of white bread and one slice of wheat. 'They're racial equality sandwiches,' Matt Joyner, a junior in English, said as he danced around in his rainbow clown wig and red nose."

Joyner said the group was inspired by the Klan. "If the Klan is going to stand up there, wear stupid costumes and say stupid things, then so should we."

In sum, the International Socialists got to do what they do best, rail against Nazis, make noise, act self-important, and scuffle with police. The National Socialists got to go to town in their dress whites, spout hate and call themselves "Grand Imperial Wizards" and other such dressed-up, Harry Potter-esque sobriquets. Overall, a good time was had by all.

Best quote of the day

"I cannot believe these people are still around and events like this are still going on." *CJ*



Civil Rights Campaign Launched to End Race Preferences in Mich.

By JON SANDERS
Assistant Editor

RALEIGH

In January, a campaign began in Michigan to prohibit racial preferences. The campaign for the "Michigan Civil Rights Initiative" (MCRI), is led by executive director Jennifer Gratz. Her name may sound familiar because she filed one of the lawsuits against race preferences in the University of Michigan that led to the Supreme Court decision last year upholding a narrow use of race by universities in admissions decisions. Barbara Grutter, who filed the other lawsuit, is also involved in the campaign.

Another architect for the MCRI is former University of California Regent Ward Connerly, who is founder and chairman of the American Civil Rights Institute. In 1996 Connerly spearheaded the ballot initiative (Proposition 209) that ended racial preferences in California, and in 1998 he helped with a similar ballot initiative in Washington state (Initiative 200). Both initiatives passed overwhelmingly; Prop. 209 won by a margin of 55 to 45 percent, and I-200 won by a margin of 59 to 41 percent.

The first part of the MCRI states: "The University of Michigan, Michigan State University, Wayne State University, and any other public college or university, community college, or school district shall not discriminate against, or grant preferential treatment to, any individual or group on

the basis of race, sex, color, ethnicity, or national origin in the operation of public employment, public education, or public contracting."

The second part states, "The state shall not discriminate against, or grant preferential treatment to, any individual or group on the basis of race, sex, color, ethnicity, or national origin in the operation of public employment, public education, or public contracting."

The initiative is creating controversy, of course. Back in July, Connerly was famously told to "Go home and stay there" by Rep. John Dingell, D-Mich. More recently, when Grutter went to speak to members of the Michigan State University College Republicans Feb. 25, she was booed at, hissed at, shouted at, and called "a front for racism" among other things. One student who came to shout down Grutter told MSU's *State News*, "It's really crucial to make sure the MCRI doesn't make it to the ballot. Things are going to start picking up definitely after this."

For the initiative to be added to the November 2004 ballot, however, supporters must collect nearly 318,000 valid signatures before July 6. According to Connerly, writing in *National Review* online, "the most recent statewide poll reveals that, if the election were held today, MCRI would pass by a margin of 63 to 37 percent."

Information about the MCRI is online at www.michigancivilrights.org. *CJ*

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The folly of teaching unity through dividing people

Comedy, Tragedy, and Diversity — Here at the Base of the Slope

By JON SANDERS

Assistant Editor

When people talk of a slippery slope with regard to the issue of same-sex marriage, leftists will be (as leftists always are) inclined to dismiss them. But perhaps they should listen, and thereby avoid the painful experiences of some fellow leftists who are discovering — too late — that there was a slippery slope with bean-counting for diversity.

We were all told there was, but the diversityniks urged us off the firm foundation of treating others as equals *regardless* of race, sex, creed, &c., in favor of their new method of enumerating people by category. Once we listened to them, we found ourselves on a cartoonishly wild plunge, zipping through admissions preferences, sensitivity training, the new segregation of campus centers for gender or ethnic groups, special orientation and commencement ceremonies for differing groups according to race or even sexual preference, the dangerously tone-deaf language police, and others even more humorless. Now we find ourselves at this absurd nadir, whose landscape is far removed from the verdant panorama of brotherhood we were promised by the diversityniks.

Not that we weren't warned about the folly of policies that seek to divide and subdivide people into categories. How, we were asked, can a policy of overt division bring unity? The diversity movement was supposed to promote social harmony, but instead it has furthered racist thinking, heightened identity-group balkanization, increased resentment, and nurtured a posterous touchiness and sensitivity to perceived slights. It has also fostered a new generation ever seeking newer ways to divide people.

And why not? The message from the diversityniks is essentially this: Every discrete "diverse" group deserves special treatment. Benefits flow to the "diverse." Thus it has become commonplace if not sport on campus to shout "-ism" and watch administrators jump.

The antics of this new generation of diversityniks, at least when observed from the sidelines, are growing ever more hilari-

ous. Because the new diversity extremists are now protesting *each other* when they fail to recognize the most recently identified groups of the exponentially expanding diversity pantheon. It's a practice you might call More-Sensitive-Than-Thou.

Including everyone isn't enough

For example, this past Christmas the Indiana University-Purdue University at Indianapolis School of Law installed a holiday "diversity tree," resembling a Christmas tree but decorated with folded fans made of world maps and festooned with lights and globe ornaments. University officials told *idsnews.com* Dec. 5, 2003, that the tree was intended to convey the "diversity and the identification of people everywhere."

In short, the tree made it patently clear it celebrated the diversity of everyone in the whole wide world. Nevertheless, some students complained that the tree made them feel excluded (the story does not say whether the complaining students hailed from Roswell, N.M., or points farther north), and they forced the university to remove it.

At the University of Oregon, organizers of a production of "The Vagina Monologues" (to say the least, it's one of the diversityniks' proudest productions) were reduced to tears when other women protested their event for not being diverse enough. One protester said the production, a series of vignettes in which different women's vaginas "tell" their (diverse) stories, failed to create "a safe and welcoming environment for "underrepresented" people because women "of a variety of skin colors, body sizes, abilities and gender expressions" were not cast.

Distraught organizers held a forum to address the problems. "Forum participants debated racism, sexuality, weight, defini-



tions of feminism, age and inclusivity in the production," reported the *Oregon Daily Emerald* Feb. 17. Turns out the women who responded to the casting call were insufficiently diverse. That fact did not exculpate the organizers, of course; after

all, they "could have done more outreach to get more types of women to try out" and had "more kinds of women involved in producing the play."

Further south on the West Coast, new San Francisco Mayor Gavin Newsom hadn't even completed his inaugural before running afoul of the new diversity extremists. At issue was an essay written for his inaugural. The essay, entitled "San Francisco, City and The World," was intended, according to the *San Francisco Chronicle* Jan. 14, to chart "the evolving ethnic diversity of San Francisco. But it failed by not including the contributions of the lesbian, gay, bisexual, transgender community" and "also neglected to include Japanese Americans and the labor movement."

Naturally, the omissions weren't intentional, as defenders of the essay tried to explain (when not splitting hairs over what constitutes an ethnicity). Concerning this "evolving" diversity, Supervisor Tom

Ammiano, one of the offended as well as a failed candidate for mayor, tut-tutted "when we're being inclusive, we have to be inclusive."

Ay, there's the rub. For the *San Francisco Chronicle* has also reported (Feb. 8) that "all bets are off" in trying to "delineate every conceivable stop on the [LGBT] identity spectrum." Here are some of the new "sexual identities" listed: "genderqueer," "trannydyke," "pansexual," "boi," "heteroflexible," "FTM," "MTF," "boydyke," "trannyboy," "trannyfag," "multigendered," "polygendered," "queerboi," "transboi," "transguy," "transman," "halfdyke," "bi-dyke," "trisexual," "omnisexual," and "multisexual."

"The language thing is tricky," deadpanned Thom Lynch, identified as the director of the soon-to-be-protested San Francisco Lesbian, Gay, Bisexual, Transgender Community Center. "I feel sorry for straight people."

So where to next? Have we finally reached the bottom of the slope? If so, that can be comforting in a way; as the saying goes, you can't fall off the floor.

If not, be prepared. More balkanization will mean even more hypersensitive souls going bonkers. The streets of America will sound like a perpetually looping Howard Dean stump speech in surround sound. My advice: Stock up on aspirin and try to enjoy the evolving diversity of human comedies. *Plus on est de fous, plus on rit* ("The more fools, the more fun").



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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

Wake seizes parents' accounts

Counties have a new tool for collecting hundreds of millions of dollars in child support that go unpaid every year. It has a simple aim: to discover the unreported bank accounts of delinquent parents and seize them.

The program, called the Financial Institute Data Match, went online in October and is already producing results, the *News & Observer* of Raleigh reports. Last month, Wake County secured \$10,000 from a parent who was \$20,000 in arrears. Durham County is pursuing one parent who owes \$97,000. And collection enforcement agents in Orange County are pleased they got an extra \$1,100 from one father in December.

Congress included the program as one of many new ways for child support enforcement agencies to collect money from delinquent parents in the 1996 welfare reform package. Agencies can prevent a parent from getting a passport. They can strip a doctor of his license. If a person gets a new job but tries to hide it, a national computer network will track it down.

Collecting the money has always been difficult. In the world of child support enforcement, a collection rate of 60 percent is a job well done. Seventy percent is a cause for celebration. And 80 percent, the target set by the federal government, would be practically perfection.

This is why the Financial Institute Data Match system has unleashed a wave of guarded optimism in collection offices across the state, where 175,000 parents fall behind each year. Before the program, delinquent parents regularly stashed money in secret bank accounts.

Citizen volunteers help police

Volunteers have filed paperwork, helped domestic violence victims, and written parking tickets for Charlotte-Mecklenburg police.

Now, the department is ready to put them on the street.

Starting in May, 16 specially trained volunteers will direct traffic, help disabled motorists, pick up found property such as bicycles, and check on elderly residents for worried sons and daughters, *The Charlotte Observer* reports.

They are the first members of the department's Citizens On Patrol program. The goal of COP volunteers is to relieve sworn officers from some of the more mundane tasks of police work.

"It doesn't take an officer to sit behind a car on the side of the road waiting for a tow truck," said officer Tim O'Brien, who oversees the department's 300-plus unpaid volunteers.

COP volunteers will start in one division then slowly expand to other parts of the city as more complete the necessary training. A separate lake patrol unit is set to begin soon as well.

Police Chief Darrel Stephens started the COP program to improve the department's relationship with the community and help ease the workload on his officers, O'Brien said.

"We can't do it by ourselves," he said. *CJ*

Downtowns Go Upscale, for a Price

Main Street program marks 20 years of work in Sanford, other towns, cities in N.C.

By DONNA MARTINEZ

Associate Editor

RALEIGH

Mike Stone says he doesn't need a government incentive to motivate him to keep his downtown Sanford grocery store viable and in tip-top shape. His business sense and pride of ownership are what make O'Connell's Supermarket a successful operation that attracts customers, despite population trends that favor suburbs over downtowns.

But Stone's independent approach is out of sync with many community leaders in Sanford, who have been skeptical of entrusting downtown revitalization to the autonomous efforts and decisions of business owners and managers.

Instead, in 1984, the city pinned its hopes on the N.C. Department of Commerce's Main Street program, designed to support communities with less than 50,000 people. That put Sanford on track to receive advice and technical assistance on how to attract customers and new businesses to downtown by adhering to Main Street's collective, structured approach. The program emphasizes uniform bricks-and-mortar improvements such as facade renovations, and shared marketing programs and themed special events as the keys to downtown vitality.

Main Street attracts 50 cities

More than 50 N.C. cities and towns have taken Sanford's route since 1980 when North Carolina was included in a six-state pilot project for Main Street, developed by the National Trust for Historic Preservation. The nonprofit NTHP created the program in response to what it viewed as failed federal urban renewal programs of the 1960s and '70s, and to address the growing suburban lifestyle it thought was devastating downtowns across the country.

