

CAROLINA JOURNAL

Medicaid Relief in 2004: Only a Temporary Fix for the States

Increase in assistance from U.S. only delayed the problem until 2005

By PAUL CHESSER
Associate Editor

RALEIGH
After the comparative good times, both economically and security-wise, of the 1990s, the new millennium brought North Carolina to crisis points in several areas, especially with the state budget, employment, education, and medical malpractice.

But in North Carolina and everywhere else in the country, few public-policy challenges seem as daunting as the crisis facing both federal officials and the states: the crisis of Medicaid. Costs for the program that provides health care coverage for the poor, aged, and infirm have spun out of control and promises only to escalate in the future.

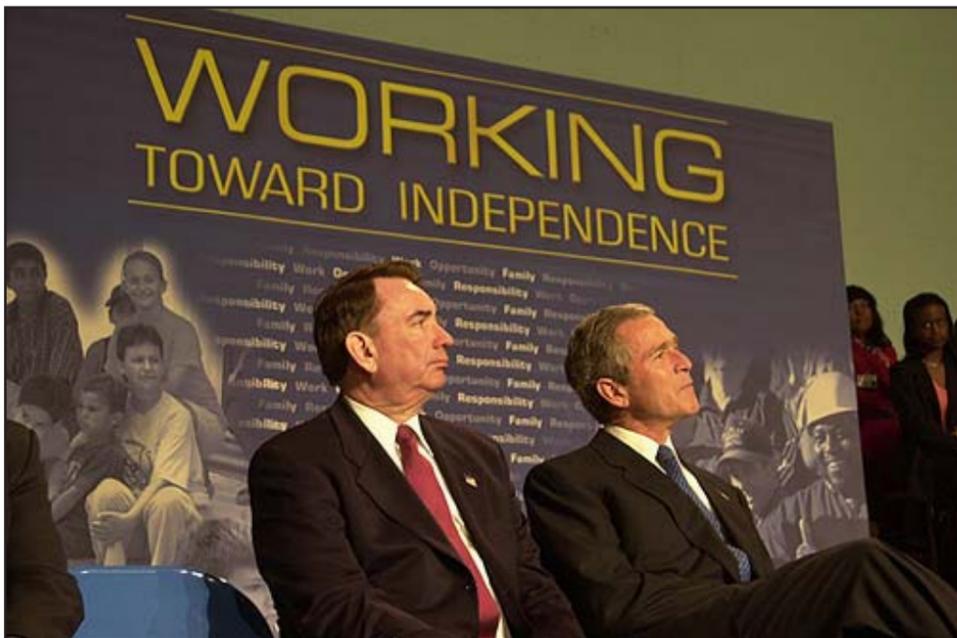
Attempts at cost containment so far mostly have failed, and during the times of prosperity in the 1990s, benefits and eligibility grew at unsustainable rates. The Medicaid problem appears to be largely one of lawmakers' own making, because when state budgets were flush with cash, they chose to expand Medicaid — even though declining poverty rates would otherwise have cut the caseload. Politicians failed to recognize lessons of the past, which should have told them that Medicaid enrollment inflates when the economy goes sour.

Problems with the FMAP

The Medicaid program began in 1965 as Congress and then-President Lyndon Johnson sought to expand federal assistance to states offering medical services to the poor and disabled.

Federal law established broad guidelines under which states could administer their Medicaid programs. Each state has the latitude to determine "the type, amount, duration, and scope of services" after satisfying some federal benefit mandates. A state can set its payment rates to health service providers and establish its own eligibility standards within federal bounds. Therefore, qualifications for Medicaid participation vary from state to state.

This relative freedom fostered an envi-



Medicaid entitlements have grown steadily since the program was created in 1965, but expenditures exploded in recent years, partly due to eligibility expansions and recession. Health and Human Services Secretary Tommy Thompson and President George W. Bush offered states temporary aid.

ronment where states could offer large amounts of health benefits at a comparatively low cost to state governments. The federal government shells out 50 percent to 71 percent for the costs of the program, while states pick up the remaining percentage. A few states, including North Carolina, pass on some of their costs to local governments (see related article).

This Federal Medical Assistance Percentage is determined through a formula calculated every year that measures an individual state's average per-capita income with the national average. Part of the problem, according to the American Congress of Community Supports and Employment Services, an advocacy organization for people with disabilities, is that "the formula used to calculate the FMAP was changed several years ago, during a time when many states enjoyed strong economies.

"Unfortunately, throughout the past two years states have faced sharply deteriorating fiscal conditions," ACCSES President Steve Perdue wrote to congressional leaders.

"As a result, the funding necessary to sustain current Medicaid services is expected to far exceed budgeted allotments, exerting tremendous pressure on Medicaid programs. In short, the FMAP calculated for many states is not sufficient to cover provided services."

For fiscal 2004, the federal government approved a temporary 2.95 percent increase in the FMAP to help relieve the financially struggling states. The federal government will pay more than 74 percent of Medicaid costs for 10 of the states; 15 states will receive 64 percent to 74 percent in expenditure relief. In exchange for the higher temporary FMAP, states had to maintain their previously set eligibility levels.

According to a mid-fiscal 2004 survey of state Medicaid directors by the Kaiser Commission on Medicaid and the Uninsured, states were able to avoid drastic cuts in 2004, and at least one state reported that it was able to use the extra FMAP money "to do expansions that we might not have been able to afford otherwise."

But that strategy could prove to be shortsighted, as difficult decisions are expected to return in 2005.

"I dread '05, '06, and '07," an unidentified state Medicaid director wrote to the Kaiser Commission. "The only reason we are getting along right now is the enhanced FMAP."

"[The FMAP increase] really masked the underlying problem," wrote another Medicaid director. "It delayed the need to address the fundamental cost problem for the Medicaid program."

Continued as "After Medicaid Boost," Page 3

Some N.C. counties strain under the weight of Medicaid's burden

By PAUL CHESSER
Associate Editor

RALEIGH
Two years ago *Carolina Journal* reported that Gov. Mike Easley, as part of a plan to overcome North Carolina's \$1.17 billion budget deficit, withheld \$209 million in various taxes that the state collected for counties and municipalities.

At the time most local government leaders and managers thought Easley kept money that didn't belong to the state.

"It's our money," Charlotte Mayor Pat McCrory told reporters. "It's the cities' money."

But most county officials also thought the General Assembly needed to change the way North Carolina administered Medicaid. Now the federal government has provided some relief to state governments (see accompanying article), but only for the fiscal year that ends June 30.

North Carolina and New York are the only states that pass a significant portion of Medicaid costs to counties. The federal government this year will pay almost 66 percent of Medicaid costs in North Carolina. The remainder of the bill goes to the state, which in turn passes 15 percent of its costs to the counties. The portion of total costs counties pay is 5.4 percent.

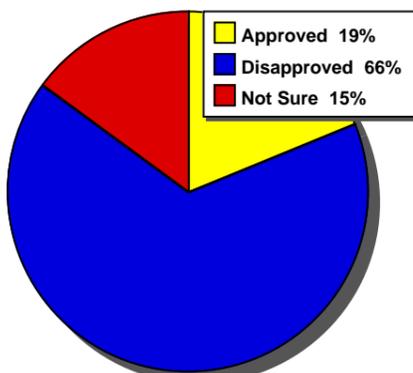
That may not seem overly onerous, but in its March 2002 issue *CJ* reported that the state's 22 poorest counties suffer an inordinate share of the burden. Those counties carried up to one-third of their populations on the Medicaid rolls, and allocated as much as 14 percent of their entire budgets for the program.

According to the North Carolina Association of County Commissioners, most of those counties have seen their enrollments and expenditures grow since then.

"If the state is serious about having 'one North Carolina,'" said Bertie County Manager Zee Lamb at the time, "then that [Medicaid] policy is bad. It's disproportionately adverse to the poorest counties."

Continued as "Poor Counties," Page 3

Easley's Withholding of Local Tax Funds



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ON THE COVER

• In North Carolina and everywhere else in the country, a sense of hopelessness exists for a shared federal-state crisis: Medicaid. Costs for the program that provides inexpensive health-care coverage for the poor, aged, and infirm has spun out of control, and promises only to escalate in the future. *Page 1*

NORTH CAROLINA

• CBS News President Andrew Heyward, in response to a complaint by 33 congressmen who alleged that the network's broadcasts Oct. 13 and Oct. 14 reflected poorly on homeschooling, defended the reports that connected child abuse to the growing educational movement. *Page 4*

• Contrary to "widespread and persistent stereotypes," most American adolescents are not alienated from or hostile toward organized religion, and as much as two-thirds of those youth closely agree with the religious beliefs of their parents, a UNC-Chapel Hill study says. *Page 4*

• North Carolina Attorney General Roy Cooper in December 2003 notified seven states that he will petition the Environmental Protection Agency to seek greater restrictions on pollutants in those states. *Page 5*

EDUCATION

• Educating the "whole child" is the theme of the latest spin on the North Carolina elementary curriculum, which is worth browsing for insights into the trendy new direction that K-5 education is headed in the state. *Page 6*

• According to data collected from the National Longitudinal Study of Adolescent Health, the incidence of sexual activity, drug-alcohol use and abuse, delinquent behavior, and violence are just as common in suburban high schools as in urban ones. *Page 7*

• Ninth grade is a make-it-or-break-it year for high school students, according to the National Association of Secondary School Principals. *Page 8*

HIGHER EDUCATION

• A student in Professor Elyse Crystall's "Literature and Cultural Diversity" class at the University of North Carolina at Chapel Hill was accused of making "violent, heterosexist comments," and uttering "hate speech" in class. *Page 10*

• George Leef writes that if UNC-CH had a bigger budget, it might be able to win more bidding wars against other prestigious universities, but that wouldn't make it any better for students. *Page 11*

• North Carolina is the unhappy home to the nation's first outbreak of HIV among college students, according to research presented before the 11th annual Conference on Retroviruses and Opportunistic Infections in San Francisco. *Page 12*

LOCAL GOVERNMENT

• A proposed turnpike connecting Gaston and Mecklenburg counties will likely be the first toll road built and operated by the North Carolina Turnpike Authority, according to two sources familiar with the project. *Page 14*

• Chad Adams writes that in the absence of facts, elected officials "buy into" whatever planners say will benefit downtown areas. *Page 15*

THE LEARNING CURVE

• George Leef reviews the book *Mugged by the State*, by Randall Fitzgerald. *Page 18*

• Reviews of the books *In Denial: Histories, Communism & Espionage* by John Earl Haynes and Harvey Klehr, and *The Road to Serfdom* by F.A. Hayek. *Page 19*

OPINION

• Paul Chesser writes that if Mel Gibson's controversial new movie, "The Passion of the Christ," is genuinely Scriptural, then it can't possibly be anti-Semitic. *Page 20*

• An editorial on economic incentives and the need to open government records that reveal details behind the deals. *Page 20*

• John Hood says Ernst & Young study about North Carolina's business taxes misses the boat. *Page 21*

• Michael Walden writes that when it comes to job outsourcing, we need to remember that the door also swings the other way with foreign companies moving jobs here. *Page 23*

PARTING SHOT

• **CJ parody:** UNC system students, terrified at the thought of tuition increases of up to \$300 annually, put together a compilation of their personal hardship stories. *Page 24*

Lt. Gen. Thomas McInerney to Headline April Luncheon

The John Locke Foundation will host a Headliner luncheon April 7 featuring Lt. General Thomas McInerney, a frequent television news commentator on the war against terrorism. The general's theme will be "Blueprint for Winning the War on Terrorism."

In January 2000, McInerney, USAF (Ret.), established his own consulting firm, Government Reform Through Technology. Working with high-tech companies that do business with federal, state, city, and local governments, GRRT helps them introduce advanced technology into the public sector.