"You had massive movement of people to the suburbs — a consequence of public policy and consumer choice — moving people out of downtowns," said Rodney Swink, director of the Commerce Department's Office of Urban Development, which administers North Carolina's Main Street program. "Cities began to spread out and retail followed, leaving downtowns."

Like many government programs, Main Street comes at a price, this time in the form of a potential new tax on businesses in participating cities. The state doesn't levy the tax or provide funding itself, but it informs cities about the option to create a special Municipal Service District, as authorized by state statute.

That's government-speak for a tax that, in this case, can be levied on property owners within the designated downtown area, and then spent on renovation and promotional activities within the district.

About two-thirds of the state's Main Street communities have implemented the taxing mechanism, Swink said. In Sanford's case, the rate is 13 cents per \$100 of tax value, on top of regular property taxes. Some cities supplement district revenue with other city funds.

For Stone, who describes himself as solidly committed to downtown Sanford even though he disagrees with his city's strategy, the good news is that his store is outside the 17-block special district in which about 250 businesses pay the extra tax. He



Depot Park in downtown Sanford is one of the projects funded in downtown revitalization.

isn't required to pay it and, therefore, isn't subject to district rules either. That's just fine for the man who views this kind of government involvement in business as a burden, not a blessing.

"I don't want the city and county in my business. I already have enough things to deal with. The less they're in my business, the better off I am," Stone said.

David Montgomery disagrees with Stone's point of view and is effusive about the projects he directs for Downtown Sanford, Inc., the nonprofit that manages Sanford's revitalization effort. He touts DSI's building improvements program, which offers district businesses a 50 percent match of funds, up to \$1,500 per building, for improvements such as replacing old facades.

"Five hundred dollars can be life and death to a small business," Montgomery said. "The fact that we're matching is incentive enough for people to take that leap. It eliminates the risk." The trade-off is that the new facade must meet DSI's strict design scheme. At one point that meant an awning had to be red, blue, or green, but the rule was loosened when DSI's committee decided the color restriction didn't provide the historic ambience it wanted.

Since its inception, DSI has received and spent about \$682,000: about \$480,000 of district taxes and \$200,000 of city dollars. Part of that was used to develop Depot Park, and Montgomery believes it is another demonstration of the program's value. What once was a blighted area now contains a bandstand and gathering area, which has attracted businesses, he

said. Future plans include a visitor information kiosk, period lighting, and an interactive fountain for kids.

Inconsistent results elsewhere

While Sanford has been active in Main Street for 20 years, funding, staffing, and results have been inconsistent in other municipalities. In Wadesboro in Anson County, selected as an M.S. town in 1984 with Sanford, the effort sputtered when the town planner's position was eliminated several years later. The program was reactivated in the early 1990s when the town formed Uptown Wadesboro, Inc. and hired an executive director. But last year, Wadesboro failed to fund the position. Uptown is now run by

volunteers, said Anne Covington, president of Thrift Loan and Finance in Wadesboro and chairwoman of Uptown's board of directors.

Wadesboro never imposed a special district tax, but Covington said her board is investigating and will pursue new revenue sources, including grants, donations, and possibly a tax. She acknowledged some might find a new tax hard to swallow. "Many times when you start talking about taxes, people do object but when they see the good, they get resigned to it," she said.

Despite the on-again, off-again history in Wadesboro, Covington hopes the town will acknowledge past results and contribute again. "New businesses have opened. We have a restaurant downtown that wasn't there before, and community pride. If a person came into the county, the fact that Uptown looks busy and viable, it makes us more attractive," she said in describing her support.

That is precisely what the City of Southport hoped for when it was accepted into the program in 1988. Local officials planned to use state assistance to implement Southport 2000, an economic development plan for the picturesque city nestled at the mouth of the Cape Fear River. Southport needed help, said City Manager Rob Gandy, after the county seat moved from Southport to Bolivia in the late 1970s. Lawyers and other businesses that supported government activity left as well, leaving downtown "dried up with not a lot going on," Gandy said.

When he arrived in 1993, Gandy took over a key revitalization project called Southport Riverwalk. The three-quarter mile stretch of sidewalks, boardwalks, and pedestrian access points was designed to attract tourists and Gandy said it is hugely popular with tourists. Work continues on the final piece of the \$400,000 project, paid for not with a special district tax on businesses, but with city cash and in-kind services (25 percent) and state grants (75 percent).

In 2000, Southport determined it had outgrown the Main Street program and created its own Department of Tourism to signal the critical importance of visitors to its economy.

Neither Swink nor Gandy view Southport's departure from the program as a negative reflection on its value.

"It was good for us to get where we wanted to be and find out which way we wanted to go," Gandy said.

"I don't think it was really meant for people to be in it forever." *CJ*



The Catawba County administration offices

Meant for employees, operates in county office buildings

Catawba County Opens Health Care Clinic

By MICHAEL LOWREY
Associate Editor

Catawba County is making use of an innovative health care arrangement in an effort to limit the amount of money it spends on employee health care. The results are promising, with the county realizing significant savings while employees enjoy quicker and less costly access to health care for routine occurrences that would otherwise necessitate a visit to the doctor's office.

North Carolina's counties and municipalities have faced difficult financial times in recent years, with a slow economy reducing sales tax collections and the state withholding money meant for localities. At the same time, the cost of providing certain mandatory items has continued to grow rapidly, making every cost savings significant.

"In the private sector, necessity is the mother of invention," said Chad Adams, director for the Center for Local Innovation and vice chairman of the Lee County Commission. "In local government, crushing mandates can be the mother of innovation."

The EHC clinic

In June 2002, Catawba County entered into an agreement with Catawba Valley Medical Center for CVMC to operate a special on-site clinic called the Employee Health Connection for county employees. The clinic is open a total of seven hours each business day, with service provided half days at two different locations. It is staffed by a licensed nurse practitioner and a licensed practical nurse. A wellness nurse is also employed part-time.

Catawba County pays CVMC a flat fee to operate the clinic. All medical records belong to CVMC, not the county, though the county will be informed about light-duty restrictions, returns to work, and similar information in workers compensation and Family & Medical Leave cases.

"We believe the clinic is saving the county expense through our self-funded health insurance fund, our workers comp deductible, and time away from work," said Catawba County Personnel Director Debbie Bradley. "It saves the employee out-of-pocket expense, and use of sick leave."

"This is a novel idea that exemplifies critical, innovative thinking at the county level," Adams said of the clinic.

EHC is not intended to replace a personal physician. It's meant instead to provide treatment for minor illnesses such as sinus infections, colds, and the flu, minor injuries, and other routine matters that would require a visit to the doctor's office. The clinic, for example, offers allergy, hormone, and vitamin injections at a nominal cost provided a patient provides serum.

The EHC arrangement is a win-win situation for both the county and employees. Employees are not charged sick leave time for visiting the clinic. The cost of a visit to the EHC is half the usual copay for a trip to a conventional doctor's office, which saves worker money.

The county benefits in several ways. Most obviously, the county's insurance plan does not have to pick up the bulk of the cost of a doctor's office visit. Bradley estimates

the savings at about \$35 per visit.

The county and employees both benefit from the convenience of the clinic, which reduces wait and travel times considerably. The EHC is designed as a drop-in facility with appointments required only for physicals. Should a line develop to see the nurse practitioner, employees can leave their names and office numbers. The clinic will contact them when an opening is expected.

Workers compensation injuries are treated in the clinic, saving the county a significant amount of deductible cost. Bradley notes that the clinic often provides quicker returns to work as the nurse practitioner can contact her office and/or the worker's supervisor immediately when an employee is declared able to resume duties after an injury. This arrangement also limits the potential for confusion, as the nurse practitioner can directly relay any restriction, such as a need for light duty, that may apply.

The county also uses the clinic for pre-employment medical screenings and drug tests, federally mandated screenings for tuberculosis, respiratory function, and OSHA-required medical record keeping.

EMS wellness program

The EHC also plays a key role in Catawba County's pilot wellness program for emergency medical service personnel. The stated goals of the program are "to enhance physical agility of emergency medical response employees; to reduce the incidence of workers compensation claims and lost time; to reduce sick leave use; and promote physical well being."

In recent years, EMS personnel have used greater amounts of sick level compared to other county employees. While the typical employee used 58 hours of sick time in 2002, EMS personnel were out an average of 78 hours. From July 1998 through March 2002, EMS staff racked up a total of 2,683 sick days.

EMS personnel also have generated a significant number of worker's compensation claims. Of the \$870,000 in worker's comp paid to county employees between July 1998 and March 2002, \$350,000 went to EMS personnel. The county attributes the quantity of worker's comp claims to a number of lifting accidents.

Full-time EMS personnel are eligible for the wellness program. After an evaluation personal goals are set for each participant. Areas that might be addressed include weight loss, stopping smoking, lowering cholesterol, or addressing any other physical conditions that might exist. To help motivate participants, the county is offering incentives, including the opportunity to earn \$250, for those that meet all their wellness goals.

Catawba County had 72 full-time EMS personnel at the time it implemented the program. Eighteen volunteered to participate in the program.

"The purpose is to improve the paramedic's overall health to prevent workers comp claims," Bradley said.

Adams, meanwhile, is encouraged by the overall success of Catawba's Employee Health Connection.

"In this instance, money is being saved, services are being improved, and the employees are happy. If cities and counties statewide were to adopt similar programs, there is the potential to save hundreds of thousands of dollars." CJ

Counties Eye Fees, Not Budget Cuts

Two years ago the N.C. Association of County Commissioners was able to persuade the General Assembly that allowing counties to raise their sales taxes by one-half percent was a good idea. Actually, I suspect reality was a bit different, meaning that the NCACC realized that the legislature was going to continue abusing counties and that this was the best that counties could get. But counties are still becoming more desperate for funds.

Counties did adopt the sales tax increase and, according to a Center for Local Innovation study recently released, they raised their property taxes as well. But with property and sales taxes both on the rise and with many budget cuts already in place, counties are still struggling to keep up with spiraling budget issues.

Normally, I would have to side with the counties in such situations because they have to deal with a crushing presence of state and federal government mandates in their budgets. But having exhausted reasonable increases in property and sales taxes, NCACC is now encouraging counties to look at impact fees.

In fact, the Durham County Board of Commissioners recently voted to impose a \$2,000-per-home impact fee on every new single-family house. Multi-family dwellings will be hit with a \$1,155 impact fee.

Keep in mind that this isn't scaled out to accommodate cheaper homes. Whether the new construction is for a \$100,000 home or a \$1 million home, the fee is the same. This is all based on NC General Statute 153A-102, which allows counties to establish fees for mandated services.

But once again, instead of pushing the legislature to remove the mandates, the association decided that impact fees were a good idea.

At its meeting Jan. 14, the association passed a resolution asking that all counties grant this "further consideration" in dealing with their budgets.

The fees are proposed to fund school capital expenses. The argument is interesting because local county governments must deal with these expenses (again by mandate). But instead of accepting that the costs are to be incurred, the association should spend more time alleviating the mandates and less time figuring out how to take more money from taxpayers.

Keeping up with this is a challenge for taxpayers as well as for elected officials. They already have a sense for what is happening on the property-tax front, they've even accepted the sales tax increases, but now, a pretty steep impact fee for a new home? In a slowly improving economy why would any elected body choose to create a disincentive for new construction?

This is similar to Congress's attempt in 1989 to raise money from the wealthy with the enactment of the luxury tax. The tax amounted to a 10 percent flat tax on new-car and boat purchases that cost more than \$50,000. The belief was that the rich would pay it and millions of dollars in new tax revenue would pour in.

But the truth was alarming. The rich bought used cars and boats and avoided the tax. Hundreds of boat-industry jobs dried up and became the real victims of the ridiculous law. Members of Congress realized their error and repealed the law the next year.

If housing is strong and new homes face this absurd tax (call it what you will, but that's what it is), buyers will stop buying new homes and builders will look to build in more reasonable environs. Building codes and regulations already border on the bizarre in many areas, and this does little to encourage economic growth.

We should be having a debate on continued problems in funding local government, not finding new ways to obfuscate the taxation of citizens. Folks should pay attention to this bad idea. Odds are that it could be on everyone's county's agenda next. CJ



Chad Adams

Chad Adams is director of the Center for Local Innovation.

Local Innovation Bulletin Board

Recycling Costly

Many communities, including those in North Carolina, offer curbside collection of recyclable items. A new analysis of New York City's recycling program suggests, however, that while this practice may be environmentally friendly it also can be economically inefficient.

Recycling metal, plastic, paper, and glass in New York City is more expensive than sending all the refuse to landfills and incinerators, even if city residents resume the habit of separating a sizable share of those kinds of waste. The analysis by the New York City Independent Budget puts the cost of recycling in 2002 at about \$35 million more than not recycling.

In 2002, when 20 percent of total waste was recycled, the cost was \$34 to \$48 more per ton than sending garbage to landfills or incinerators. The city disposed of 3.1 million tons of trash and 796,000 tons of recycling material in that year.

Recycling is more expensive because of the lower productivity that comes when trucks travel farther to collect the same amount of recycling refuse compared to a standard truck.

"Simply put, the cost of paying two uniformed sanitation workers to drive an eight-hour shift collecting recyclables is the same as the cost of paying them for an eight-hour shift collecting trash, but yields fewer tons of recyclables than the same shift would yield tons of refuse," the report noted. "The result is a higher average cost of collect per ton."

A standard garbage truck collected 10.3 tons per shift in 2002 compared to 6.3 tons per shift for a recycling truck.

Recycling's higher collection costs were only partially offset by selling collected items and reduced disposal costs. While newspaper can readily be sold — New York City got about \$7 per ton — the same cannot be said for metal, glass, and plastic. The city has to pay recyclers more than \$50 per ton to take these items.

In order to reduce the cost of recycling, New York City would need to find more efficient ways to collect recycling garbage or contract out the services at a cheaper rate, says the report.

Reported in the *New York Times*. The New York City Independent Budget's analysis is available online at www.ibo.nyc.ny.us.

Sewage sludge safe

There is negligible harm in using sludge from wastewater treatment plants as a farm fertilizer, according to a five-year study by the Environmental Protection Agency.

Environmental groups have called for the government to regulate the use of treated sewage sludge, claiming that it contains enough of the chemical dioxin to increase the risk of cancer.

However, the EPA's study concluded that in a worst-case scenario, where a farm family applies sewage sludge to their crops for a lifetime and then consumes a substantial amount of

their own crops, the risk of a family member developing a new case of cancer is only 0.003 per year.

The EPA notes that dioxin levels in sludge have been substantially reduced since its last report, in 1988, and that dioxin levels in the environment have been reduced 90 percent.

Moreover, since farm families are not representative of most consumers, the risk to the general population is even lower.

Geoffrey Grubbs, EPA's director of water science and technology programs, quotes the risk of cancer from dioxin as being, "small, substantially smaller than other chemicals we regulate."

Additionally, the EPA found no significant effects on wildlife from the use of sludge, and for now does not plan to regulate the practice.

Reported by the Heartland Institute.

Taxi regulation costly

Local governments often restrict the number of taxicabs that are allowed in their jurisdiction and/or impose other licensing requirements on them. New research shows how counterproductive these regulations can be.

In 1978, taxi license holders in Ireland successfully petitioned the government to restrict entry into their trade by limiting the number of licenses. They argued that because there were significantly more taxis than the demand justified, incomes were being depressed. Over the next 22 years, licenses became increasingly scarce, driving up the average price of a license to 90,000 Irish pounds in 2000.

However, that same year, the taxi business was deregulated — and a new report in *Economic Affairs* suggests consumers are all the better for it.

The number of cabs nearly tripled within two years. The price of a taxi license has since fallen to

about 5,000 Irish pounds, with overall market entry costs falling by 74 percent, reducing the cost base for the industry, and in time, lowering fare rates.

Wait times have also decreased significantly. The proportion of people waiting for more than five minutes for a taxi fell from 75 percent in 1997 to 52 percent in 2001.

The report also found that there was no drop in standards or in the quality of service.

Despite the successes of deregulation, concentrated producer interests — license holders and labor unions — have made some inroads in reversing or reducing its impact. For example, old license holders will be compensated for the losses they incurred as a result of the fall in the price of licenses. Moreover, a new taxi regulator and Taxi Advisory Council have been established to oversee industry standards, license fees, and stakeholder interests.

Researched by Sean D. Barrett, as "Regulatory Capture, Property Rights and Taxi Deregulation: A Case Study," *Economic Affairs*, December 2003, Institute of Economic Affairs. CJ

From Cherokee to Currituck

Raleigh to Charge Annual Fee To Register Burglar Alarms

By MICHAEL LOWREY

Associate Editor

CHARLOTTE

The city of Raleigh has adopted an ordinance that requires that all burglar alarms be registered — for a fee — with the city. Proceeds from the registration fee will be used to educate alarm users in an attempt to reduce false alarms.

On average 11 percent to 13 percent of all calls to which the Raleigh Police department responds are generated by burglar alarms. Ninety-eight percent prove to be false alarms.

City officials estimate that false alarms cost Raleigh an average of \$887,000 per year, enough to pay the salary, expenses, and equipment of 10 or 11 police officers.

"We are... sending our officers to calls that were essentially a waste of time," Dawn Bryant, the police department's lawyer, said to the *News & Observer* of Raleigh.

The city already has a graduate fine structure for false alarms. There is no penalty for the first and second false alarm per 12-month period. The third through fifth false alarms carry a \$50 fine each. The fine increases to \$100 each for the sixth and seventh false alarms. The eighth and ninth false alarms are punishable with \$250 fines. The fine increases to \$500 for the 10th and all subsequent false alarms.

Anecdotal evidence suggests that many alarm users are not aware of the potential to be fined until they receive one or are unfamiliar with how to operate their alarm system. The new registration requirement is designed in part to address the problem.

Under the ordinance, it will cost \$35 to initially register an alarm system. The cost of subsequent renewals is \$25 per year. Failure to register an alarm is punishable by a \$125 fine.

Registration fee revenue will be used to fund alarm-use education efforts. Business- and home-alarm users will be able to take a class once a year on how to use their alarms in lieu of paying a fine.

Under the new regulations, the city can also cancel the alarm permit of any site that has 10 or more false alarms in a 12-month period. The police department would also be authorized to ignore burglar alarm calls from such locations. The police would, however, still respond to a phone call for assistance.

The new ordinance is scheduled to go into effect July 1. Public protest over the registration fee could prompt city council to re-examine the issue.

Charlotte HOT lanes?

Charlotte transportation officials are asking the N.C. Department of Transportation to study the possibility of converting future high-occupancy vehicle lanes in northern Mecklenburg County into high-occupancy toll lanes.

An HOV lane is a special lane set aside for vehicles that carry at least a certain number of people. Physically, a HOT lane is virtually identical to a HOV lane. The difference is that cars carrying fewer people than the HOV minimum are allowed on a HOT lane in exchange for paying a toll. The toll can vary based upon the time of day and traffic conditions.

Interstate 77 between the I-85 interchange in Charlotte and the future I-485 interchange near Huntersville is currently being widened. In addition to adding a third travel in each direction, an HOV lane is also being added. Work on the mile project is currently scheduled for completion in October. It will be North Carolina's first HOV lane.

The proposed HOT conversion study would cost \$1 million.

Camden County hotel-motel tax

Camden County has adopted a hotel-motel tax. The new levy will generate revenue as soon as the General Assembly approves — and someone opens a hotel in the county.

Most North Carolina counties have occupancy or so-called "hotel-motel" taxes. The revenues from the taxes typically are set aside for tourism-related projects. The state's major cities often use the receipts to pay for or help fund expensive infrastructure project such as arenas, performing arts centers, or convention centers.

"We put it in place for down the road," Board of Commissioners Chairman Jeff

Jennings told *The Daily Advance* of Elizabeth City.

"There's no particular reason for doing it; all the other counties have one."

As might be expected, Camden County set no revenue target for the new tax. At a public hearing on the proposed tax, no one spoke for or against the proposal.

Rep. Bill Owens, D-Pasquotank, has introduced a bill that would allow the county to impose the tax. Given that no one would be affected by it, opposition is unlikely.

Asheville panhandling ban

Many communities, when faced with a perceived problem with panhandling, adopt tougher ordinances designed to limit begging.

In Asheville, for example, a controversial ordinance that banned begging downtown went into effect in October 2002. The *Citizen-Times* of Asheville recently reported that things haven't changed much since the new law went into effect.

"There was the perception that panhandling was a big problem," Asheville police Lt. Jon Kirkpatrick, commander of the downtown district, told the newspaper. "And I think everybody expected the police to just come in here with billy clubs to start beating people for begging. And that just didn't happen."

Police statistics show arrests are down since the passage of the new ordinance. Between January 2001 and September 2002, before the ordinance was passed, officers in Kirkpatrick's district issued 232 citations — or about 11 per month — for aggressive panhandling. From November 2002 through January 2004, the police have issued 103 citations — just under seven per month — on average for panhandling or public urination.

"Panhandling is an issue, but it's just the tip of the iceberg," Jan Davis, Asheville City Council member and business owner said to the *Citizen-Times*. "The homeless situation has not appreciably changed with or without the ordinance." CJ

It will cost \$35 to register an alarm system with renewals at \$25 per year. Failure to register is punishable by a \$125 fine.

State Sen. Hamilton Horton: Accountability for Nonprofits

By CAROLINA JOURNAL STAFF

Last year lawmakers, the media, and State Auditor Ralph Campbell raised their level of scrutiny of not-for-profit organizations that are funded by the state. They began to realize that of the almost \$750 million in grants to such groups, many were operating with insufficient oversight from state agencies. State Sen. Hamilton Horton, R-Forsyth, attempted to tighten the reporting requirements for certain nonprofits and to deny funding to those that fail to report to the state properly. Both efforts failed. Carolina Journal interviewed Horton about his work on nonprofit accountability.

CJ: Who do you have working for you, or helping you with this nonprofit issue?

Horton: Well, fortunately I was able to be allotted an extern from the University of North Carolina Law School and he latched onto this project and has contacted 44 of the individual state auditors personally. He interviewed each of them as to how they go about handling nongovernmental organizations, so we've probably got the most complete information of anybody in the United States right now.

CJ: So is their oversight of nonprofits pretty consistent or inconsistent?

Horton: They're all over the map. As a matter of fact, our North Carolina reporting requirements are among the strictest in the United States.

CJ: Did that surprise you?

Horton: Yes it did. But of course the trouble is, all these reporting requirements are just brave words. What has been happening is that the reports and audits have simply been gathering dust. No one looks at them. Fortunately, now the state auditor is taking some steps to tighten the situation up.

CJ: What do you think of the steps that Ralph Campbell is taking?

Horton: On May 1, 2003, he hired Angela Gunn, and her title is nonprofit specialist. She's pretty highly qualified as an auditor. She is going to develop forms for all the reports. She is going to review the reports and the audits, and then she's going to notify those granting agencies—and there are 31 of them—of which grantees haven't complied with the requirements.

CJ: These will not be... There are distinctions between types of audits. There are simple financial audits and then—

Horton: Performance audits...

CJ: Performance and investigative... These kinds of audits that she will be working on will be just basic financial reporting, right?

Horton: The auditor in these cases simply doesn't do anything but count the beans, and doesn't issue an opinion on whether the job is being done effectively or not.

CJ: Now is that where you would consider the problem lies, just in counting the beans?