From March 1996 to December 1999 McInerney was chief executive officer and president of Business Executives for National Security, a national, nonpartisan organization of business and professional leaders, having its headquarters in Washington, D.C.

BENS works to engage the business community in securing America's future with a more efficient defense establishment. In February 2000, McInerney received a Laurel from *Aviation Week and Space Technology* magazine for his efforts on behalf of military reform as president of BENS.

He has also made numerous appearances on national television discussing defense reform and during global military crises such as Kosovo, the EP-3 incident in China, and the war on terrorism.

He is the senior military analyst for Fox News Channel.

Before joining BENS, McInerney was vice president of command and control for Loral Defense Systems-Eagan. He joined Loral (then Unisys Electronic Systems Division) in 1994 after 35 years as a pilot, commander, and joint force commander in the Air Force.



Lt. Gen. Thomas McInerney

McInerney retired from military service as assistant vice chief of staff of the Air Force and as director of the Defense Performance Review, reporting to the secretary of defense. In that capacity, he led the Pentagon's "reinventing government" effort, visiting more than 100 leading-edge commercial companies to assimilate their ideas about business re-engineering.

The DPR was part of Vice President Albert Gore's National Performance Review on Reinventing Government, which focused on making the government perform better at less cost — a fundamental BENS objective.

After his commissioning as a second

lieutenant in 1959, and completion of pilot training in 1960, McInerney served in numerous key Air Force assignments and had extensive military command and overseas experience. A command pilot with more than 4,500 flying hours, he completed four tours of duty in Vietnam, flight reconnaissance missions during the Cuban missile crisis, and air escort missions in the Berlin Corridor.

McInerney earned a bachelor of science degree from the U.S. Military Academy in 1959 and a master's degree in international relations at George Washington University in 1972.

He completed Armed Forces Staff College in 1970 and the National War College in 1973.

McInerney is a member of the board of directors of Alloy Surfaces Company, KIL Inc. Kilgore Flares Co, LLC, SABA (Federal Advisory Board), Pan American International Academy (Flight Simulators) and DSI Inc (Health Care).

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.

Shaftesbury Society

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

After Medicaid Boost This Year, Expect More Problems in 2005

Continued From Page 1

FMAP relief an unintended curse?

According to the Kaiser Commission, total Medicaid spending grew at an average rate of 11.9 percent from 2000 to 2002, but is expected to slow to 8.2 percent in 2004. The growth rate for the states' share slowed more significantly, to 3.3 percent, reflecting the impact of the FMAP relief.

Enrollment growth also slowed a bit as the economy has improved. The numbers for new participation is expected to increase by 5.5 percent for 2004, down from 8.8 percent growth in 2003 and 8.5 percent in 2002.

But 2004 may turn out to be a year of "problem-fixing delayed equals problem-fixing denied." Although many states have implemented some cost containment over the last three years for Medicaid, none changed eligibility requirements that would have prevented them from receiving the temporary FMAP relief. As a result, according to the Kaiser Commission mid-year survey, when the federal aid expires in June "the percentage increases in the state share of Medicaid in 2005 likely will be the highest experienced in many years."

The commission noted that "recent modest growth in state revenues has not been strong enough to fill the hole that was created in state budgets when state tax revenues fell more than 6 percent in real terms in 2002." According to Kaiser, "this low level of revenue growth also is not sufficient to maintain Medicaid funding, even at the lower Medicaid growth rates that states are now experiencing."

FMAP relief and cost-containment efforts may have limited growth in the state share, but fiscal 2005 will likely bring another explosion in state expenditures. For example, if one of the 12 states with a 50 percent FMAP experiences a routine 8 percent growth in total Medicaid spending, the Kaiser Commission estimates the state would see its costs for Medicaid increase by at least 14.8 percent in 2005.

One of the 10 states with an FMAP greater than 70 percent would likely see its Medicaid costs rise by more than 20 percent.

"When revenue growth is 5 percent in a good economy," one Medicaid director said, "and health care is increasing in the teens, it just doesn't work for us."

North Carolina's FMAP is 65.8 percent for fiscal 2004, but it will revert to 63.6 percent for 2005.

Nationwide and N.C. spending

In terms of dollars, Medicaid expenditures at both the state and federal levels have increased dramatically. The economic boom of the 1990s gave a large financial boost to the program.

According to a report by the National Association of State Budget Officers, state Medicaid spending from 1985 to 1990 rose from \$18 billion to \$32 billion. From 1990 to 1995, it soared to \$67 billion. By 2003, spending for all states was projected to reach \$122 billion.

North Carolina's total Medicaid expenditures followed a similar trajectory. In 1985 the state spent \$665 million for Medicaid, and the amount grew to \$1.42 billion by 1990.

In 1995 Medicaid cost \$3.55 billion in the state, and in 2002 the program cost almost \$6.6 billion.

The crushing effect Medicaid has upon states is exacerbated in a down economy,

because more people enroll in the program. Medicaid growth spiked in years when the country was in recession. In North Carolina, program expenditures grew by 36 percent in 1991 and by 28 percent the next year. Medicaid spending grew by 22 percent in 2001, another recession year.

The solvency of the program depends on how much lawmakers can maintain self-control during times of plenty. Studies have found that has been a problem.

In "What Goes Up May Not Go Down: State Medicaid Decisions in Times of Plenty," a study by the conservative American Enterprise Institute in Washington, D.C., author Michael Greve found "an enormous divergence in Medicaid spending trends among the individual states."

Greve's report debunked many state lawmakers who said escalating Medicaid costs were the consequence of an inadequately funded federal mandate, greater health care costs, and rising poverty levels.

"Two-thirds of Medicaid spending is now devoted to constituencies and services that the states may, but need not [emphasis Greve's], cover as a condition of receiving federal Medicaid reimbursements," he wrote. "Similarly, Medicaid expenditures rose throughout the 1990s, an economic boom period when poverty rates fell substantially."

"Thus, neither mandates nor poverty seems likely to explain the Medicaid cost explosion."

The AEI study analyzed state Medicaid decisions and spending between 1994 and 2000, which Greve said "covers all but the first and last fiscal years of an unprecedented boom in state finances."

Greve found that state revenues grew by 24.4 percent during the study period, while the poverty population shrank by 18.4 percent. Still, Medicaid expenditures grew by 30.8 percent during that time. Greve noted that the federal government imposed no significant new Medicaid mandates during the seven-year period.

He also dismissed claims that rising health care costs contributed greatly to the Medicaid cost increase.

National health care spending grew at a much slower rate, Greve said, and there were also disparities in Medicaid spending among the states.

"Falling poverty was accompanied by escalating Medicaid expenditures," Greve wrote. "That escalation is largely attributable to state policy choices under loosening budget constraints."

In North Carolina, expansion of benefits and eligibility far above the poverty level provided some workers an incentive to drop medical insurance through their employers, and to pick up Medicaid or its sister plan, the Child Health Insurance Program. The trend effectively swelled the burden on taxpayers as they left private insurance companies.

Medicaid enrollment in the state ballooned from 769,000 to 1.02 million from 1997 to 2002, a jump of more than 32 percent.

Efforts at restraining benefits and eligibility have appeared to be futile. National organizations are calling for an overhaul.

"State leaders can do for health care what (former Ohio) Gov. Tommy Thompson did for welfare," said Duane Parde, executive director of the American Legislative Exchange Council. "It's only a question of which governor has the uncommon courage to lead us through this perilous political valley called Medicaid reform." *CT*

Table 3 – Medicaid per Resident Spending by State, 1990 and 2000

State	2000		1990		1990-2000	
	State Spending per Resident	Rank	State Spending per Resident	Rank	Growth	Rank
Alabama	\$185	39	\$37	47	17.3%	2
Alaska	\$309	14	\$112	9	10.6%	29
Arizona	\$148	46	Not available			
Arkansas	\$160	43	\$60	37	10.4%	31
California	\$302	16	\$98	17	11.9%	24
Colorado	\$226	27	\$61	35	14.0%	15
Connecticut	\$461	4	\$184	4	9.7%	40
Delaware	\$334	7	\$82	21	15.1%	8
Florida	\$205	33	\$71	29	11.2%	27
Georgia	\$212	30	\$101	14	7.7%	47
Hawaii	\$260	21	\$73	26	13.5%	18
Idaho	\$133	49	\$35	48	14.4%	11
Illinois	\$301	17	\$100	15	11.7%	25
Indiana	\$218	29	\$82	20	10.3%	32
Iowa	\$207	32	\$81	23	9.8%	38
Kansas	\$210	31	\$81	22	10.0%	36
Kentucky	\$221	28	\$67	31	12.7%	22
Louisiana	\$229	26	\$81	24	11.0%	28
Maine	\$314	13	\$120	7	10.1%	33
Maryland	\$286	18	\$105	10	10.5%	30
Massachusetts	\$500	3	\$221	2	8.5%	46
Michigan	\$304	15	\$101	13	11.6%	26
Minnesota	\$328	8	\$140	6	8.9%	45
Mississippi	\$161	42	\$42	44	14.4%	12
Missouri	\$278	19	\$67	30	15.3%	6
Montana	\$138	47	\$55	39	9.6%	41
Nebraska	\$239	25	\$72	27	12.7%	21
Nevada	\$150	45	\$41	46	13.8%	17
New Hampshire	\$320	12	\$101	12	12.2%	23
New Jersey	\$361	6	\$141	5	9.8%	37
New Mexico	\$179	40	\$44	43	15.1%	9
New York	\$795	1	\$326	1	9.3%	43
North Carolina	\$255	22	\$61	36	15.4%	5
North Dakota	\$197	35	\$99	16	7.1%	49
Ohio	\$272	20	\$112	8	9.2%	44
Oklahoma	\$135	48	\$65	33	7.6%	48
Oregon	\$247	24	\$58	38	15.6%	3
Pennsylvania	\$391	5	\$104	11	14.2%	14
Rhode Island	\$508	2	\$200	3	9.8%	39
South Carolina	\$200	34	\$51	41	14.5%	10
South Dakota	\$164	41	\$66	32	9.5%	42
Tennessee	\$321	11	\$64	34	17.4%	1
Texas	\$197	36	\$54	40	13.8%	16
Utah	\$103	50	\$29	49	13.4%	19
Vermont	\$321	10	\$96	19	12.8%	20
Virginia	\$186	38	\$72	28	10.0%	34
Washington	\$324	9	\$76	25	15.6%	4
West Virginia	\$192	37	\$47	42	15.2%	7
Wisconsin	\$251	23	\$97	18	10.0%	35
Wyoming	\$159	44	\$42	45	14.3%	13

Source: The State of Vermont Legislature

Poor Counties Still Carry Burden

Continued From Page 1

Medicaid enrollees accounted for 34 percent of Bertie's population in 2003; 36 percent of Martin County's residents are in the program.

As for total allocations, Hertford County must use 15.6 percent of its budget for Medicaid costs. Swain County set aside 14.8 percent for the entitlement.

In addition, North Carolina is only one of four states that requires counties to foot 100 percent of nonfederal administrative costs associated with Medicaid. County social services employees determine eligibility.

"I think it's fair to say that North Carolina counties are among those that are responsible for the highest costs for Medicaid," said Marilee Sanz, associate legislative director for the National Association of Counties.

Counties complain because the state charges them, but they have no decision-making responsibility over eligibility or costs.

"There's very little [they] can do to reign in cost containment," said Rebecca Troutman, director of research for the N.C.

Association of County Commissioners.

Worse for poor counties is that a higher percentage of their residents are eligible for Medicaid, resulting in larger percentages of their budgets paying for the insurance plan.

"How much is left over for schools?" Troutman asked. "It's becoming such a crisis situation."