Horton: There is that. There's the lack of accountability itself, just so far as the numbers are going. We have 371 nongovernmental organizations in North Carolina that each receive more than \$300,000. They're the ones that are required to file an audit. The granting agency and the state auditor can ask them more questions, like, "What did you spend the money for?" and "How much bang for the buck did you get?"

CJ: That would be the performance audit.

Horton: Right, but it doesn't have to be performed by an auditor. It can be done by an agency. If they don't file an audit and don't answer the questions, then the law says they're supposed to be cut off from any further funding. That hasn't been happening in the past. We're hoping it will now.

CJ: So, basically, we want to crawl before we walk, is that what you're saying?

Horton: That's about it. We've got 2,867 grantees get-

ting between \$15,000 and \$300,000. The law requires that they simply file a report on how the money is spent with the granting agency.

CJ: Do you believe there should be regular performance audits with regularity also? Do you believe there's a hole in the accountability system, as far as whether these nonprofits are actually doing what they're supposed to, beyond a simple financial audit?

Horton: The hole is not—in my judgment—in the statutory requirements. It's in the follow-through. Some of these people file their audits but no one reads them. And then there are some who don't even bother to file them, and we still give them money. I believe the state auditor's new approach is going to tighten up on both of these aspects. That will be a welcome change.

CJ: So we could almost say the accountability problem is with the state agencies not following through, not with the non-profits... as much as what the nonprofit are or are not doing, right?

Horton: That's right, and then you've got your whole... How many are there? I think there are 4,763 who get less than \$15,000 and they simply stuff that in their pocket and walk away, whistling a merry tune.

CJ: Are you making a blanket generalization, or do you really believe that?

Horton: Well, they aren't required to file anything. No one asks them any questions.

CJ: What are you seeking for those organizations?

Horton: Even they should file an affidavit, noting receipt of the funds and what they spent them for.

CJ: How did we get to this point, as far as accountability or lack thereof, in your opinion?

Horton: I think that the number of NGOs receiving state funds has blossomed exponentially in the past few years.

CJ: Why is that?

Horton: One big one was Smart Start. Smart Start is typically handled by nongovernmental organizations. They get money from the state. We aren't saying that all of these are bad, or all of these are mismanaged. A lot of them are very good and do a good job. It's just that we don't know.

As you'll notice in the Smart Start audits, many of those were strongly criticized by the state auditor when he went in there. So you've got problems there, but that was one of the major increases in the number, overall. And then the governor's office and some others have learned that they can make small grants and get a lot of good political credit for it. For example, virtually every volunteer fire department in North Carolina gets a little grant from the governor's office, whether they ask for it or not.

CJ: Would those fall under that \$15,000 threshold?

Horton: Yes, most of them are maybe \$50 to \$100.

CJ: OK, really small...

Horton: Mm-hmm, but at least it's a check, you know.

CJ: Do you believe the state is overdoing it in their use of nonprofit? Or is that too general?

Horton: You've got two aspects to it that we've got to consider. One is that many of us—myself included—have held for a long time that the most effective use of our money is by private organizations. Privatization—

doing what might otherwise be done by the government—is most economical and effective.

You get more bang for the buck, but you've got to follow up with it. So I certainly don't suggest that we do everything through the state, but I do think we need to have better accountability.

CJ: You advocate using the nonprofits, but just make sure we watch what they're doing.

Horton: That's right, because you've got cases like... You all exposed the Hyman Foundation. And then you've got the North Carolina Technological Development Authority. We blew 19 million dollars there. Now they want to do another one.

CJ: Do you think there's a lot of conflict of interest among legislators who are advocating, whether they're on boards or otherwise advocating for nonprofits? Or do you just not know?

Horton: I don't think anyone could [know]. Of course, we know situations like poor Frank Ballance and his Hyman Foundation, but it is not inappropriate for a legislator to try to get government money for his own constituents in NGOs, because hopefully it's benefiting everybody. But that legislator ought not to be intimately involved, as an officer or director, or anything of that sort.

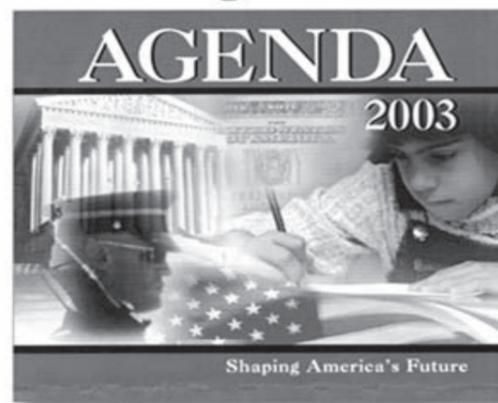
CJ: How involved could he or she be? Would you say not at all, or...

Horton: It should be very tangential, and he should disclose it so that everybody knows exactly where it stands. The main thing is, we need to know what the facts are. CJ



State Sen. Hamilton Horton, R-Forsyth

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• “The Cold War... was a fight to the death,” says Thomas C. Reed in *At the Abyss: An Insider's History of the Cold War*, “fought with bayonets, napalm, and high-tech weaponry of every sort — save one. It was not fought with nuclear weapons.” Written by an author who rose from military officer to administration insider, Reed’s account is a view of America’s fight against communism, from the end of World War II to the closing of the Strategic Air Command. From Eisenhower’s decision to beat the Russians at their own game, to the “Missile Gap” of the Kennedy era, to Reagan’s vow to “lean on the Soviets until they go broke” — all the pivotal events of the period are portrayed in detail “with information only someone on the front lines and in backrooms could know.” See www.randomhouse.com/BB for more information.

• *Welcome to the Ivory Tower of Babel: Confessions of a Conservative College Professor* is Mike Adams’s irreverent, disturbing look at higher education through the eyes of a former leftist radical whose disillusionment with the politics of diversity and political correctness turned him into a “token” campus conservative. Portrayed by the administration at UNC-Wilmington and mainstream media as a “flame-thrower,” Adams lampoons sacred cows such as affirmative action, gay pride, cultural sensitivity training, multi-culturalism, censorship, and other “sins” committed in the name of academic freedom. Learn more at www.harborhousebooks.com.

• *Rumsfeld’s War: The Untold Story of America’s Anti-Terrorist Commander* details the decisions made by President Bush’s secretary of defense to enable the U.S. military to fight this most unconventional of wars. Rowan Scarborough, veteran national security reporter for the *Washington Times*, has had access to Donald Rumsfeld as well as to numerous never-before-released documents that show not only how Rumsfeld is fighting the war, but how he is fighting government bureaucracy and remaking the American military. Scarborough also compares Rumsfeld’s decisiveness and willingness to act and declare a war on terror to the Clinton administration’s treatment of terrorism as a law enforcement issue during al Qaeda’s rapid rise in the 1990s. More at www.regnery.com.

• In an open letter to Muslims and non-Muslims alike, Irshad Manji unearths the troubling cornerstones of mainstream Islam today: tribal insularity, deep-seated anti-Semitism, and an uncritical acceptance of the Koran as the superior manifesto of God. She asks in *The Trouble with Islam: A Muslim’s Call for Reform in Her Faith*: “Who is the real colonizer of Muslims — America or Arabia? Why are we all being held hostage by what’s happening between the Palestinians and the Israelis? What’s our excuse for reading the Koran literally when it’s contradictory and ambiguous?” Manji offers a vision of how the United States can help Muslims undertake a reformation that empowers women, promotes respect for religious minorities, and fosters a competition of ideas. Details at www.stmartins.com. CJ

Movie review

‘The Passion:’ History Triumphs Over Skepticism

• *The Passion of the Christ*, 127 min, Rated R.

By JON SANDERS
Assistant Editor

It is unusual to know so much about a film before it opens as was known Mel Gibson’s *The Passion of the Christ*. Not only does the movie retell a familiar story, but also it was subjected to the severest public scrutiny. It was widely said the film was violent, that its dialogue was in Aramaic and Latin, and worse, said a loud contingent, the movie was anti-Semitic in that it portrayed Jews handing Jesus over to the Romans to be crucified and that earlier-era *Passion* plays had provoked violence.

In short, *Passion* inspired so much previewing passion that one would think there was little it could do to surprise. But it has. At this writing, the movie has racked up \$250 million in ticket sales and is still going strong.

Analysts are struggling to find ways to explain its success, this, a movie that could not even find a distributor a year ago. The ABC television network recently dusted off a shelved movie about Judas to air in the hopes of catching interest. The pre-opening charges of anti-Semitism have receded like shadows before sunlight, replaced by the more petty-sounding complaints from the same people that the movie is too violent. It’s excuse-fishing: The complainers object to the film’s subject and faithful treatment of Him; we know that.

There was indeed much that we knew about *The Passion* before we ever saw it — but those who have seen it know there was still much we didn’t know. Or, to paraphrase Ronald Reagan’s famous quip about liberals, the problem wasn’t that we were ignorant about *The Passion*, the problem was that we knew so much that wasn’t so.

A masterpiece of art

We weren’t prepared for Gibson’s art. It is a tribute to him that he was able artistically to convey a familiar story in a compelling way. The authentic language that he insisted upon, and the subtitles it required, were not distracting.

Spoken dialogue did not drive the film, but merely moved it from one stage to the next. Not all voiced elements needed translation, such as the babbling confusion among the crowd or the Roman guards zestfully counting as they flogged.

Instead, Gibson relies on powerful, sometimes searing, moments where not a word is said — unspoken dialogue communicated by penetrating, searching gazes from the Christ, anguished looks on the faces of the disciples, flashbacks that are both bitterly ironic and illustrative, the rare glimpse of something approaching compassion flit-

ting across the faces of the guards before they plunge into another outburst of bestial atrocity, Simon of Cyrene abandoning his initial reluctance and interlocking arms with Jesus around the cross, and Mary’s unimaginable pain.

John Debney’s score excels powerfully at heightening the moods of those scenes. Sometimes Debney uses the more familiar, Western orchestration, such as for Mary witnessing Jesus falling beneath the weight of the cross and remembering the boy Jesus falling and how she rushed to soothe him. We feel the universal sympathy for a mother of a dying son, and Debney’s heart-rending chords unite us emotionally. For the more grisly scenes, Debney uses ancient, period instruments that blare rudely with unusual

if not shocking sounds. Like the rabble shouting Aramaic invectives and the Romans taunting in Latin, even the music hurls out garish, foreign-sounding mockery.

We knew of the violence, but this is violence unlike Hollywood violence. It is gruesome, horribly inescapable, but neither gratuitous nor celebratory. Some critics have called it numbing; I did not experience that. I found, as Jesus progressed through the castigation to the crucifixion, that each vividly recreated scene brought with it all-too-fresh new horror.

To judge from the sounds within the theater I attended, few if any seemed numb to the violence. I have never heard weeping at a movie as I did there. And truly there were those who were just not of the constitution to withstand it all. I feel for the woman two seats across the aisle from me who was heaving sobs — I marvel she was able to

finish the movie at all. And the somberness pervading the theater at the film’s conclusion was striking.

As was feared by some beforehand, Gibson does show Jews turning Jesus over to be crucified, but that was a historical fact. So in *The Passion*, Caiaphas and most of the Jewish religious leaders come off badly, and the rabble indeed yells for Jesus to be crucified.

Viewers will, however, see these “defamations” within the context of the film. They will see some among the Sanhedrin vocally objecting to their treatment of Jesus, as well as many in the crowd reacting with shock, sadness, and horror at what is happening. They will see the disciples, the women, and Mary. They will not see anything approaching consensus among the Jews.

Furthermore, the context of the film also makes it clear that political control is behind the crucifixion of Jesus. Caiaphas and the religious leaders seek to regain their hold on the people from Jesus (seen in one flashback entering

Jerusalem a week earlier to a hero’s welcome, amid waving palm fronds). Pilate, meanwhile, seeks to stave off an insurrection and retain his authority, in which Rome has made it clear it has little confidence.

In that sense, Pilate receives an almost sympathetic treatment in *The Passion*. Politically, as he sees it, he faces risk of insurrection no matter his decision. Nevertheless, he knows Jesus to be innocent, so his feckless washing-the-hands moment doesn’t come across at all as the exoneration for which he hopes. For those who miss the monstrosity of Pilate’s choice, Gibson underscores it through the character of Pilate’s wife, who stares at him in bewildered horror at his decision.

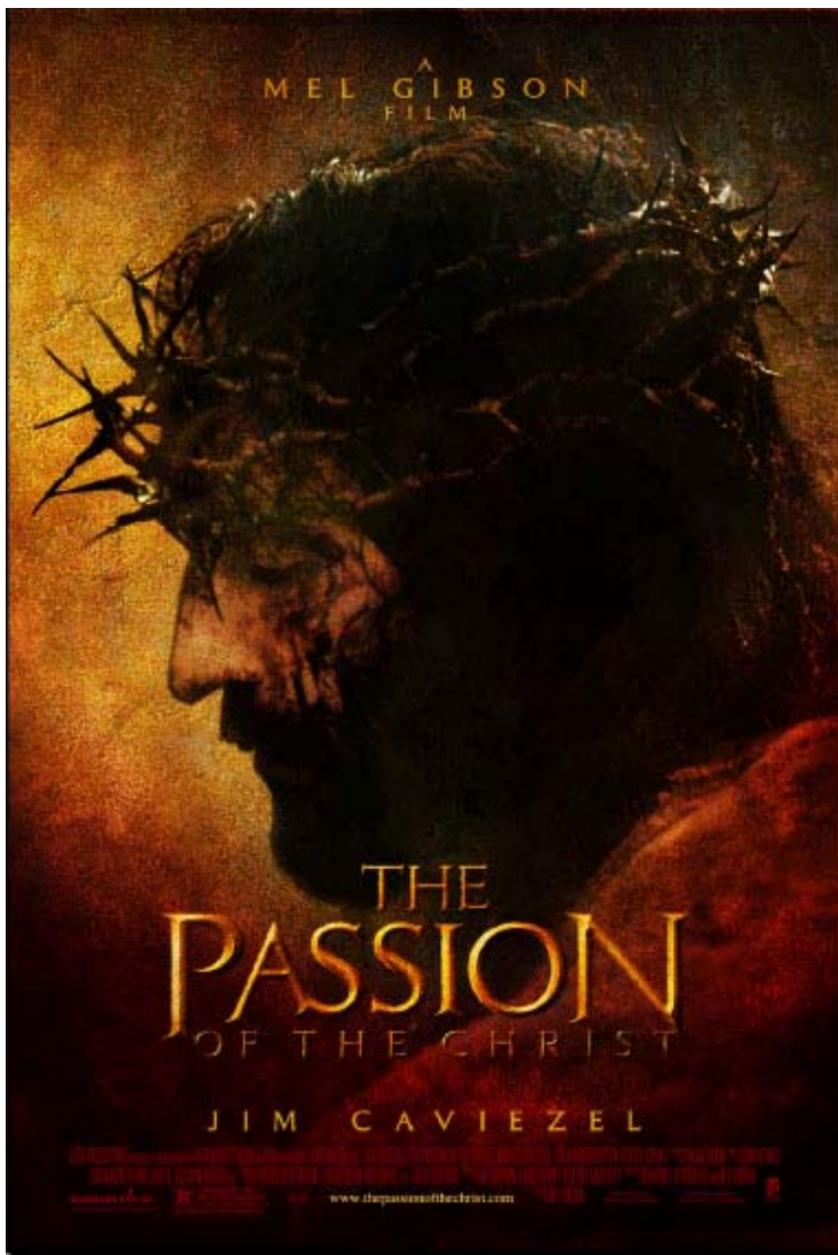
Although the film’s portrayal of the Jews received the most prerelease attention, the film’s Roman guards are the awful ones, gleefully vicious, sadistic beyond description. Even the traitor Judas, terminally gripped by guilt and driven to suicide, gets more sympathetic treatment than they.

Greater love has no man

Gibson makes it clear, through timely flashbacks of select moments in Jesus’ ministry, that the movie is about love. Greater love has no man than this, Jesus says in one of the flashbacks, that a man give up his life for his friends. Love is at the core, and Jesus sees everyone, the rabble, the Romans, Caiaphas and his lot, onlookers, everyone, as his friends. Moments from death, wracked with pain, and taunted anew, still he begs God to forgive them.

Whatever hate someone finds in *The Passion*, it can only be whatever hate that someone brought with him. It’s not on the screen.

What’s on the screen is remarkable. It is incredible love, amazing grace. CJ



Book Review

Trembling in the Ivory Tower: the Lowdown on Higher Education

• Kenneth Lasson: *Trembling in the Ivory Tower*; Bancroft Press; 2003; 196 pp. \$22.95

By **GEORGE C. LEEF**

Contributing Editor

RALEIGH

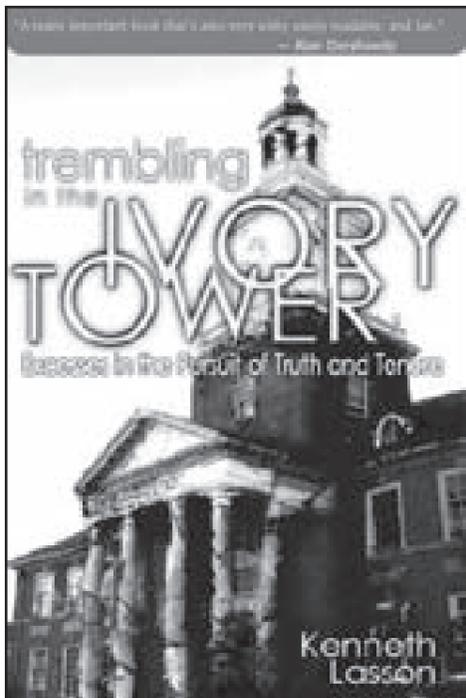
If one listens to spokesmen for the higher-education establishment, America's colleges and universities are the envy of the world, propelling our economy forward with brilliantly educated young minds.

Look only at the bright spots in American higher education, and you might well conclude that the praise is merited. But to assume that something is true of the whole because it is true for some of the parts of that whole is fallacious — the fallacy of composition. That's pertinent here. Just because our universities turn out world-class scientists and engineers doesn't mean that our higher-education system is world-class.

Beneath its lovely façade, there is a great deal of decay in American higher education. At many schools, the curriculum is feeble and academic standards have sunk out of sight. The paramount concern of administrators and professors is keeping the students happy. Professor Murray Sperber calls it the Beer and Circus syndrome, to borrow the title of one of his books.

Fouling the intellectual climate

And then there is the problem of the intellectual climate. Thanks to the mania for "diversity" that has swept through American higher education, we have reached the point where many ideas can no longer be discussed because someone in a "protected group" might be offended. It is mainly to this degradation of academic discourse that



Trembling in the Ivory Tower is addressed. Author Kenneth Lasson, who is a professor of law at the University of Baltimore, finds that our colleges and universities are becoming increasingly hostile to intellectual freedom, their focus changing from open debate and inquiry to ensuring that students come away from their college years with "correct" attitudes.

Lasson's book is chock full of evidence that things have gone badly awry. Students now typically graduate, he says, "with inferior backgrounds in the humanities, weak language and writing skills, and little respect for their professors." One reason why they have little respect for their professors is that the professors don't do much to earn it. Increasingly, they are preoccupied with

their "research" — i.e., writing articles and books that help them obtain tenure. Teaching plays second fiddle. That's bad enough, but Lasson regards most of the "research" to be worthless drivel. An incredible number of specialized academic journals filled with pretentious and impenetrable writing are produced every year to no purpose other than to allow professors to put down another publication on their curriculum vitae.

Worse than the diversion of faculty time into "research" is the fact that in many academic disciplines, the radicals of the 1960s and '70s have taken the reins of control and insist on turning their courses into platforms for the propagation of their ideology.

Radical feminists run amok

Radical feminists are among the worst culprits in that regard. "Good people of both sexes have been stampeded into corners of stilted parlance and tortured logic by the self-appointed thought police," Lasson writes. "Big Sister has imposed herself upon all of us."

The "radfems" don't just hold sway in the almost ubiquitous "women's studies" programs, but also have unleashed their embittered view of the world in English, sociology, and other fields. They have succeeded not only in poisoning the minds of some students, but also in poisoning campus discourse. And if radical feminism has eroded the foundations of higher education with its acid, the diversity movement has attacked those foundations with jackhammers. Students and professors are harassed with speech codes and "diversity czars," who are eager to find bigotry, discrimination, or mere "insensitivity" everywhere.

"Instead of blending ethnicity fairly into a melting pot, we have allowed multiculturalism to boil over into a seething cauldron of conflict," Lasson rightly says. Here's an example he gives.

Bizarre at Berkeley

A group of students launched a protest in 1999 at Berkeley. What they demanded was an increase in the number of faculty members in the school's Ethnic Studies Department — even though the department had weak enrollments. More than 100 students were arrested after they took over a campus building, but the administration caved in when six of them went on a hunger strike. It agreed to hire eight new full-time faculty members, to provide funding for an Institute of Race and Gender Studies, and to pay for the creation of a mural depicting the student takeover!

What can be done? Almost all of the book is devoted to the explication of the problem and Lasson doesn't do much to show the way out of the morass. "If eternal vigilance is the price of freedom," he writes, "then we must be especially alert that the trustees of the academic enterprise are forever honest in perpetuating the vigorous exchange of ideas, values, and convictions... and that they are consistent and critical in their pursuit of truth." Yes, of course, but those trustees are the very people who have looked on with indifference as the academic degradation proceeded apace. Why expect them to arise from their torpor?

Even if Lasson doesn't have a solution at hand — and I don't think anyone does — he has done a superb job of identifying the problem. His witty and engrossing book is must reading for everyone concerned about higher education. *CJ*

Book Review

Free Trade Under Fire: A Valuable Resource Against Protectionism

• Douglas A. Irwin: *Free Trade Under Fire*; Princeton University Press; 2003; 257 pages (paperback); \$17.95

By **PHIL MURRAY**

Guest Contributor

BABSON PARK, FL

According to Douglas A. Irwin, free trade is under fire because some groups believe that they do not participate in the accumulation of wealth that trade brings. Others oppose it because they believe that trade agreements subvert national sovereignty and threaten to harm the environment and workers. Irwin, professor of economics at Dartmouth and long-time advocate of free trade, intends with this book to show the benefits of free trade and evaluate arguments against it.

Imports and free trade

A common argument against free trade is that "imports destroy jobs." Irwin admits that "imports do indeed destroy jobs in certain industries." But imports are necessary to finance exports, he argues. Irwin observes that "all of the dollars that U.S. consumers hand over to other countries in purchasing imports... eventually return to purchase either U.S. goods (exports) or U.S. assets (foreign investment)." Therefore, "the overall effect of trade on the number of jobs in an economy is best approximated at zero."

When protectionists advocate imports

restrictions, they disregard hidden costs. One cost is the jobs lost in export industries and industries that buy imported inputs to make final goods. "According to one study," reports Irwin, "import quotas in the Steel Revitalization Act ... would protect 3,700 steel jobs but cause the loss of anywhere from 19,000 to 32,000 jobs in the steel-consuming sector." Blocking imports to save jobs is also wrongheaded because it raises prices to consumers. Here Irwin cites a study concluding that consumers pay an extra \$140,000 yearly for each job protected by textile import quotas.

Nor does Irwin have any patience with policies designed to "soften the blow" of import competition. The government provides income assistance, but the displaced workers who receive it merely lengthen their spell of unemployment. As for training programs, Irwin bluntly says that "there is little evidence that any government training program works well."