Robeson County, according to NCACC, requires 28 cents of its property tax rate to pay for Medicaid; Hertford County needs 22 cents, down from 26 cents two years ago. Seventeen counties spend at least 15 cents of their property tax rate on Medicaid.

"When it costs... Wake County two cents [for Medicaid]," said Hertford County Manager Donald Craft, "you can see how a wealthy county can grow exponentially greater than we can. The way Medicaid is set up penalizes counties like ours."

The NCACC wants the federal government to make permanent the Medicaid relief it provided for 2004, calling it its "No. 1 goal."

"We're mandated with expenditures," said Billy Joe Farmer, administrator for Columbus County. "It's too easy when you're insulated at the federal and state level to push it down to the local level." *CT*

Around the State

• According to data compiled by the *Corporate Crime Reporter*, a Washington, D.C.-based newsletter that tracks white-collar crime, Mississippi rated as the most corrupt state in the nation between 1993 and 2002. The newsletter based its findings on federal corruption convictions during that time, and ranked states according to the number of guilty verdicts per 100,000 residents.

The newsletter acknowledged that its statistics did not include state or local convictions, and did not take into account the determination of prosecutors to pursue corruption. If it had, the *Reporter* may have found that North Carolina should have ranked higher than 38th in its findings. Sheer timing would have meant the study missed the local and federal convictions of Meg Scott Phipps, and a lack of focus on other government investigations (such as state audits) would mean the report missed out on the activities of U.S. Rep. Frank Ballance. Likewise, if the *Reporter* had accounted for media investigations into public corruption, such as those archived at www.carolinajournal.com, North Carolina may have ranked significantly higher.

• Businessmen, political leaders, and economic experts, in various forums in recent months, predicted a rosier economic future for North Carolina than recent years have shown, but expected the state's growth to still lag behind the rest of the nation.

At a conference in Cary sponsored by the N.C. Citizens for Business and Industry, economics Professor James Smith of UNC-Chapel Hill said the U.S. economy should hum along at growth rates greater than 4 percent through 2008. The Associated Press reported that experts expect the state's economy will recover more slowly, but at a still respectable 3.5 percent, according to N.C. Bankers' Association economist Harry Davis. And at an annual economic forecast gathering, cosponsored by the Greater Raleigh Chamber of Commerce and Wachovia Securities, economist Mark Vitner forecasted a 2.8 percent increase in Triangle employment in 2004. The *Triangle Business Journal* reported that withholding and sales tax collections grew at a greater pace than expected at the end of last year, portending that the state budget will remain balanced for the rest of the fiscal year.

• A flurry of reports about the fruit of the economic development policies appeared in the news media recently. The *Asheville Citizen-Times* reported that resentment lingers because the movie of the North Carolina-based novel *Cold Mountain* was shot in Romania — despite monumental efforts to lure the filmmakers here. The state failed to bring Boeing Co., which rejected at least \$93 million in incentives, to the Global TransPark in Kinston. And *The News & Observer* of Raleigh discovered that five years after Nucor Corp. announced it would build a steel mill in Hertford County, promises by state leaders of an improved local economy largely weren't fulfilled. *cj*

Network's news president implies congressmen were misinformed

CBS Defends Reports on Homeschooling, Abuse

By PAUL CHESSER
Associate Editor

RALEIGH
CBS News President Andrew Heyward, in response to a complaint by 33 congressmen who alleged that the network's broadcasts Oct. 13 and Oct. 14 reflected poorly on homeschooling, defended the reports that connected child abuse to the growing educational movement.

In a letter dated Nov. 6, 2003 Heyward told the congressmen, which included North Carolina Rep. Mike McIntyre, D-7th, that "it is unfortunate that few of you actually saw the reports in question." McIntyre was the only Democrat to sign the letter to CBS.

"Despite what your constituents may have told you, this was not an attack on home schools," Heyward wrote. "This was a look at how some bad people have taken advantage of the home school system to hide the abuse, neglect, and even murder of their children."

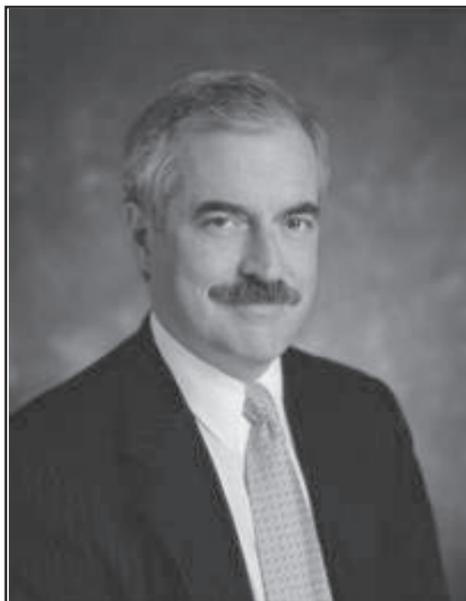
"CBS Evening News" reported in October that there is a "dark side of homeschooling," in which parents exploit allegedly lax homeschooling laws to hide the abuse, and even murder, of their children.

The first night's segment focused on the case of Nissa and Kent Warren in Johnston County, whose 14-year-old son Brandon committed suicide after he shot to death his half-sister and brother in 2001.

In their letter of Oct. 22, 2003 to Heyward the congressmen wrote that the report "implied a tragic murder-suicide in rural North Carolina was somehow evident of a 'dark side' of homeschooling, which justified further government regulation of home education."

They called the "tenuous connection" between the Warren case and the millions of homeschooling families "absurd."

"What your correspondent, Vince Gonzales, failed to mention in his segment was the numerous child protection laws already that could have been used to safeguard the children in question," the letter said. "North Carolina Social Services had repeated contact with the family and had even removed the children from the home for a time.



CBS News President Andrew Heyward

"Yet, Mr. Gonzales' solution is to shackle homeschool parents across the country with further laws and regulations that would not have prevented the tragedy in question."

Heyward responded that the report "did not... suggest that one tragic case in North Carolina was 'somehow evidence of a 'dark side' of home schooling.'"

"It seems from the wording of your letter that you may be unaware that this was a two-part investigation," Heyward wrote.

He said that the second part of the two-night series reported that CBS News found "dozens of cases nationwide of homeschool parents who had abused, neglected, or even killed their children." On the second night's report the network cited no more than six other cases, with little detail, which the congressmen acknowledged in their letter to Heyward.

"Your letter reflects a view repeated in other letters critical of this report that the North Carolina case was a failure of social services," Heyward wrote to the U.S. representatives. "But the fact is that not ONCE during the five years the Warrens were home schooling in North Carolina did anyone from the state's Department of Non-Public Education visit the children, even though the parents had been convicted of horrendous child abuse when they were

home schooling in Arizona."

However, Johnston County Social Services *did* visit the Warrens' home on several occasions.

In their letter to Heyward, the congressmen wrote that Gonzales "failed to mention... the numerous child protection laws (that) already exist that could have been used to safeguard the children in question."

Heyward responded that "there is no law that requires authorities to check on children who are taught at home."

"The point [Heyward] keeps coming back to is, 'is the government overseeing this,'" said Hal Young, who is president of North Carolinians for Home Education and was interviewed in the October broadcast. "The point in CBS's mind is government control."

"It is not known how widespread the (abuse) problem is," Heyward said. "But the fact is that some parents have taken advantage of the freedoms enjoyed by dedicated, hard-working homeschool families in order to cover up child abuse. We think that's worth reporting."

Young said Heyward's response did not surprise him.

"They aired the story for a partisan purpose and they are standing by what they intended to do," he said.

Young said he had telephone discussions and "stayed in constant contact" with CBS News as it put together the report.

"We gave them every piece of information we had," he said, and recommended they talk to North Carolina's Department of Social Services about the Warren case.

He also recommended the network talk to representatives of the Home School Legal Defense Association and the National Home Education Research Institute, whom Young said had national expertise on the issue.

He said the CBS reporters told him it was "not the story we wanted to tell."

"They had a story they wanted," Young said, "and they wanted an angle to put on it, (which was) 'Why isn't the government more involved in (homeschooling) families' lives? And that boils down to a matter of liberty for all of us, regardless of our educational choices.'" *cj*

Study Examines Teen-agers on Religious Traditions

By PAUL CHESSER
Associate Editor

RALEIGH
Contrary to "widespread and persistent stereotypes," most American adolescents are not alienated from or hostile toward organized religion, and as much as two-thirds of those youth closely agree with the religious beliefs of their parents, a UNC-Chapel Hill study says.

The findings, released Jan. 7, are part of a four-year research project, the National Study of Youth and Religion, based at the university's Odum Institute for Research in Social Science.

Data for the study was culled from a national survey of 12th-graders, sponsored by the National Institutes of Health, which covered "core areas of demographic information." The NSYR analyzed responses on the wide-ranging survey to questions such as "How closely do your ideas agree with your parents' about religion?" and "How good or bad a job is being done for the country as a whole by churches and religious organizations?"

The authors of the study, Dr. Christian Smith, Robert Faris, and Melinda Lundquist Denton, said their findings refute the no-

tion of a "storm and stress" stereotype found in old clinical sampling biases and popular books on youth. They said more recent "solid" studies "of nonclinical adolescent populations... emphasize instead the diversity of adolescents' experiences, the lack of inevitability in any youth outcome, and the relative low levels of intense turmoil in teenagers' lives."

Smith, director of the NYSR, and his coauthors reported that "only about 10 to 20 percent of adolescents manifest severe emotional disturbance," which they said mirrors the adult population.

In addition, the sociologists cited other studies which determined that "only between 5 and 10 percent of families see a dramatic decline in the quality of parent-child relationships during the teen-age years."

The NYSR analysis of survey responses found that 67 percent of the sampling of 12th-graders said their religious beliefs were mostly similar to their parents'. Only 21 percent said their beliefs were mostly different or very different from their parents'.

The survey also asked what youth thought of the influence and performance of churches in the United States. Only 10

percent said churches were doing a poor job for the country, while 23 percent said religion was doing a fair job, and 49 percent believed religion was doing a good or very good job.

Most adolescents in the survey also said they would like to see the degree of influence on society by religious institutions increase or stay the same. Twenty-eight percent wanted religion to maintain its current level of influence, while 41 percent said they would like religion to exert more influence on society.

NYSR also broke down responses demographically, and found that black youth were more positive about religion than were whites or other races. The authors said also that adolescent girls were "statistically more likely than boys to desire more social influence for churches..."

Analysis also determined that Baptist and Mormon youths "appeared to be the least alienated from organized religion," while nonreligious and "other"-religion youth, "and to some extent Jewish youth, appeared to be comparatively the most alienated from institutional religion."

The study can be viewed on the Internet at www.youthandreligion.org. *cj*

Threat of lawsuit lies behind 'gentle saber-rattling'

Cooper to Ask EPA for Stricter Air-Quality Rules on Nearby States

By PAUL CHESSER
Associate Editor

North Carolina Attorney General Roy Cooper in December 2003 notified seven states that he will petition the Environmental Protection Agency to seek greater restrictions on pollutants in those states.

Cooper's step is part of an effort spurred by the passage of the Clean Smokestacks Act, which requires Progress Energy and Duke Energy to reduce emissions of nitrogen oxides, sulfur dioxide, and mercury from their 14 coal-fired power plants in the state. The law also authorizes the state to "use all available resources and means," including interstate agreements and litigation, "to induce other states and entities... to achieve reductions in emissions... comparable to those required by [the Smokestacks law] on a comparable schedule."

In a letter to those seven state attorneys general, Cooper wrote, "Under Section 126 of the Clean Air Act, we have the right to petition the U.S. [EPA] if we believe that sources in other states are contributing to our difficulty in attaining or maintaining air quality standards."

"If the EPA grants such a petition," Cooper wrote, "the contributing sources in other states will be subject to emissions limitations sufficient to abate such contribution."

The letter was sent to officials in Georgia, Kentucky, Ohio, South Carolina, Ten-

nessee, Virginia, and West Virginia.

The Smokestacks bill was overwhelmingly approved by the General Assembly in June 2002. Standards are more restrictive in the state law than those in the federal Clean Air Act.

The state told the rest of the Southeast in late 2002 that it took the environmental high ground. Cooper wrote to his counterparts in Alabama, Georgia, Kentucky, South Carolina, Tennessee, Virginia, and West Virginia in August 2002, notifying them of the state's new "law that will dramatically reduce air pollution..."

"The [Smokestacks] law puts North Carolina at the forefront among states in combating harmful smokestack emissions," Cooper wrote. "We encourage our neighbors to pursue similar efforts."

"...North Carolinians do not want the benefits created by this new law to be lost because of emissions from other states. We will look at all options available to us to ensure that does not happen."



Attorney General Roy Cooper

An editorial by *The Charlotte Observer* characterized Cooper's letter to the states as "gentle saber-rattling."

In the December letter, Cooper said the EPA estimates that monitoring sites in Charlotte, Hickory, and Lexington will fail to meet standards for the finest particulate matter (PM2.5) in 2010.

"This modeling, along with much other data, supports our view that we will need additional controls outside North Caro-

lina to attain and maintain the PM2.5 standard at these sites as well as others," he wrote.

Cooper said the petition to the EPA will likely address coal-fired utility plants in other states, "which the evidence shows are contributing significantly to non-attainment in or interfering with maintenance by North Carolina of the PM2.5 standard."

North Carolina's Division of Air Quality last year asked utilities in neighboring states to provide data about emissions from

their coal-burning power plants.

Cooper said he intends to send the petition once all the evidence has been evaluated, and asked recipients of the letter to collaborate with North Carolina to solve its mutual air problems.

"As I am sure you understand, protecting the health of North Carolinians is our primary objective under the Clean Smokestacks Act," Cooper wrote. "We cannot wait unduly for improvements to be undertaken elsewhere."

By the end of January, two states — Ohio and West Virginia — had responded to Cooper's letter.

"I believe that after a review of the available information, Ohio's environmental experts will dispute that Ohio is contributing to North Carolina's air quality," wrote the state's attorney general, Jim Petro. "In an effort to avoid protracted litigation in this matter, I would be willing to facilitate a meeting between your experts and representatives of the Ohio Environmental Protection Agency."

John Benedict, director of West Virginia's Department of Environmental Protection, called Cooper's action "unfounded and premature." He said that new federal standards should be given time to work.

"We believe that our collective air quality problems are best solved through the current regional approaches at both the federal and state levels rather than through litigation," Benedict wrote. cj

More public money for a horse park

Prisons, Laptops, Arts Funded Through Golden LEAF 2003 Grants

By PAUL CHESSER
Associate Publisher

The Golden LEAF Foundation, as part of its 2003 annual grant cycle, will pay \$300,000 each to Columbus County and the Town of Windsor for infrastructure improvements at two new state prisons.

The nonprofit foundation, established by the General Assembly to distribute half of the state's portion of the 1998 tobacco settlement, also decided to fund a Southern-Pines-based horse park for the third year in a row.

The awards were part of Golden LEAF's fourth yearly round of grants. The organization was formed ostensibly "to provide economic impact assistance to economically affected or tobacco-dependent regions of North Carolina." According to the group, 64 of the state's 100 counties are economically distressed or tobacco-dependent, but no county is excluded from receiving funds. The Golden LEAF's website lists 64 grants for 2003, totaling more than \$9.1 million.

The two prisons are expected to provide 400 jobs each, and will be operated by the Department of Correction.

The Carolina Horse Park Foundation received \$200,000 from Golden LEAF in 2001 and \$50,000 in 2002. The organization began in March 1998 as a nature conservancy group to prevent land development, and changed its name twice as it transitioned into an equestrian support organization. The horse park received \$50,000 this year to support an event next September.

Golden LEAF also awarded:

- \$100,000 to the CSS Neuse Gunboat Association in Kinston, to establish a downtown museum around "one of only three ironclad Civil War gunboats on display in the world."

- \$200,000 to Greene County Schools for a technology learning project that will "provide Apple iBook computers to each student and teacher in grades 6 through 12 in the school system."

- \$250,000 to the North Carolina Arts Council to help "implement a model agricultural and heritage tourism model" to enable farmers and communities "to create new sustainable tourism products."

- \$50,000 to Roanoke River Partners, Inc. "to support improvements and enhancements of the Roanoke River Paddle Trail & Camping System as an eco-tourism attraction..."

- \$35,000 to Rockingham County for a feasibility study and business plan for its own equestrian and agricultural center.

- \$50,000 to the Town of Scotland Neck to develop "an agri-tourism and eco-tourism presence in southern Halifax County..."

- \$100,000 to UNC-Charlotte to conduct an economic assessment of the motorsports industry in the state.

In addition, the North Carolina Agricultural Foundation, based at N.C. State University, will receive more than \$360,000 for four projects, and the college will receive \$815,000 for five agriculture-related projects.

The University of North Carolina will receive \$512,500 to assist 205 students from tobacco-dependent communities with tuition and fees. 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.

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NC News In Brief

End-of-course tests

A number of significant issues came up for discussion before the State Board of Education at its monthly meetings in February.

State School Superintendent Mike Ward addressed the significance of student scores on high school end-of course tests. High-school students take exams in each of their subject areas at the completion of the school year. The board has been criticized for allowing passing standards on the tests to be set at an eighth-grade level.

Although the tests count as 25 percent of the student's grade, they are not "make-or-break" for high school graduation, Ward said. A pass on the end-of-course test, Ward said, represents a minimum competency standard for passage. That level is equivalent to eighth-grade accomplishment.

No Child Left Behind

Department of Public Instruction Accountability Director Lou Fabrizio addressed the State Board of Education in February to answer questions about student proficiency and test scores.

In 2003, North Carolina's state tests indicated that 80.8 percent of students in grades three through eight were proficient in reading and math. Despite this, only 47 percent of schools in the state passed the federal adequate yearly progress benchmark, meaning they missed the achievement target with at least one group of students.

Board members considered the question of whether the state should raise the percentage of questions students must answer correctly on end of grade tests to be counted as proficient. This would affect the model that the Department of Public Instruction uses, and results for school AYP.

Fabrizio noted that North Carolina faces higher federal achievement benchmarks in the coming school year than it did in 2003-04. No Child Left Behind requires that states move the percentage of proficient students up at least every three years. For North Carolina, that occurs next year, and Fabrizio noted the difficulty of adjusting the test in the face of rising proficiency standards.

Reassignment proceeds

The Guilford, Wake, and Charlotte-Mecklenburg districts are all dealing with high-profile reassignment plans for the 2004-05 school year. Last month, CMS dropped "choice" and opted for a modified assignment plan. Wake County will reassign more than 8,000 students.

The *News & Record* of Greensboro reports that now Guilford County has decided to reassign high school students to increase socioeconomic diversity. Andrews, High Point Central, and Southwest schools will become magnets, with unique programs designed to attract students. Science, arts, or an international baccalaureate program are possibilities. CJ

NC Adopts 'Balanced Curriculum' Plan

Unit studies and 'multiple intelligences' are favored ideas in state approach

By KAREN PALASEK

Assistant Editor

RALEIGH

Educating the "whole child" is the theme of the latest spin on the North Carolina elementary curriculum, "The Balanced Curriculum: A Guiding Document for Scheduling and Implementation of the North Carolina Standard Course of Study at the Elementary Level." At 248 electronic pages, it's too long to be a quick read, but it's worth browsing anyway for insights into the trendy new direction that K-5 education is headed in North Carolina.

One of the most pressing problems facing teachers in North Carolina schools is the tension between breadth and depth of coverage. Subjects that are tested yearly, such as math and reading, are now part of the federal high-stakes game under No Child Left Behind. Topics such as social studies that are not tested until high school have received less attention in the elementary curriculum because "it's hard to make them a priority," according to Penny Maguire, coordinator of the NC middle schools social studies curriculum.

But the effects are telling, according to surveys by *National Geographic* and the *Phi Delta Kappan*. Students in North Carolina cannot identify newsworthy countries such as Iran, Iraq, or Israel on a map of the Middle East, and can't pick out more than two or three states within the borders of the United States. The NC Civics Consortium and National Conference of State Legislatures surveys revealed that students lack basic factual information about who and what is involved in governing the state.

The North Carolina Standard Course of Study for the elementary grades isn't changing. To incorporate all of the current demands on teachers' time, it proposes a unit-study approach to elementary subjects. Unit studies examine a theme, American Indian tribes, for example, by bringing in questions from each of the child's academic subjects. In a unit-studies classroom, students can cover several subjects, such as math, history, and writing, at the same time.

Gurus of 'balance'

Four education gurus anchor the introduction to the mammoth "Balanced Curriculum" document. They are Elliot Eisner, Eric Jensen, James Zull, and Howard Gardner. Each modern education theorist is featured in a full-page quote in the introduction to the new Guide. The statements are inspirational and appealing, but reveal little about what these prominent thinkers believe educators should be doing as they implement new ideas in the classroom.

Elliot Eisner, the Lee Jacks professor of education and art professor at Stanford University, has made his life's work a mission to promote art and art education as a way to enhance learning in general.

Eisner advocates schooling and school settings that pay attention to the "spirit." He points out that "the buildings we build do at least two things: They express the values we cherish, and, once built, they reinforce those values. Schools are educational churches, and our gods, judging from the altars we build, are economy and efficiency. Hardly a nod is given to the spirit."

In print, Eisner says that "students should set their own educational agenda,"



and that "teachers should be allowed to decide how to teach as well as what to teach." This would be new for NC schools.

How does No Child Left Behind fit Eisner's educational view? It may not. "From my perspective," he writes, "what we need is a change in the public's conception of the mission of the schools." To establish Eisner's new standard would require, he says, "changes in the structure of schooling in America and in the criteria that institutions of higher education employ in making admissions decisions." His world view requires a comprehensive shift in how and why we 'do' education in America.

Brains hard-wired to music

Education theorist Eric Jensen is also quoted in the NC Department of Instruction elementary Guide. The Jensen quote states that "brain-compatible learning is here to stay. You can bet it will affect nearly

everything we do including teaching strategies... assessment, and even organizational change."

You have to look at some of the things Jensen has written to get a sense of what he's really talking about.

Jensen's approach is that music is hard-wired into the biological make-

up of the brain, making it "brain-compatible."

In "The Case For Using Music To Enhance Learning," he writes that music "contributes to the development of essential cognitive systems, which include reasoning, creativity, thinking, decision-making, and problem-solving." Jensen even argues that "it may be necessary" for higher brain functions. In practice, he urges teachers to play background music during part of each academic day.

In "Implementing Music in the Classroom," Jensen notes that students who dislike music as a background, or who find it distracting, may complain. He sees this as a control issue. "Be respectful," he advises "but stand your ground."

More brain studies

James Zull moves the theory of learning right into brain structure itself. Brains are "artifacts of our evolutionary history," but we continually shape them when we make and strengthen neural connections.

Good teachers have always understood that the best way to teach is to make a connection to something the student already knows.

According to Zull, effective teachers "trigger" learning. He advocates the use of stories, even in subjects like math, to help draw out and reinforce existing neural connections — understanding — in the brain. Learning, according to Zull, is as much a physical phenomenon as a purely mental experience.

Multiple intelligences

Howard Gardner, Harvard education professor and psychologist, takes the final step toward intelligence as a physical experience. According to Gardner, intelligence can take many different forms, thus the moniker "multiple intelligences" for his theory. Some of these are much more physical than cognitive.