Irwin also analyzes the legal attacks against free trade. One strategy is to accuse foreign exporters of "dumping" goods in U.S. markets. The Commerce Department finds dumping whenever the price of an import is "less than fair value." Read Irwin's description of how Commerce computes "fair value" and prepare for a case of nausea. It has nothing to do with whatever buyers and sellers voluntarily negotiate. Commerce almost always decides that the foreign exporter is dumping and levies

"countervailing duties." Industries struggling against competition from imports also seek protection through the "escape clause," which provides "a temporary exception to any negotiated tariff reduction." "Temporary" protection tends to become permanent. For example, Irwin notes, "The steel industry has received nearly continuous protection for over thirty years and is still seeking limits on imports." Irwin concludes that some businessmen will resort to protection whenever it is to their advantage. The government should stop aiding them.

World Trade Organization

Irwin devotes a chapter to the World Trade Organization. The controversial feature of the WTO is the "dispute settlement mechanism." Although some conservatives suspect that the WTO is a form of world government, Irwin finds that fear to be unwarranted. He notes, "WTO panels merely determine whether disputed policies conflict with WTO rules and, if they do, recommend that members bring those policies into conformity." It neither undermines national sovereignty nor interferes with trade.

Mostly, the WTO riles Leftists, who charge that it undermines environmental regulation. In one case, the WTO decided that standards for clean gas set by the Environmental Protection Agency violated trade rules because they did not apply equally to domestic and foreign refineries. But the

WTO cannot undermine EPA regulations. "The EPA could have resolved the case by raising the domestic standard, rather than lowering the standard applied to imports," Irwin says.

The environmentalists' gripe with the WTO and free trade is misdirected. "Environmental damage results from poor environmental policies, not poor trade policies," Irwin says.

Although protectionism will never die, Irwin believes that the opposition to free trade based on economic interests is waning. One reason is that corporate executives "have found that international diversification or joint ventures with foreign partners are a more profitable" alternative.

The new and grave danger to free trade comes from nongovernmental organizations such as Ralph Nader's Global Trade Watch. Their call for "human rights, corporate responsibility, and sustainable development" appears innocuous, but that agenda is an anticapitalist Trojan horse. Sadly, many politicians are taken in by it.

With all the complaints about free trade, forthright defenders such as Irwin are to be applauded. Everyone who buys *Free Trade Under Fire* will acquire a valuable resource on the economics, history, law, and current events of this critical subject. *CJ*

Phil Murray is a professor of economics at Webber International University.

Bribes, Not Policies, Are 'Paying Off'

Look at Gov. Mike Easley's record since 2001 shows that the greatest influence upon his economic development policy is his ability to get a good press release out of the deal.

This "policy through publicity" practice might seem more than sophistry if his job announcements weren't laden with repetitive platitudes.

A recent Easley press release, dated March 9, is a perfect example. That day his media people announced that a company called AREVA, in the Charlotte area, was adding 100 jobs to its operation. This release, like most others, contained a policy victory declaration by the governor.

"This is validation that our investments in education, workforce training and infrastructure are paying off," Easley allegedly said through the words issued by his public information people.

They always think that stuff is "paying off." Two announcements in February said similar "investments" were "paying off." They were "paying off" twice last November, and in October as well. They stopped "paying off" in August when Easley took time out during the Pillowtex layoffs to slam President Bush on federal trade policies. But before that they were "paying off" a number of times in July. The governor's heroic policies got a break from "paying off" before that in 2003 after "paying off" heavily in 2002.

Easley's media mavens never mention "paying off" in conjunction with what really persuades companies to come to the state: Hundreds of thousands, and sometimes millions, of dollars in real, financial incentive "payoffs." That is because they want Easley to get credit without making it obvious that his administration bribes companies to relocate or expand.

I asked Easley's communications director, Cari Boyce, whether the governor has ever made a jobs announcement for a company that didn't receive incentives. She said she was "not aware of any that we have announced that did not (receive) some sort of state assistance," but that "assistance is not limited to incentives." I would think he would want credit for companies that *didn't* get incentives, just to prove those other "investments" really *were* what was "paying off."

At least they don't hoard *all* the credit — they like to spread it around — to other, more localized public agencies. That way they can justify that more government — working as a "team" — is needed to "bring jobs" to the state.

Sometimes the governor's press machine likes to quote Democratic legislators (or House Co-Speaker Richard Morgan) in jobs announcements, so lawmakers can also take credit for new business in their districts. Alleged quotes from Easley or other state politicians are interchangeably used to say "this is great news for (insert county or city here), and to express how "excited" they are to have a "good corporate citizen" coming to the community. They often say that this is "the type of company we want in North Carolina" and "we want to thank (insert government official name here) for making it happen."

Easley's job announcements almost always include a quote from a bribed company executive who applauds the "outstanding efforts" and "hard work" of city, county, regional, and state economic development officials who are apparently indispensable to the process of conducting private business. Corporate representatives also like to thank bureaucrats for their "support" or their "commitment" for "making this move possible."

It's not enough for government to just get out of the way anymore. CJ

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Paul
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Editorials

DEBATING DEATH

Keep capital punishment debate focused

When the General Assembly returns to town next month, one can rest assured that among the issues heavily debated, and well-covered by the media, will be the death penalty. While capital punishment is always an issue that sparks emotional debate, a recent spike in executions — eight between August and January — and the well-publicized case of a former death-row inmate being acquitted at a retrial has only added fuel to the fire. A proposal for a two-year moratorium on executions has passed the Senate and is before the House.

Unfortunately, while the ongoing debate produces lots of heat, it does not shed much light on the subject. The problem is that it combines and confuses two very separate issues, the morality and desirability of the death penalty as a punishment with concerns about the operation of the judicial system in general. Neither topic benefits from this treatment.

Understanding the process

Perhaps the best way to get at the issues involved in the death penalty debate is to look at what's involved in a capital case. The highlights:

- The possibility of a death sentence in North Carolina exists for only one crime, first-degree murder. For a homicide to be first-degree murder requires either premeditation or that the crime be committed in conjunction with another felony. The accused, as in all criminal trials, is presumed innocent until proven guilty. The standard of proof required for a conviction is "beyond a reasonable doubt" and a unanimous verdict is required.

- The Sixth Amendment provides for the right to counsel. Criminal defendants in general are provided with a lawyer. In capital trials in North Carolina, defendants have *two* lawyers, one of whom must have tried a death penalty case before.

- Capital trials require a special jury. In order to serve, a potential juror must be able to follow the law and be able to impose a death sentence. Those who believe the death sentence is never appropriate cannot serve in capital cases.

- After someone is convicted, a special, second phase of the trial is held. In this capital sentencing proceeding, the jury must decide what punishment the murderer will receive, life in prison without the possibility of parole or the death penalty. Some defendants may not be eligible for the death penalty because of their age at the time they committed the crime or their limited mental capacity.

In the proceeding, the jury hears evidence about potential aggravating and mitigating circumstances involving the crime and the defendant. To impose a death sentence, the jury must unanimously find that one or more statutorily defined aggravating circumstances exists, such as the murder being "especially heinous, atrocious, or cruel" and that the aggravating circumstance(s) outweighed any mitigating circumstances.

- After conviction, the defendant has an automatic appeal directly to the N.C. Supreme Court. In addition to hearing any assignments of error brought by the defendant, the high court has special responsibilities under N.C. law. The court must determine that the evidence supports the jury's finding of the aggravating circumstances, the sentence was not imposed under the influence of passion, prejudice, or any other arbitrary factor; and the death sentence is not excessive or disproportionate for a death sentence to stand.

The N.C. Supreme Court takes its responsibilities seriously. Of the past 12 death penalty cases it has reviewed, it has ordered a new trial in one case and new capital sentencing procedures in three others. The court has also found over the years that the death penalty was excessive in eight cases, creating limits to which sort of cases the prosecution would even consider seeking the death penalty in.

- The defendant also is entitled to an appeal in the federal courts and possible additional appeals in the state courts.

- The governor may commute the sentence if he so chooses.

Irrelevant arguments

Death penalty detractors raise a host of system-specific arguments for abolition of the death penalty. These include that a disproportionate number of those on death row are minorities, that the

quality of representation may be suspect, and the potential for police or prosecutorial abuses.

These complaints, however, are not unique; they also apply in noncapital cases. Indeed, they even apply more so in noncapital cases — someone on trial for their life is typically better-represented, is granted more liberal discovery, and will be assured of a most complete appellate review than the typical criminal defendant. To the degree that any of these are truly significant issues, the logical solution is to address them directly, not abolish the death penalty.

Focusing all discussion of the criminal justice system through the prism of the death penalty comes at a serious cost. There are other issues that are deserving of attention that are simply being ignored. A lack of prosecutorial resources, for example, has led to long waits before cases come to trial in some jurisdictions. The N.C. Supreme Court recently held that a 4 1/2-year wait before a murder trial was not per se excessive.

When the General Assembly returns, let the death penalty be discussed as it should be — on its own merits. CJ

LAY OF THE LAND

NC jobs record still worst in the region

One piece of bad news about the 2004 elections is that you're going to hear a lot of bad news. That's the nature of things when challengers try to defeat incumbents: They must make the case that the existing leaders aren't delivering the goods. Otherwise, why should voters make a change?

With regard to key statewide races this year for governor and U.S. Senate, the bad news is likely to center on the economy.

Jobs and economic prospects are on the top of the list of issues voters appear to care about in 2004, so those making the case for change will need to stress job losses and other negative trends. Their opponents will stress whatever contrary evidence they can find that suggests current policies are working.

We had occasion recently to study the latest federal economic data. It's important to keep in mind that the economy is a complex set of transactions, that statisticians' attempts to measure them are inevitably imperfect, and that assigning credit or blame to public policies is a tricky thing to do.

Economic events usually have multiple causes. Separating out some to evaluate the effects of others is difficult to do even with historical data that aren't constantly being revised (which is what's been happening lately with federal government's employment data).

Still, politicians and voters are going to be talking about these numbers this year, so it's worthwhile to set the stage by getting the economic lay of the land in North Carolina as we begin the 2004 election cycle in earnest.

Bad news, no matter how it's measured

First, we should stress that no matter how you slice the numbers, they don't look pretty for North Carolina. Whether you use employment data that are seasonally adjusted (usually preferred) or not seasonally adjusted (sometimes useful when examining individual industries), our state has lost more jobs from January 2001 to January 2004 than has any other state in the Southeast.

This is true whether you look at the sheer number of jobs lost or the percentage of jobs lost. Indeed, because some Southern states such as Florida actually gained employment during the period, the region's overall net job loss over those three years was only about 200,000. North Carolina's loss was nearly 160,000, accounting for more than three-quarters of the total.

It's a staggering trend. North Carolina is used to leading the pack in economic growth, not lagging far behind it. Moreover, when you take government employment out of the mix — we added about 19,000 public-sector positions — businesses shed nearly 180,000 jobs, or about 5 percent of the private workforce.

The picture on personal income is equally grim. From the first quarter of 2001 to the third quarter of 2003 (the most recent available), per-capita income in North Carolina grew by only 3 percent, again the worst performance in the region. The average growth in the Southeastern states was more than 6 percent.

Identifying the causes of job loss

Observing these disappointing numbers doesn't settle the question of cause. Gov. Mike Easley and Senate candidate Erskine Bowles, for example, argue that North Carolina's lagging performance is due to free-trade agreements that have subjected the state's manufacturing sector to unprecedented competition, resulting in massive job losses. There is some evidence for their proposition. North Carolina has had the largest drop in manufacturing employment, 21 percent compared to about 17 percent for the Southeast.

But that's not the end of the story. Manufacturing employment has actually been declining for a long time as a result of productivity gains. In a dynamic market economy, these losses are offset by job creation in other sectors as consumers save money on manufactured goods and purchase other goods and services.