In 1983 Gardner published *Frames of Mind*, and identified seven distinct "intelligences." He named linguistic, mathematical, bodily, spatial, musical, interpersonal, and intrapersonal ways in which people could be "smart." Since 1983, Gardner has proposed two new intelligences. In an American Education Research Association paper he argued that "there was ample evidence for a naturalist intelligence and suggestive evidence as well for a possible existential intelligence (the intelligence of big questions). Everyone, according to MI theory, can be smart in at least one of these ways.

North Carolina's "Balanced Curriculum Guideline" for elementary schools uses Eisner, Zull, Jensen, and Gardner as touchpoints for its new approach to elementary learning. "Virtually every child displays a particular strength in at least one of these [MI] areas, and can be recognized for it even if his strengths are not in reading or mathematics," the document states.

How North Carolina will incorporate the ideas that support this new balanced curriculum approach is unclear. A unit-studies approach can integrate numerous subjects, but places a large burden on teacher prep time.

And as of now, multiple intelligences is incompatible with the standardized, test-based accountability of No Child Left Behind. The mission and accountability of schools would have to change dramatically for multiple intelligences and NCLB to co-exist in the current accountability environment. CJ

Adolescent behavior no better in the 'burbs

Sex, Drugs, Alcohol, and Delinquency Plague City and Suburban High Schools

By KAREN PALASEK
Assistant Editor

Do schools in the suburbs promote safer behavior than schools in cities? According to data collected from the National Longitudinal Study of Adolescent Health, the incidence of sexual activity, drug-alcohol use and abuse, delinquent behavior, and violence, are just as common in suburban high schools as in urban ones. In fact, teens in suburban schools sometimes engage in more of these activities than do teens in city schools.

According to Dr. Jay Greene, who analyzed the national health data for his 2004 Manhattan Institute study "Sex, Drugs, and Delinquency in Urban and Suburban Public Schools," parents cannot trust that suburban schools provide a safe haven for their adolescents. Students in ninth through 12th grades, regardless of geographic setting, are indulging in activities that in the past have been associated almost exclusively with "problem" city schools and hard-core delinquency. "There may have been a time when suburban schools really were a safe haven from the rise of these so-called 'urban' problems," Greens said. "But if there ever was such a time, it's gone."

North Carolina teens' activity, particularly sexual activity, recently came under scrutiny by the national Centers for Disease Control. The CDC used a different methodology than Greene's; the results were featured in *The News & Observer* of Raleigh.

Of 51 North Carolina high schools surveyed by CDC last year, 60 percent, or 1,532 of the 2,553 teens questioned, had already engaged in sexual activity. More than 23 percent had had more than four sexual partners, 18 percent had used drugs, and more than 8 percent of boys and girls together had engaged in sex that resulted in pregnancy. More than 75 percent claimed to use a birth-control method, mostly condoms.

Due to measurement, timing, and definitional differences, the CDC results are not strictly comparable to Greene's Manhattan Institute study.

Sex

Greene's "Sex, Drugs, and Delinquency" survey asked questions about a number of separate sexual activities, including sexual intercourse, genital touching, whether or not sex occurred in the context of a romantic relationship, anal sex, and sexually transmitted diseases. There is little room for ambiguity. Questions that ask about a sex act include a brief, specific description. The descriptive language effectively precludes differences of opinion, interpretation, or argument about whether a behavior meets some "threshold" level.

Researchers discovered few difference between the

RALEIGH

sexual experiences of urban and suburban high school students. The percentage of students that reported having sexual intercourse by the ninth grade was 31.4 percent for urban students, and 36.6 percent for suburban ones. By the time students reached the 12th grade, 66.9 percent of urban students had engaged in male-female intercourse, while 64.8 percent of suburban ones had. On average, about 50 percent of both groups had engaged in sex before exiting high school.

The Greene survey also shows that on average, one-third of all teens attending public high schools have had sex with someone outside of what they consider to be a romantic relationship. As teens move through high school, the percentage that have "casual sex" rises dramatically from a low of 18 percent for ninth-grade urbanites, to almost 39 percent by graduation.

Suburban students apparently enter with more sexual experience, or acquire it more rapidly. More than 26 percent of suburban ninth-graders report that they have had casual sex, climbing to 43 percent by the time they are seniors in high school.

The consequences of early sexual activity show up in teen pregnancies, sexually transmitted diseases, and abortions. Venereal disease and pregnancy are slightly higher among urban students who have had sex. Almost 15 percent of them have had a sexually transmitted disease by the 12th grade, compared to 8 percent of suburban students.

Pregnancy rates for sexually active girls are nearly 30 percent in city schools by the 12th grade, and about 21 percent in the suburbs. Nearly identical percentages abort the pregnancy — 3 to 4 percent of both groups

Drugs, delinquency, violence

Drug use, at least as an experiment, occurs with 40 to 45 percent of all teens in public high schools. Urban teens are a little more likely to experiment with drugs. Even so, teens living in the suburbs use drugs more often during the school day.

Suburban teens are much more likely — 47 vs. 28 percent — to drive while high on drugs. They are also more likely to drive while drunk, according to survey responses.

Incidents of physical fighting, deliberate property damage, carrying or use of weapons (including in school), and shoplifting decline from ninth to 12th grade, the study shows. Urban teens in all grades engage in these activities somewhat more frequently than their suburban counterparts. Urban teens are also more likely to become run-aways.

The MI study demonstrates that raising teens in the suburbs won't shelter them from "urban" problems. According to Greene, "the comforting outward signs of order and decency in suburban public schools" isn't justified by significant differences in the numbers. *CF*

There may have been a time when suburban schools really were a safe haven... But if there ever was such a time, it's gone.

Public School Grades 9-12: Have You	Urban Students	Suburban Students
Ever Had Sexual Intercourse	49.0%	50.2%
Ever Been Pregnant: % of females that had intercourse	23.3%	18.1%
Ever Been Pregnant: % of all females	10.5%	9.1%
Regular Cigarette smoker: % of those that tried smoking	49.8%	52.9%
Regular Cigarette smoker: % of all students	26.2%	31.6%
Tried drinking 2-3 times (not sips)	62.7%	66.3%
Ever Been Drunk at School: % of those trying alcohol	13.8%	11.9%
Ever Been Drunk at School: % of all students	8.7%	7.9%
Ever Driven While Drunk: % of those trying alcohol	12.4%	16.9%
Ever Driven While Drunk: % of all students	7.8%	11.2%
Ever Tried Illegal Drug	35.5%	36.8%
Lied to Parents about Where/Who with in past 12 mos.	55.8%	57.3%
Ever Steal Item Worth > \$50: past 12 mos.	6.6%	4.9%
Run away from home: past 12 mos.	10.2%	9.3%

Source: "Sex, Drugs, and Delinquency in Urban and Suburban Public Schools." Manhattan Institute

Federal Government OKs School Vouchers

Jan. 24, 2004 marked another victory over the education monopoly (also known as the "blob"). After months of skirmishes on the school choice battleground, Congress passed the 2004 omnibus appropriations bill. Included within this massive spending legislation were opportunity scholarships for Washington D.C.-area students. The world did not come to an end, as the gatekeepers of mediocrity would want you to think. After highlighting the controversy earlier when it was a stand-alone bill, the media paid little attention to this historic event.

Education freedom had survived the war.

The program provides \$13 million for scholarships to assist as many as 1,700 students. A lottery is set up for families whose annual income is at or below 185 percent of the federal poverty line. The scholarships can be worth up to \$7,500 per student nearly \$5,000 less than federal taxes provide in the government monopoly.

I am sure the North Carolina State School Board is sorely disappointed, particularly after lobbying and sending resolutions to Congress hoping for defeat of any possibility of escaping the system. The State Board is passionate about education as long as no family can take public money to leave its control.

U.S. Secretary of Education, Rod Paige, spoke passionately in favor of this new program. He said the opportunity scholarships provide a "workable, hopeful alternative" and equated this milestone to emancipation. He said choice was important for two reasons: It extends civil rights and social justice, and it enhances school effectiveness. "History has proven time and again that monopolies don't work," he said.

Twelve states or districts now have scholarship, tax credit, or parental choice opportunities. Competition often speeds up education effectiveness. When schools compete, ALL students win.

North Carolina is a state ripe for school choice. Our state constitution does not have the Blaine Amendment. This amendment exists in about two-thirds of state constitutions. Blaine prohibits any state from providing aid to religious schools. This action came about in 1875 from anti-Catholic bigots, when parochial schools were available for families.

There are few but formidable obstacles in North Carolina. Two of these Philistines are the General Assembly and the governor. Just think, school choice is only one election away! Families in North Carolina could have financial assistance for education freedom, if only a majority of the legislature and the Senate would approve a bill the governor would sign. It sounds easy, but are you ready for Goliath and his buddies to attack? As in Washington, powerful forces will be at work to undermine any new choice opportunity. The heated rhetoric will be unprecedented in its rage and intensity. The Battle of Washington gave us a glimpse into the future confrontations.

In the D.C. fight for freedom, it took the leadership of Mayor Tony Williams and Councilman Kevin Chavous, who chairs the Education Committee of the City Council in the district, along with the courage of Chairwoman Peggy Cafritz, who presides over the city's school board.

These are statesmen who put children and families ahead of politics. Alongside these stand heroic parents, Virginia Walden Ford and Jackie Pinckney Hackett.

Support candidates who refuse to capitulate to the status quo. Run for office yourself. Vote intelligently with all the information you can muster. Remember, our children and grandchildren will carry the banner of freedom to the next generation. *CF*



Lindalyn Kakadelis

Kakadelis is director of the NC Education Alliance

Around the Nation

Spelling redux?

The *Boston Globe* reports that spelling, an almost-abandoned discipline in the classroom, may be making a comeback.

Richard Venezky, professor of educational studies at the University of Delaware and a nationally recognized specialist on spelling and spelling history, explains the unpopularity of teaching and learning the subject.

"The biggest factor in learning to spell is practice," Venezky told the *Globe*. While teachers are reluctant to spend the time it takes, they are uncomfortable with abandoning it altogether.

A renewed interest in the mechanics of language promises to bring back spelling practice, though, rules and all. Professor Emeritus Robert Hodges of the University of Puget Sound is working on a book on spelling in America. According to Hodges, good spellers learn roots, origin, parts of speech, and relationships to other words. Spelling bee winners know how a word is structured, he said, not just how it sounds.

Trouble inside the ELC

The Education Leaders Council, established by a reform-minded group of state school chiefs in 1995, is experiencing major internal upheaval, according to *Education Week*.

Criticism of ELC's effectiveness in carrying out its mission, and questions related to an internal audit, have been directed at Chief Executive Officer Lisa Graham Keegan.

William Moloney, former chairman of the ELC board, is one of the organization's critics.

Moloney is Colorado's education commissioner, and resigned the ELC board chair over questions about ELC operations. "I think we need to do a better job delivering the goods," Moloney said. He charged the council with "widespread procedural disarray."

The ELC board also has lost former California school board member William J. Hume — one of the organization's biggest contributors.

An additional blow came when the Thomas B. Fordham Foundation, led by Chester Finn, "parted ways with the Council over methodology."

The U.S. Department of Education has no unresolved questions, it has announced, and is confident that ELC has lived up to its grant agreements.

The ax falls faster in NYC

The *New York Times* reported that the New York City teacher's union wants to cut the time it takes to remove incompetent teachers from several years to six months.

Union President Randi Weingarten also wants to facilitate intervention for troubled teachers, and take action to retain the quality teachers now on staff. CJ

Fending Off Boredom by Engaging Children Is Critical to Keeping Them in School, Experts Say

By KAREN PALASEK

Assistant Editor

RALEIGH

Ninth grade is a make-it-or-break-it year for high school students, according to the National Association of Secondary School Principals. Kids who skip classes, flunk courses, break school rules, or get suspended often don't recover from the "ninth grade slump." Instead, they contribute to the troubling number of high school students who simply "can't hack high school" for four long years.

In North Carolina, school officials have become increasingly worried about the number of ninth-graders who don't graduate on time.

Some of these kids never finish school; others take a year or two longer than the norm. Students who take extra time, or return later for a General Educational Development degree are not counted in the state's graduation statistics.

Recently released reports from the Department of Public Instruction say North Carolina's dropout rate has been steadily declining, but the fact remains that only about 63 percent of North Carolina's freshman class of 1999 graduated from high school in 2003. The state still has a long way to go before parents and school officials are satisfied that the percentage who stick it out and graduate on time is "high enough."

Engagement and learning

Two big themes emerge in the discussion of why some kids stay connected to the education process, while others simply disengage. The difference between students who stay with school through high school, and those who don't, seems to hinge on whether they are motivated by internal interest and curiosity, or whether they are simply responding to external pressures.

Students who are *intrinsically* motivated have kept their curiosity, their need to explore, and their desire to "interact and make sense of their environment."

These qualities virtually define infants and young children. As education author James Raffini noted, in "Student Motivation to Learn," "Rarely does one hear parents complain that their preschooler is 'unmotivated.'"

Children exploring a new world exhibit a sense of command, a desire to master their environment, and an excitement to learn about it for its own sake.

Motivation

Students who give up often appear passive. They spend time reacting to their situation instead of interacting with it. A disengaged student who stays in school, says Dr. Jere Brophy, distinguished professor of education at Michigan State University, will exert the minimal effort, express boredom, or view learning as drudgery. Inevitably, some will leave formal education altogether.

There is more to motivating students than just keeping them in their seats. According to Brophy, students have to "desire to participate in the learning process." They have to feel motivated.

There are two schools of thought about what kind of motivation works best. Experts distinguish between *intrinsic* motivation, effort for its own sake, and *extrinsic*

motivation. Extrinsic motivation is driven by the prospect of a reward or punishment.

Hermine Marshall, professor of Elementary Education at San Francisco State University, notes that the term "motivation to learn" means more than just a desire to participate, it is "the meaningfulness, values, and benefits of academic tasks to the learner..."

Carole Ames, dean of the Department of Educational Psychology at Michigan State University, said motivated students have developed "long-term, quality involvement in learning and commitment to the process of learning." A student with these attitudes has really developed an intrinsic motivation to learn.

Schools, parents, and teachers, on the other hand, have often relied on the reward and punishment model, trying to find something the kids really care about. Countless kids have been grounded, appeared at detention, suspended, or otherwise penalized for failing to meet school requirements.

There is little evidence that the hours spent in these punishments have produced any excellent students as a result. Often, attitudes become worse, and so does interest in school.

How to keep students in school, both physically and mentally? Marshall, Ames, Brophy, and other education experts write that intrinsic motivation is far more powerful than rewards or punishments for keeping students in school and tuned in.

Students who are motivated to learn appreciate the value of acquiring necessary skills, even if they don't enjoy the difficulty they experience learning them.

Parents, teachers, and the 'slump'

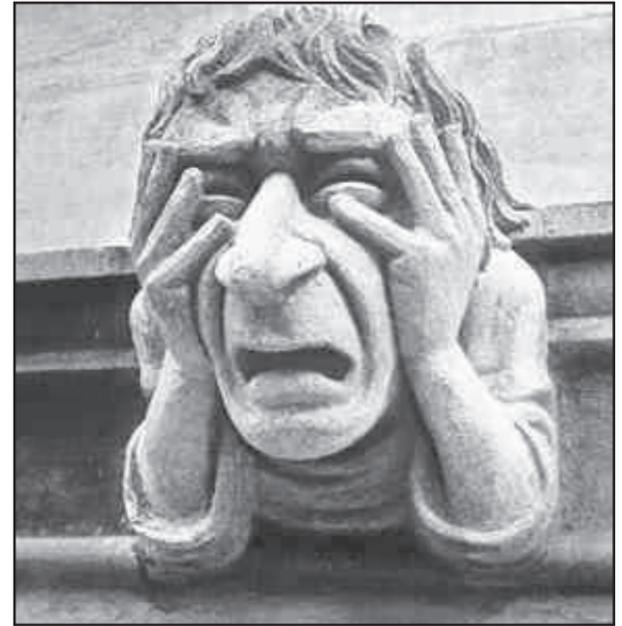
"When children are raised in a home that nurtures a sense of self-worth, competence, autonomy, and self-efficacy, they will be more apt to accept the risks inherent in learning," Brophy said.

The initial beliefs that children have about themselves are shaped by their parents. This includes whatever expectations their parents hold about the type of people they will be, Brophy said.

Teachers add to children's idea about how successful they are likely to be in school-related activities. The teacher's expectations also figure into the equation.

When students face difficult tasks in school, they risk failure. How a child confronts challenging (or even boring) tasks, and the way they handle failures, is very much affected by the model their parents and teachers have presented. "To a very large degree," analyst Deborah Stipek said, "students expect to learn if their teachers expect them to learn."

Research shows that the younger the students, the more optimistic they are in the face of failure. Ames said that "although younger children tend to see effort as uniformly positive, older children view it as a double-edged sword. To them, failure following effort appears to carry more negative implications than failure that results from minimal or no effort."



Gargoyle of the bored student at Oxford University

Teachers and classroom climate are the first ingredients in remotivating students in school, Brophy said. Students have to feel safe about taking a risk, and possibly failing.

With a process called "attribution retraining," students are encouraged to focus on specific tasks, to retrace their steps if they make mistakes, to figure out alternative ways to solve problems instead of giving up, and to understand what they were lacking that caused the error to occur.

If students follow this approach, they are more likely to identify problems they can fix and less likely to believe that they can't succeed, no matter what, Brophy said.

Getting kids out of a slump can be time-consuming, since they are relearning how to think about whether they can or even want to learn. Once kids begin to see effort as an investment rather than a risk, they are on their way to reconnecting with academic work.

Disengagement isn't necessarily a function of income. Kids who come from poor neighborhoods, or poor schools, can and do beat the odds. Other kids, from "good" schools and neighborhoods, drop out despite their advantages.

Educators understand that a student's motivation to learn makes a great deal of difference.

Susan Black, writing for the *American School Board Journal* in "The Praise Problem," and "Engaging the Disengaged," warned that shallow, feel-good praise doesn't motivate students.

Overdone flattery won't ring true to older students, she said, and high-schoolers understand whether they have really made an effort. If students sense that a teacher is trying to placate them instead of establishing real expectations for their work, insincere words of praise may "actually diminish students' desires to learn and lower their achievement."

Students remain engaged longer when teachers create a "sense of [student] competence" and "an opportunity to reflect and assess their own work."

Trying to manipulate students with external rewards such as excessive praise, pizza parties, or free time isn't effective, *American School Board Journal* analysts conclude.

Instead, teachers must make students feel safe enough to risk making an effort, provide interesting lessons that are challenging but achievable, and offer choices. With complex material to inspire persistence, Black said, students can stretch their abilities and re-engage. CJ

Aiming for 95 percent proficiency in grades 3 through 12

Wake County Revamps 'Goal 2003' As Expanded 'Goal 2008'

By KAREN PALASEK
Assistant Editor

Wake County has adopted a new student proficiency plan for grades three through 12. Dubbed Goal 2008, the plan calls for Wake County Public Schools to have 95 percent of its third- through 12-grade students at grade level by the end of the 2007-08 school year.

Goal 2008 is an ambitious expansion and continuation of the Goal 2003 strategy. In 1998, Wake County commissioners and the Wake County School Board adopted Goal 2003 to bring 95 percent of third- and eighth-grade students to grade-level proficiency by 2003.

Wake County schools made progress over the period from 1998 to 2003, but fell short of the achievement targets officials hoped for. Now they are moving into the next phase.

Goal 2008 includes 10 grades, rather than two. It measures student proficiency using standards set by the North Carolina end-of-grade and end-of-course tests.

Measured success

With high standards to meet, Wake County schools made considerable progress over the period from 1998 to 2003.

Average reading proficiency in the third grade rose from 79 percent to nearly 88 percent over five years. Third-grade math proficiency increased from 75 percent to 87 percent over the same period.

Eighth-grade students made less dramatic gains under Goal 2003, even though they started off at higher levels. Eighth-grade reading proficiency advanced from 86 percent to 91 percent, and math proficiency rose from 83 percent to 88 percent.

In both third and eighth grades, officials found that the gap between black students and white students was especially difficult to close, regardless of income levels.

At the Wake Education Summit in March 2003, Wake officials presented their first revision/continuation plan for Goal 2003. The Wake Citizens' Advisory Committee, along with MGT consulting group, made recommendations for moving the county further toward its goals for third

and eighth grades.

Net new costs for implementing six school initiatives, plus teacher recruitment and retention efforts, and other changes were projected at \$55.3 million from 2003-04 to 2006-07. The projected costs did not include inflation, student growth, or state-mandated programs.

In all, the Citizens' Advisory Committee accepted 16 of 22 proposed initiatives dealing with organization and efficiency, six of 15 instructional initiatives, and human resource initiatives aimed at teacher recruitment and retention.

The total four-year cost, beginning in 2003, would be \$149.3 million, according to the Wake Education Summit 2003 "Many Voices, Smart Choices" brochure.

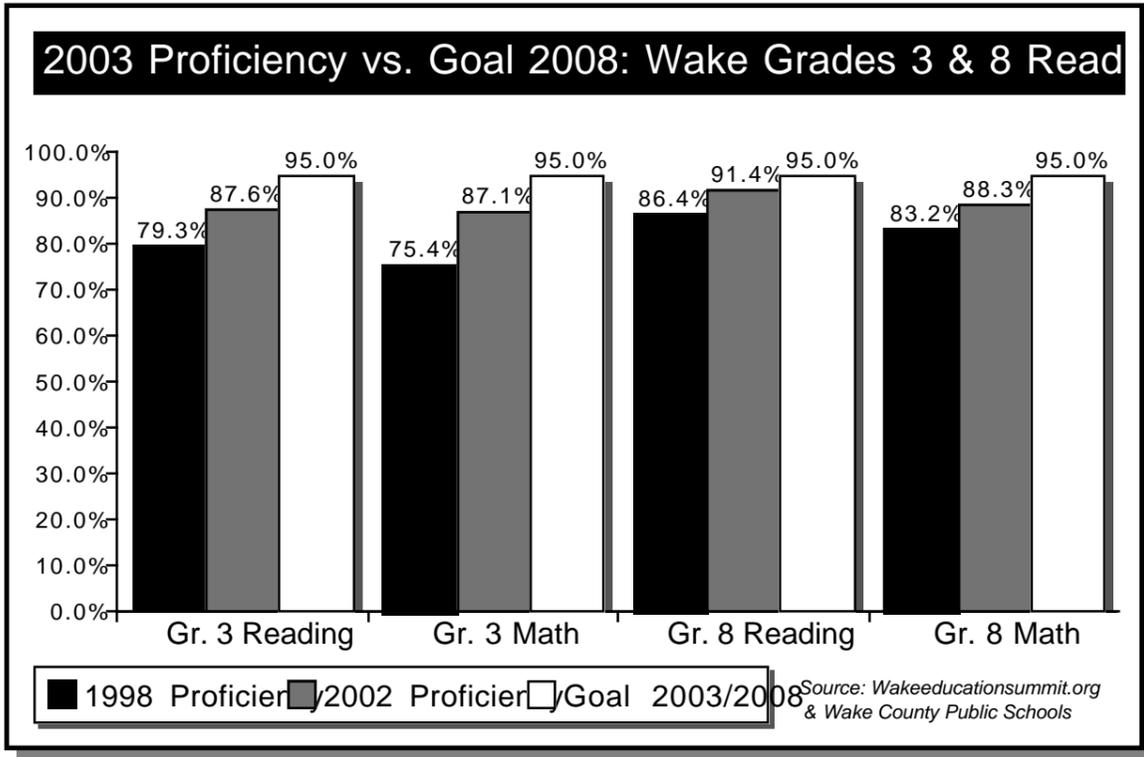
High growth

Wake school board member Bill Fletcher called Goal 2003 "just out of reach," but "possible" at the time it was proposed. Expanding the original mission to include students in grades three through 12 meant substantially revising Goal 2003. The result was Goal 2008.