For some reason, North Carolina's nonmanufacturing sector has been weaker than in virtually all of our neighbors, posting an employment decline from 2001 to 2004 while others posted modest or sizable growth. If nonmanufacturing businesses in North Carolina had met the regional average for job creation, there would be about 70,000 more employed North Carolinians today than there are.

Why didn't they? While we will not suggest it is the entire explanation, we think it's obvious that bad fiscal policy has played a role. North Carolina has higher tax rates rather than its neighbors, and chose to raise taxes on personal income, retail sales, and consumer products over the past three years when most other states did not. As a result, North Carolina is at least somewhat less attractive as a place to open new businesses, employ people, and sell goods and services.

Expect to hear more about this in the coming months — and don't expect to feel good about it.

VOUCHER FLAWS

Time to reform an old federal program

The federal government has been running a voucher program for decades, and its inherent legislative attention. No, we're not talking about those vouchers. Indeed, one of the flaws in the ongoing and spirited debate about school vouchers is the notion that distributing public dollars to recipients and allowing them to choose a service provider is something new.

Both federal and state governments have used vouchers or voucher-like mechanisms for decades. Food Stamps are one example. Another, and one that desperately needs reform, is the Section 8 voucher program that provides housing assistance to millions of Americans of modest incomes. Howard Husock, a Harvard scholar who is one of the nation's leading housing experts, lays out the problems with this expensive and often counterproductive program in a *New York Post* column. While housing vouchers are clearly preferable to the government building and operating public-housing projects — one of the most disastrous public policies of the past half-century — they have not been subject to the kinds of work requirements and time limits imposed on cash-welfare grants in the mid-1990s. As a result, Husock writes, "just as welfare once did, [Section 8 vouchers] facilitate the creation of single-parent households — families most at risk of dependency and in which kids disproportionately fail to flourish."

Because of the way the eligibility criteria are set, recipients of housing assistance have a strong incentive not to let their wage income, or at least the income they report to the government and are taxed on, to rise significantly. This means avoiding regular, above-board employment. It means avoiding marriage.

The best policy in this area would be for the federal government to get out of the housing business altogether. The U.S. Constitution authorizes no such program. But nobody in politics cares much for the enumerated-powers doctrine, so this argument unfortunately stands little chance of prevailing.

The next-best policy would be to reform housing vouchers the way Congress reformed cash welfare a decade ago. There ought to be time limits and work requirements imposed on voucher recipients, as well as other rules promoting personal responsibility. But Husock doesn't believe that the Democratic minority in the Senate would allow such a bill to escape a filibuster — and that scenario assumes that risk-averse Republicans in the majority would be willing to move such a bill in the first place.

So the next-next-best policy, a Bush administration idea called the "Flexible Voucher Plan" and endorsed by Husock, would stop the business of giving local housing authorities their Section 8 dollars on a per-capita basis. Instead, the federal dollars would come in the form of lump sums. The authorities would gain supplemental administrative funding if they served a higher-than-average number of families, and would face the prospect of seeing their Section 8 contract outsourced (to use today's trendy term) to private firms if they served a relatively small number. The idea would be to arm housing authorities with both the incentive and the flexibility to use devices such as flat-amount rents and even time limits to move more recipients up and out of dependency.

We think this experiment is worth trying, but not that optimistic about success. Trying to get public-housing authorities indirectly to do responsible things with handouts that Congress isn't willing to do itself through direct legislation seems like a difficult gambit to pull off. Still, with billions of our tax dollars accomplishing little more than the perpetuation of poverty and the continued formation of single-parent families, which are devastating to children and costly to society, we can't afford to let the housing-voucher program continue on its present course while hoping that federal policymakers rediscover either the constitution or their nerve.

Finally, You Can Take Them to Court

Even for folks like me who worry about America becoming too litigious a society, it is certainly comforting to know that when someone, some professional, or some company does something demonstrably wrong to me, I have recourse to governmental courts to obtain justice and a remedy.

But what if the institution doing the harm is itself the government? And what if the harm isn't done just to me personally, but to the citizens as a whole and to the constitution that protects our rights? It's easy to say that I have the same option, to sue the government in court, but it's harder to pull off in practice. Most citizens lack the financial wherewithal to pursue costly litigation, and that assumes that citizens are actually aware of harms being perpetrated by public officials against the constitutional order.

Here in North Carolina, the list of such encroachments is growing. It already includes:

- Efforts to issue public debt, effectively if not legally backed up by the state's taxing authority over the public, without a vote of the public.
- Attempts by leaders of the General Assembly, upset with the way their gerrymandering handiwork has been greeted by the state's judiciary, to violate the constitutional separation of powers by creating a new redistricting court and shifting all new and pending redistricting cases to its jurisdiction.
- Constant efforts to evade balanced-budget rules by borrowing funds, shifting accounts around, and otherwise being too clever by at least half.
- Abuse of the taxing authority granted by the constitution to state and local governments by using it for projects clearly outside the original intent of a "public purpose," such as subsidizing sports teams, conventioners, or other private interests.
- Violation of the principle of equal treatment under the law by targeted incentives programs that purport to advance economic development by taxing some companies at a higher rate than others.
- Encroachments of executive-branch authority by legislative leaders who think they can and should supervise state agencies.

In these and other cases, aggrieved North Carolinians may now have a recourse that was previously unavailable to them. A new public-interest legal foundation, the North Carolina Institute for Constitutional Law, has just begun operations in Raleigh under the chairmanship of Bill Graham, formerly a superior court judge and the state's commissioner of banks.

Graham's board of directors includes such luminaries as Robinson Everett of Durham, a professor at Duke University School of Law and former chief judge for the U.S. Court of Appeals for the armed forces; Ron Link of Chapel Hill, the Dan K. Moore professor of law and former acting dean at the University of North Carolina Law School; Bill Maready of Winston-Salem, the lead attorney and plaintiff of the celebrated incentives case *Maready v. City of Winston-Salem*; and Art Pope, of Raleigh, president of Variety Wholesalers, Inc. and a former four-term state representative from Wake County.

Legal advisors to the new group include constitutional lawyer and taxpayer watchdog Gene Boyce, Charlotte attorney Tom Ashcraft, legal activist and state Rep. Skip Stam, and several others. In addition to conducting research and education campaigns on the constitution, surely a task worth doing in and of itself, ICL will also "engage in litigation on behalf of citizens and the public interest to protect constitutionally guaranteed rights," Graham said.

In other words, if you see an instance of politicians violating the constitution, misusing the powers of their office, or intruding on your personal liberties, don't take the law into your own hands — let ICL help you take it to court.

John Hood

Hood is president of the John Locke Foundation, publisher of Carolina Journal, and a syndicated columnist.

Editorial Briefs

Tax distribution tables misleading

Tax "distribution tables" allegedly show how each income group will benefit from a potential reduction in taxes. However, such tables are often incomplete, unreliable and intentionally deceptive, concludes a study, "A Comparison of Tax Distribution Tables: How Missing or Incomplete Information Distorts Perspectives," from Congress' Joint Economic Committee. The problem with distribution tables is that they are only a snapshot in time and do not show how an individual's tax burden will change over his lifetime.

According to new data released by the Council of Economic Advisers, over a 10-year period there is a significant amount of income mobility. Between 1987 and 1996, about 66 percent of taxpayers exited the bottom tax bracket, with 9.3 percent moving up three or more tax brackets. Meanwhile, 50.9 percent of taxpayers fell out of the top bracket, with 23.1 percent moving down three or more tax brackets.

Overall, 53 percent of taxpayers found themselves in a different tax bracket over the 10-year period.

Genetically modified foods challenged

Although genetically modified foods could be used to fight malnutrition and improve lower yields in undeveloped countries, many environmentalists oppose their research, development and use, the American Enterprise Institute says.

GM technology is used in a variety of crops and has produced innovations. Insect- and drought-resistant soybeans, wheat, and cotton reduce the need for pesticides and costly irrigation, and they increase yields. The daffodil gene can increase the amount of Vitamin A in rice, preventing blindness in nearly half a million children in developing countries each year.

Proponents insist there is no evidence that GM foods are harmful. Gene-splicing and hybridization have been used for years, resulting in foods such as seedless grapes and tangelos. Protein supplements given to cows over the past decade, have increased their milk yields without changing the milk itself.

Anti-biotech groups have now turned to requiring a "precautionary principle" for use of GM foods, including mandatory labeling. Such labeling, however, would likely feed on the fears of those wary of science and result in a stigmatization of such products. Michael Passoff of the group As You Sow, admits their goal in requiring labeling is to spook companies from carrying GM foods at all for fear of alienating customers.

Meanwhile, anti-GM activists have scared Zambia into refusing GM grain that could feed the nation's population.

Medicare Hypocrisy

The Bush Medicare bill is criticized by Democrats and labor unions. They complain that coverage is incomplete, isn't fully available for two years and will be much more costly than estimated.

Robert Goldberg of the Manhattan Institute notes the Bush plan is similar to one proposed earlier by Bill Clinton and supported by virtually every Democrat.

Among the differences in the two plans Clinton's was scheduled to kick in four years after passage, not in two years as with the Bush plan. The Clinton plan covered a lot fewer people. And the Clinton plan capped government spending at about \$2,500 per senior whereas the Bush plan covers all drug costs more than \$3,000 a year.

However, the estimated costs of both were revised upward by about 25 percent, and for the same reason. A *Heath Affairs* article by Congressional Budget Office analysts projected increased costs for the Clinton plan as it did not account for people who would be enrolled instead of relying on Medicaid plans or Medicaid.

These are the same reasons that the Bush administration cites for now saying that their plan will be about 25 percent higher than the initial CBO estimate of \$400 billion.

Reported in the *Washington Times*.

CJ

Where Do You Stand, Senator John Kerry?

By: MARC ROTTERMAN

Contributing Editor

RALEIGH

The Bush-Cheney campaign recently released a series of television commercials designed to "define" Sen. John Kerry and his policy prescriptions for America.

The president's team has wisely begun to set the record straight after months of being pummeled by Kerry, John Edwards, John Lieberman, and Richard Gephardt during the Democratic primary.

Even before the ads became public, Kerry berated them for their negativity. Kerry's campaign began to explain or defend what he would do on taxes. "The only increase in taxes would happen for those people making more than \$200,000," Kerry staffers said.

As my old friend Lee Atwater used to say, "If you're defending, you're losing."

What the Bush team is attempting to do by starting early is to control the debate in the general election characterizing Kerry as soft on terrorism and national security and as one who would raise taxes on American families, entrepreneurs, and businesses.

The Bush campaign has plenty of ammunition to work with. Kerry's rhetoric on the campaign and his voting record are filled with inconsistencies.

On the key issue of going to war with Iraq, the senator from Massachusetts has flip-flopped numerous times. First and foremost, Kerry voted for authorization to use force in Iraq (H.J. Res. 114, CQ Vote #237).

In the first democratic debate, Kerry strongly supported the president's actions in Iraq. Kerry: "George, I said at the time I would have preferred if we had given diplomacy a greater opportunity, but I think it was the right decision to disarm Saddam Hussein, and when the president made the decision, I supported him, and I support the fact that we did disarm him." (ABC News, Democrat Candidate Debate, Columbus, SC, 5/4/03)

Kerry later claimed he voted "to threaten" the use of force in Iraq. "I voted to threaten the use of force to make Saddam Hussein comply with the resolutions of the United Nations." (Sen. John Kerry, remarks at announcement of Presidential Candidacy, Mount Pleasant, SC, 9/2/03)

Now, Kerry says he is the antiwar candidate. Chris Matthews said to Kerry, "Do you think you belong to that category of candidates who more or less are unhappy with this war, the way it's been fought, along with General Clark, along with Howard Dean and not necessarily in companionship politically on the issue of the war with

people like Lieberman, believe the president took us to war as he should have, yes, absolutely." (MSNBC's "Hardball," 1/6/04)

On the most important decision that a president can make — sending our troops into harms way — Kerry has had three different positions.