Despite the added challenge, Wake officials are determined to make a go of Goal 2008. "I'll call it outrageously optimistic," Fletcher said to the *Garner News*, "but I believe we can reach it."

Goal 2008 increases the stakes for educators and students alike. Along with academic proficiency, Wake County officials are demanding high growth from every student.

The Department of Public Instruction breaks achievement gains into three categories: high growth, expected growth, and less-than-expected growth. Expected growth means the student added a full year's worth of academic achieve-



Wake schools made progress over the period from 1998 to 2003, but fell short of the achievement targets they hoped for.

ment in a full school year. High growth is a "stretch" goal — achievement gains that are about 10 percent higher than expected progress for the year.

Wake County Superintendent Bill McNeal noted that Goal 2008 "steps up the

"We won't just bring students to grade level... you have to show that you are making progress." High-achieving students will be pushed, according to McNeal, to do more than cruise at grade-level.

The Goal 2008 documents state that "all student groups will demonstrate high growth." The high-growth requirement could cause a glitch in the county's plans.

The 2003 data on student achievement in North Carolina show that the highest-performing students made smaller gains than any other group on annual achievement tests.

Education officials at the State Board meetings plan to investigate the cause of low academic gains among the state's most accomplished students, but aren't offering any off-the-cuff explanations in the meantime.

Goal 2008

Goal 2008 increases the number of instructional initiatives over Goal 2003 from six to 26 in its latest version. Instructional initiatives include parent and school support programs, more pre-K classes, reduced class size in Title I schools, five additional Smaller Learning Communities high schools, additional elementary schools in Project Achieve, nontraditional classrooms for overage students, additional technology and support, and other items.

The projected five-year cost is \$35.6 million through 2007-08, with recurring costs of \$35.1 million annually thereafter.

Eight additional staffing items cover professional development for established teachers, professional review, salary issues, tuition for certification, and pay schedules for hard-to-staff posts. The itemized human resource list will cost a total of \$18 million from 2004 to 2008, and \$18.2 million per year afterward. Wake developed Goal 2008 with information from the "Voices and Choices" Education Summit, education officials, and community groups. *CF*

Education officials plan to investigate the cause of low academic gains among the state's most accomplished students.



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

Course of the Month

Shut up; it's discussion-based!

This month CM sees no other course as outstanding a candidate for inclusion as Elyse Crystall's English 022 at the University of North Carolina at Chapel Hill. And CM does so heartily, even while acknowledging that courses to discuss "social categories such as race, ethnicity, class, gender, sexuality, nationality [among others] and their intersections in the context of contemporary US society" are a dime a dozen in the Marx's Last Stand of U.S. academe. As are "literature" classes that involve watching movies (or, in the academic euphemism, "filmic texts" — you may giggle at will.)

ENGL 022: LITERATURE AND CULTURAL DIVERSITY

This course brings together a series of social texts — literary, filmic, critical, historical — that respond to, comment upon, and struggle with social categories such as race, ethnicity, class, gender, sexuality, nationality [among others] and their intersections in the context of contemporary US society. Exploring the ways in which these categories are structured by institutions and social relations and informed by cultural beliefs enables us to understand how we participate in and interact with these structures, how we are defined by them, how we create them, and how we can critique them.

We will take as our point of departure the notion of the contact zone, the site where all who come into contact are changed by the very contact they make. This rethinking and reframing of social relations imagines the relations of power between people and between people and institutions as mutually constitutive and situated. What this means is that we are shaped by our social location and social relations as we shape them. This perspective offers many possibilities for interventions in and the re-creation of daily life in order to fashion a world in which we want to live.

This is a discussion-based class. Students are responsible for frequent response papers, leading discussion, group presentations, and research on topics related to the course materials. There will be a midterm, a final, and a research paper/project. In addition, all students are required to attend and write about three public lectures during the semester. Responding to classmates thoughtfully and respectfully and being willing to challenge yourself round out the list of requirements. A sense of humor is recommended but not required.

We will be reading texts and viewing films such as: Julia Alvarez, How the Garcia Girls Lost Their Accent; Nora Okja Keller, Comfort Woman; Jessica Hagedorn, Dogeaters; Frank McCourt, Angela's Ashes; El Norte; and Lone Star, among others.

Also, CM's mole at UNC-CH has discovered that, according to the UNC-CH bookstore, the following books are also required for the class:

Richard Rodriguez's *Brown: The Last Discovery of America*; Allan G. Johnson's *Privilege, Power, and Difference* (obviously a wellspring of the kind of invective launched upon Tim); *The Graywolf Annual Five Multi-Cultural Literacy*, edited by Rick Simonson and Scott Walker; Barbara Kingsolver's *Pigs in Heaven*; Octavia E. Butler's *Adulthood Rites*; and Jhumpa Lahiri's *Interpreter of Maladies*.

The total cost of all those books, CM is told, runs about \$70. CJ

UNC Professor Accuses Student of Making 'Violent, Heterosexist Comments' in Class

By JON SANDERS

Assistant Editor

RALEIGH

A student in Professor Elyse Crystall's "Literature and Cultural Diversity" class at the University of North Carolina at Chapel Hill was accused of making "violent, heterosexist comments," uttering "hate speech" and creating a "hostile environment" in class, according to an e-mail sent to all members of the class by the professor. What the student, identified as Tim, had done was answer the question posed by the day's lecture, from his perspective as, in the professor's description, a "white, heterosexual, christian male (sic)."

According to Tim, whose last name is being withheld out of concern for his privacy, the discussion topic for class that day was "Why do heterosexual men feel threatened by homosexuals?" Tim said that after many other students had answered, he raised his hands and said that he disagreed men felt threatened by homosexuals. Tim said that he told the class, "I have a heterosexual friend, Joe, in California, who was hit on by a homosexual man and he got a love letter from him. He did not feel threatened, he just felt disgusted and dirty because this was the first time this happened to him."

Tim added that "Being a Christian, I would feel uncomfortable having to explain to my son at a baseball game why two homosexual men are kissing" and said he could only imagine the word "threatened" being used "in the context of life in gay marriage because homosexual marriages don't produce life like heterosexual marriages do."

'The comments tim made'

Tim said Crystall argued "that some homosexual couples can use medical technology to still have children and that is where class ended." Afterward, she sent an e-mail out to her entire class about "the comments that tim made." She apologized "for not having made clear the first day of classes what i will make clear here and now: that i will not tolerate any racist, sexist, and/or heterosexist comments in my class" (sic — for this and all subsequent quotations). She further apologized to "those of us who feel vulnerable or threatened" and pledged to "do my best to counter those feelings and protect that space from further violence."

Crystall decided to use Tim's comments as a teachable moment, writing the class:

what we experienced, as unfortunatate as it is, is, however, a perfect example of privilege. that a white, heterosexual, christian male, one who vehemently denied his privilege last week insisting that he earned all he has, can feel entitled to make violent, heterosexist comments and not feel marked or threatened or vulnerable is what privilege makes possible.

Tim said his "vehemently den[ying] his privilege last week" referred to his statement in class that he had indeed earned nearly everything he had. Unbeknownst to Crystall, who was acting upon her assumptions according to Tim's youth, skin color, and sexual preference, Tim was an entrepreneur. As Tim explained to the class web site following Crystall's e-mail:

I did not lie to the class either. Yes, almost everything I call my own I have honestly earned. I drive a \$3000 20-year old car that I bought, and I pay for my own food. I have taken out loans and paid them back. I work 16 hour days on the weekends and 8 hours days on top of

Text of E-Mail to "Literature and Cultural Diversity" Class

dear all —

because we did not have time to respond to and discuss fully [or barely at all] the last comments in class yesterday, and because we will be unable to do so on tuesday due to the length of the film, i find myself in the unfortunate position of having to resort to email, not the best medium of expression, in order to respond to thursday's class. let me add here, up front, that i invite all or any of you who feel the need or desire to discuss any of these — or other — issues further, to please email me and set up an appt. also, i find myself needing to address you all and not any one individual because what happened did so to all of us.

1. let me start off my saying that i apologize to all of you for not having made clear the first day of classes what i will make clear here and now: that i will not tolerate any racist, sexist, and/or heterosexist comments in my class. what we heard thursday at the end of class constitutes "hate speech" and is completely unacceptable. it has created a hostile environment. i am deeply sorry and apologize to those of us who are now feeling that the classroom we share is an unsafe environment, for those of us who feel vulnerable or threatened. i will do my best to counter those feelings and protect that space from further violence.

2. what we experienced, as unfortunatate as it is, is, however, a perfect example of privilege. that a white, heterosexual, christian male, one who vehemently denied his privilege last week insisting that he earned all he has, can feel entitled to make violent, heterosexist comments and not feel marked or threatened or vulnerable is what privilege makes possible.

3. for those of you who want to respond to and discuss further thursday's class and the comments that tim made, or anything else about this class, about yourselves, about the world, i will open the discussion board/forum made available to us on blackboard. the ground rules are: no anonymous posts are allowed; folks will be unable to delete or edit their messages after they have been posted; NO HATE SPEECH will be tolerated.

thank you,
elyse

school during the school week.

Tim also posted a newspaper article, written about his selling cars on the Internet when he was 16 years old, to prove his point. Then he addressed the question of his denial of privilege:

I do not deny my privilege either. I am extremely privileged that I am a Christian, and that I can attend such an excellent school. I am privileged that I was accepted into accelerated math and English programs in high school, and I spoke aloud saying that I agree with those programs. I have a brother with diabetes who gets picked on from time to time, and I am Alsatian Lorraine (a race of people) who is labeled as white, which probably makes me the biggest minority in this school.

Controversy over Crystall's e-mail began to build. Tim spoke about the incident on The Jerry Agar Show on Raleigh's WPTF AM, and UNC-Wilmington Prof. Mike Adams wrote about it for TownHall.com.

Shortly thereafter, Crystall sent another e-mail to the entire class.

"The purpose of this class," she wrote, "is for all of us to be able to discuss difficult and sensitive issues. We all want each person to be able to express his or her opinions freely and openly, but responsibly and respectfully as well. I regret that my email to you last week crossed a line and inhibited free discussion."

Furthermore, Crystall wrote, "And I am sorry if anyone was offended by my email; my intention was to promote respectful conversation among us, not to censor anyone. We should not make specific examples of anyone, and I should not have named anyone. I hope that we can all work together to clarify these issues."

Prof. James Thompson, UNC-CH English Dept. chair, responded quickly. "I understand that news of this incident is distressing to anyone interested in higher education and free and open speech," Thompson wrote in an e-mail to individuals who

wrote to him about the incident. "We are here at UNC to promote responsible and respectful exchange, not to discourage or censor it. The original email should not have been sent out, and the instructor has apologized. I will be monitoring the class closely for the rest of the semester."

UNC-CH Director of University Communications Mike McFarland, citing UNC-CH Chancellor James Moeser's past comments respecting the free exchange of ideas on campus, said, "Carolina has a special responsibility to vigorously protect the right of everyone to be heard."

Terms of the trade?