Aides and people who have worked closely with Kerry in the Senate say he tends to split differences. I would submit to you that during the time when this country is at war in Iraq and fighting terrorism abroad a "yes — but" foreign policy is fair game in a presidential election.

Kerry has had so many flip-flops on policy that it's hard for one to keep track. For the record, here are a few.

In 2002, Kerry signed a letter "urging" the Massachusetts legislature to reject a constitutional amendment banning gay marriage. Now Kerry says he supports amending the Massachusetts state constitution to ban gay marriage. (*Boston Globe* 2/26/04)

In 1996, Kerry attacked Gov. Bill Weld for supporting the death penalty for terrorists.

Kerry: "Your policy would amount to a terrorist protection policy. Mine would put them in jail." (1996 Massachusetts Senate Debate 9/16/96)

In 1996 Kerry said, "You can change your mind on things, but not on life-and-death issues." (*Worcester (MA) Telegram Gazette* 7/3/96)

But, in 2002, Kerry said he supported the death penalty for terrorists. Kerry: "The law of the land is the law of the land, but I have also said that I am for the death penalty for terrorists because terrorists have declared war on your country." (NBC's "Meet the Press" 12/1/02)

On one of the key domestic issues in the campaign, free trade, Kerry voted for NAFTA in 1993.

Kerry said, "NAFTA recognizes the reality of today's economy — globalization and technology," Kerry said. "Our future is not in competing at the low-level wage job: it's in creating high-wage, new-technology jobs based on our skills and our productivity."

Now, Kerry expresses doubts about NAFTA, saying, "If it were before me today I would vote against it because it doesn't have environmental or labor standards in it."

Long story short, Kerry is on multiple sides of almost every issue and challenge that confronts America. To paraphrase Sen. Jesse Helms from a campaign almost 20 years ago, "Where do you stand Senator Kerry?" CJ



Marc Rotterman

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Politicians Can Help the Poor by Letting People Keep Money

By GEORGE C. LEEF
Contributing Editor

Politicians often use poor people as stage props. They talk about their "concern" and "compassion" hoping at once to attract the votes of two groups of people — those who are looking for a government handout and those who just feel good about voting for politicians who espouse nice things. There are far more of the latter, they're more likely to vote, and can contribute plenty of money to campaigns. Wearing one's "compassion" on the sleeve may be sincere, but mostly it's just an election tactic.

Some voters are utterly captivated by it. One is the dean of UNC's Law School, Gene Nichol, who in a recent op-ed piece published in the *News & Observer* of Raleigh heaped praise upon two politicians who were, as he put it, "bringing the poor to the fore."

One of them was Gov. Mike Easley. Nichol praised him for recently raising the pay of the lowest-paid state employees, so that they would no longer live in "crushing poverty." The governor had decided to dip into "emergency state coffers" to pay for a decree that all state employees would earn at least 120 percent of the federally defined poverty level. Nichol was thrilled that the governor was so concerned about "the plight of the most threatened public workers."

Sorry, but I'm less enthusiastic about Easley's vicarious generosity. There is no reason to assume that all such employees exist solely on their income from that job. Many

live in two-income households and live comfortably. For those who don't, there are many charities in the state that target their help with food, clothing, and other essentials to needy families. I doubt that there was any "crushing poverty" among state workers.

Nichol also loves Sen. John Edwards's show of impassioned rhetoric during his recent bid for the Democratic nomination. "You and I have a responsibility together," Edwards would say in his stump speech, "to lift these families out of poverty." Then he'd use his trademark tear-jerker about an imagined 10-year-old girl whose father has been laid off: "We see her, we hear her, we embrace her, she is part of our family, and we lift her up."



George Leef

Now we can feel sorry for kids in families where there are hard times, but why is that a governmental problem, much less a presidential one? Temporary loss of income from a job doesn't mean starvation or suffering. Most unemployed workers find new employment within a month or two and in the meantime they can get by. In a free society, there are hardly any jobs that can be guaranteed under all circumstances, but it's also true that in a free society there are many opportunities for individuals who want to work.

Edwards knows that there is no conceivable policy that could prevent unemployment from occurring. He knows that all the rhetorical embracing and uplifting from silver-tongued politicians won't really make worried children feel any better. But it's good political theater.

Lest the reader think that I'm a cold-hearted curmudgeon, I'd like to say that I, too, care about poor people. I

would rather live in a world where no one went hungry, shivered through the winter, or had to forego basic medical care. But I know that we won't get there through governmental action.

The greatest antipoverty program of all time is laissez-faire capitalism. For people to live better, we must produce more and better things. That's what happens under the economic freedom of capitalism. Before the era of capitalism, the nobles ate well and most of the people struggled to get enough to eat. It was capitalism that liberated the great mass of people in Europe and North America from hunger, and is the only hope for liberating people in the rest of the world from it.

Capitalism, however, requires capital — that is to say, money for investment. Our improved ability to produce food and everything else stems from capital investment. And what makes capital investment possible? Savings.

But now we run into politicians again. Strangely, the ones who are usually so insistent on the need to help the poor and the same ones who push for ever-higher taxes on the wealthy. Edwards and all the other Democratic candidates were unanimous in denouncing President Bush's across-the-board tax cut, which they call a "giveaway to the rich."

Sucking more money into Washington appeals to the envy in many people and it may win some votes. But if you really want to help the poor, it's the exact opposite of the policy you should want.

CF

George Leef is director of the Pope Center for Higher Education Policy.

To the Editor: There Is Room for Light Rail in North Carolina

To the editor,

I am writing in response to a recent article by Donna Martinez, associate editor of *Carolina Journal*. The article, titled "Track Blocked to NC Rail Transit," highlighted the comments of pro-road building advocate Wendell Cox and others who spoke recently at a Center for Local Innovation conference. Unfortunately, many of the arguments made by Mr. Cox and others fail to tell the whole story.

In particular, Martinez refers to Cox's contention that "North Carolina's lifestyle profile doesn't support rail because of the state's dispersed pattern of living," suggesting that low density pre-determines light-rail's failure. In fact, communities around the country with varying density patterns, from Utah to Texas to Arizona and around the South, have extremely successful stories to tell about the benefits of light rail. Clearly, communities do not have to be as dense as New York to have successful rail transit systems. I have personally used the light-rail systems in the non-New York environments and can attest to their popu-

larity. In numerous cases my experience was "standing room only."

In addition, it is important to note that low density is not spread out evenly across a region. Certain developments occur around specific corridors with easy automobile access (i.e. near freeway interchanges), which also makes that area a prime candidate to support light rail.

Putting aside the policy arguments, the critics tend to build their theories on faulty numbers and "shock and awe" statistics. For example, Wendell cited that Charlotte has half the density of Portland, Ore., and for that reason, light rail will fail in Charlotte. This simply is not true. Light rail can relieve congestion on particularly auto-congested, heavily used corridors. This can prove useful when buses are forced to sit in traffic with other vehicles.

Finally, Martinez puts words in the mouth of "smart growth" proponents in suggesting that they argue that building roads creates sprawling growth. Most smart growth proponents understand that uncoordinated land use and transportation policies force transportation plan-

ners into a reactionary mode, with little else to do but build roads. There is no disagreement over the idea that sprawling growth and road building are directly correlated: In fact, the research from Dr. Hartgen that Martinez quotes in her piece proves this point. A more correct assertion would be that building more roads eventually creates more congestion. Numerous studies have exemplified what's known as the Triple Convergence principle: that expanding a highway attracts (1) the commuter that would have taken a different route (2) the commuter that would have taken a different mode (bus, light rail) and (3) the commuter that would have taken the route at a different time (flex-time commuting).

One thing we all agree on — the car is here to stay. That's not to say that North Carolinians should dismiss other complementary options that will make everyone's commute easier and make the entire state more accessible and more business friendly.

Lawrence A. Hagemann
Durham

The Great National Debate: Will the Real Job Count Please Stand Up?

By MICHAEL L. WALDEN
Contributing Editor

More than two million jobs have been lost nationwide in the last three years. No, almost 800,000 net new jobs have been created. Huh? Are both statements correct? Or, is someone cooking the books or manipulating statistics?

Actually, both numbers are right. They come from different government surveys of the job market. They differ because they measure the job market in different ways. However, knowing what each survey does and doesn't measure is vitally important in knowing what's happened in the labor market.

The survey showing a job loss of more than two million positions in the previous three years is based on going to existing businesses and counting jobs. This survey is called the *establishment, or payroll, job survey*.

However, the government does another count of jobs by going to people's residences and asking whether they're working. People who say they are working are counted as having a job. This measure of jobs is called the *household survey*.

RALEIGH



Michael L. Walden

So why can the two surveys give different employment totals? Easy. The establishment survey counts jobs at existing businesses, but the list of current businesses is always somewhat out of date. This means the establishment survey misses jobs at newly created companies. It also misses workers who are self-employed.

The establishment survey of jobs will eventually catch up with the new companies, but since new businesses are always being added, the survey will always under-count total jobs. But the under-counting is especially a problem in the years following a recession. It's then that some people who lost jobs during the recession will start their own businesses. And, the increase in consumer and business confidence following a recession will motivate new business starts.

The household survey is not without its critics. The number of people contacted at home is far less than the number of companies visited for the establishment survey. Also,

some economists question whether self-employment is overstated in the household survey.

The same two job surveys are also done in North Carolina, but interestingly, they are giving much closer results than at the national level. Over the past three years,

both surveys show job losses in our state. The establishment survey shows net job cuts of 135,000, whereas the household survey shows jobs down by 94,000. But notice, the job losses are lower in the household survey than in the establishment survey.

What conclusions should we draw about the debate over counting jobs? I think there are three bottom lines. First, in recent years, the number of jobs in existing companies has dropped. Second, during the same time period, jobs have been added at newly started firms and through self-employment. Third, whether these new jobs have replaced all the jobs cut at long-standing companies is a matter of contention between economists and statisticians. My own sense is the answer is "yes" in the nation, but "no" in North Carolina.

Most people judge the economy by the job market. The government's two job surveys have given conflicting signals about the nationwide job market, although the signals have been consistent for North Carolina's employment situation. When you hear politicians quote job statistics this year, make sure you know what count they're using.

CF

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

Not One, But Two Americas Send Edwards Home

Offerings of CJ amateur poets commemorates presidential candidacy of (North?) Carolina's proud son



When John Edwards suspended his campaign last month, friends and staff of Carolina Journal — inspired by a Wall St. Journal feature — Haiku'd odes to the senator's candidacy. Here are the fond remembrances, affectionately tabbed as "Bye-ku:"

John E., so very
Not-Dean, Not-Clark, Not-Kerry
Back to Mayberry

Two Americas
The more limousine lib won
John, exit stage left

Slick Southern-drawlin'
Class warrior — Well, tomorrow
Is another day

Big teeth and coiffed hair
Touchy-feely Marxism
Of course the press swooned

John Edwards comes "home"
A nation asks: Why's he in
North Carolina?

The "Breck Girl," still coiffed
Reluctantly exits race
Raleigh's news rag sad

Two Americas
Which to return to, Edwards?
The one with more cash

Squashed by John Kerry
Can't even win in the South
Time to challenge Bowles

A millworker's son
Ran for the oval yet missed
Speedway's checkered flag

Smiles and trite phrases
A campaign built on cliches
Here's the truth: You're done

His on again, off again
Chances are off for good now
Good, now goodbye now

And for good measure, a "Lim-er-riddance:"

An ambulance-chaser named John was
Famed for his talk of "Two Americas"
While the press he excited
The Dems weren't ignited
So they sent him home to... um... the Carolinas



Host Tom Campbell Chris Fitzsimon Barry Saunders John Hood

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