"The terms 'Hate Speech' and 'hostile environment' have been abused for years now as excuses to silence student opinions that college faculty and administrators don't like," said Greg Lukianoff, director of legal and public advocacy at the Foundation for Individual Rights in Education. Lukianoff said that Crystall had every right to disagree with Tim, "but she should not have claimed that the speech was somehow a crime or a form of actual 'violence.'"

"Instead of having a debate on the merits of what the student had said she transformed this case into one that is about the abuse of legal terms in the name of censorship," Lukianoff said. "She may passionately disagree with the student's point of view, but even 'offensive' speech is protected speech."

George Leef, director of the Pope Center for Higher Education Policy, wondered why Crystall applied "privileged" as a pejorative to Tim, "evidently just because he is white, male, and heterosexual. But these characteristics don't give him any privileges in the U.S.," Leef said. "Saddam Hussein was privileged. The British royal family is privileged. But an ordinary American? No, Tim is not privileged." CJ

Conservative Students' Ad Ignites Debate Over Lack of a Diversity of Thought at Duke

By JON SANDERS

Assistant Editor

RALEIGH
Readers of *The Chronicle*, Duke University's student newspaper, read on Feb. 9 an advertisement from the Duke Conservative Union. The DCU's ad was an open letter to Duke President Nan Keohane, questioning the university's commitment to diversity and offering statistics showing a wide disparity between Democrats and Republicans among Duke faculty.

According to the DCU ad, among select departments and Duke deans, registered Democrats outnumbered registered Republicans by 142 to 8. Unaffiliated voters also outnumbered registered Republicans 18 to 8. Many departments did not have even a single Republican on the faculty.

The ad cited quotations from Keohane about the importance of diversity to Duke, and asked her, apropos of "the lack of intellectual diversity on our campus" that the statistics suggest, "Is this 'diversity'? Is this the best way to challenge the 'prejudices and assumptions' students maintain when they enter college? Or is your notion of 'diversity' tantamount to a smokescreen for ideological conformity?"

Keohane responded in the *Chronicle* Feb. 11, writing that the DCU's question "deserves a thoughtful answer" and said that the issue "is not whether a faculty member belongs to one or another party, or where in the political spectrum his or her views are, but whether the faculty member provides a classroom environment that supports learning across a wide range of views."

"No single political perspective has a monopoly on intelligence, on any topic, and our classrooms are impoverished if the expression of diverse views is discouraged, either by the faculty member or by fellow students," Keohane wrote.

"But we are also impoverished if classrooms become sterile forums where only bland views can be expressed and everyone is overly careful not to offend. Clear statements of well-articulated, provocative views stimulate deeper thought, and more discussion, than the cautious expression of ideas designed not to make anyone uncomfortable."

Conservatives: stupid or selfish?

Keohane's response focused on whether Duke faculty nurtured the expression of ideas within the classroom. For some other Duke faculty who responded to the issue, however, the question was one of nature, not nurture.

Robert Brandon, chair of the Philosophy Department (12 Democrats, three unaffiliated voters, and zero Republicans), said in the *Chronicle* Feb. 11 of his department, "We try to hire the best, smartest people available. If, as John Stuart Mill said, stupid people are generally conservative, then there are lots of conservatives we will never hire."

"Mill's analysis may go some way towards explaining the power of the Republican Party in our society and the relative scarcity of Republicans in academia. Players in the NBA tend to be taller than average. There is a good reason for this. Members of academia tend to be a bit smarter than average. There is a good reason for this, too," Brandon said.

"Such an inference would be a formal fallacy," said Duke parent Mary Bejan in the *Chronicle* Feb. 12. "Even if this were not the case, the meanings of the terms 'conservative' and 'liberal' have changed since the time of Mr. Mill, as I am sure Professor Brandon knows, however entertaining he may find Mill's observation to be in the present context. Many of today's so-called 'conservatives' would not be conservative in Mill's sense, but 'liberal' in the classical sense of the term."

Text of the Duke Conservative Union's Ad

AN OPEN LETTER TO PRESIDENT NAN KEOHANE:

"My message is straightforward: Diversity is an important value that must be nurtured and used in higher education."

— Nan Keohane, November 1997

"...people learn better when they are challenged by things that they don't expect, when they do not have all their prejudices and assumptions confirmed, but instead have some of their ideas shaken up as part of an education."

— Nan Keohane, February 2003

Dear President Keohane:

According to your own words, "diversity" is of premium import to an individual's education. You also claim that "diversity" does not only pertain to race; rather, intellectual diversity is a key element of any learning environment.

We would hope, then, that your earnest regard for "diversity" would be apparent on your own campus. This does not, however, appear to be the case. The following information regarding the political party registrations of Duke faculty members might be of interest in your pursuit of your noble goal of "diversity":

DEANS OF DUKE UNIVERSITY: 9 Democrats; 0 Unaffiliated; 1 Republican

DEPARTMENT OF ART HISTORY: 14 Democrats; 1 Unaffiliated; 0 Republicans

DEPARTMENT OF CULTURAL ANTHROPOLOGY: 11 Democrats; 2 Unaffiliated; 0 Republicans

DEPARTMENT OF ENGLISH: 18 Democrats; 1 Unaffiliated; 1 Republican

DEPARTMENT OF HISTORY: 32 Democrats; 4 Unaffiliated; 0 Republicans

DEPARTMENT OF LITERATURE: 11 Democrats; 2 Unaffiliated; 0 Republicans

DEPARTMENT OF PHILOSOPHY: 12 Democrats; 3 Unaffiliated; 0 Republicans

DEPARTMENT OF POLITICAL SCIENCE: 26 Democrats; 1 Unaffiliated; 6 Republicans

DEPARTMENT OF SOCIOLOGY: 9 Democrats; 4 Unaffiliated; 0 Republicans*

Since many of the departments listed above have become increasingly politicized over the past few decades, it is disingenuous to argue that the marked disparities found in the data do not have a significant impact on the daily workings of their faculty members.

Our question is straightforward: Is this "diversity"?

Is this the best way to challenge the "prejudices and assumptions" students maintain when they enter college? Or is your notion of "diversity" tantamount to a smokescreen for ideological conformity? As you yourself are a registered Democrat, perhaps you are not truly interested in challenging your own "prejudices and assumptions."

We at the Duke Conservative Union, however, are gravely concerned about the lack of intellectual diversity on our campus and hope that these findings serve as a somber reminder that Duke is not nearly as "diverse" as some might imagine.

Cordially,

The Duke Conservative Union Executive Board

* These results were obtained by cross-referencing Duke's departmental faculty lists with North Carolina voter registration records. All full, associate, and assistant professors who are non-adjuncts in their departments were checked. The list of deans was obtained from Duke University's own website. Therefore, these findings represent the persons in those positions currently registered to vote in the state of North Carolina.

Bejan wrote that "[i]t is not difficult to draw the conclusion that [Brandon] would assume an individual to be stupid if he knew him or her to be conservative and therefore would not consider hiring that person, perhaps without even considering the value of their scholarly output."

Herb Childress of the University Writing Program postulated Feb. 11 that the reason Duke has hired so many leftist professors is because of self-selection owing to the fact that university teaching requires someone with "communitarian rather than individualistic concerns."

Brandon and Childress both sounded themes similar to those voiced in *The News & Observer* Sept. 23, 2002, by Lawrence Evans, Duke emeritus professor of physics. Evans had written in response to John Leo's column about a similar concern to the DCU's (the column was called "Faculties in need of balance").

Writing about Leo's citation of "poll numbers [that] show Republicans are a small minority of the professoriate," Evans said, "True, and rightly so." As he explained, "universities want people of some depth, subtlety and intelligence. People like that usually vote for the Democrats. So what?"

UNC's 'Brain Drain' Continues — Not

It's a UNC ritual. Whenever a professor decides to take a better offer at some other university, usually a private one with a vast endowment and enormous alumni contributions, the administration will bemoan the "loss" and express fear over a "crisis" if the University of North Carolina at Chapel Hill can't spend enough money to compete with the top-tier schools.

When the little drama is over, the administrators will go back to their offices and hope that they've convinced a few more politicians that UNC-CH's budget must be increased.

This ritual was played out again very recently, when UNC-CH announced that it had been outbid by the University of Chicago for the services of a husband and wife team of professors: namely, history Professor James Hevia and anthropology Professor Judith Farquhar.

This "raid" on the UNC-CH faculty prompted Richard Soloway, acting dean of the College of Arts and Sciences at Chapel Hill to lament, "The legislature, for better or worse, is simply not going to sustain the salary base at the competitive level we find ourselves facing."

Is this a problem that North Carolina taxpayers ought to be worried about? Is the state facing a serious problem here? Or is the situation like that of children who magnify their little bumps and bruises into unbearably painful injuries in hopes of getting some attention and a treat?

Pardon my cynicism, but I think it's the latter.

How do you know if you are offering too low a price in a market? The answer is: If you can't get what you need. When applied to the market for labor, this means you're offering compensation that's too low if you're unable to attract and retain a competent work force.

If, say, Wachovia Bank were to try cutting all its salaries in half, most of its workers wouldn't stay around long, and the people willing to take their places would probably be of such low competence that customers wouldn't stay around long either. Wachovia could hire new tellers at half the old rate, but they'd probably have a hard time handling transactions correctly. That would be proof that the new pay level was too low.

Even though the University of North Carolina is a nonprofit institution, that doesn't matter where the laws of economics are concerned. It's still in a competitive labor market and has to make compensation attractive enough to retain a competent faculty.

True, UNC-CH occasionally loses a faculty member to another institution, but it's also true that Wachovia occasionally loses an employee to a competitor (or for many other reasons). Employee turnover is a normal thing, and is only a problem — or even a crisis — if you can't hire capable replacements at the salary offered.

How does UNC-CH fare in that regard? Looking over the last 15 years of faculty turnover in the History Department, Professor Roger Lotchin said, "Looked at impressionistically, the History Department has more than held its own since 1989. My judgment is based on contact with the people, on student comments, and on departmental evaluations. The evaluations of the people who have come to us in the last 15 years are particularly enthusiastic."

Hevia was teaching one course this term. Next year he'll be teaching and writing about his specialty in Chinese history at Chicago. Will UNC-CH be able to hire a new professor to teach Chinese history? Could the Yankees hire a shortstop if Derek Jeter left? No problem.

If UNC-CH had a bigger budget, it might be able to win more bidding wars against the likes of the University of Chicago, but that wouldn't make it any better for students.



George C. Leef

Bats in the Belltower

Oppression Through Expressions,
Our Universities' Obsession

As reported in the Feb. 6 *Technician*, N.C. State University put on a "peace lunch forum" as part of N.C. State Student Affairs' "Everyone Welcome Here" theme week, which of course was the "Gay, Lesbian, Bisexual and Transgendered (GLBT) week." At the forum, Deb Luckadoo, director of campus activities, presented findings of a survey last year in which "GLBT" students registered dissatisfaction with the university (surveys of any student population never register satisfaction, for some reason). Luckadoo, however, had a solution to offer. Here is how *Technician* reported it:

Luckadoo closed the panel by challenging the members of the audience to rethink their usage of the phrase "That's so gay," in a negative manner.

"Remember that horrible Jennifer Lopez and Ben Affleck film, *Gigli*? I encourage you to use the word 'Gigli' in place of gay, because 'gigli' is a much more powerful icon for negativity," Luckadoo said.

In a time of budget crisis, it's comforting to know our university administrators are doing such important work. Still, Luckadoo herself might be spreading the negativity, as *Gigli* is about a small-time kidnapper attracted to his lesbian accomplice.

Solution: "Hey, you Giglis?"

On Feb. 12, feminists at UNC-CH held a "Sexist Language Workshop" to "talk about what sexist language is, how it's linked to other forms of sexism, and what you can do about it."

Well, according to UNC-CH sociology Professor Sherryl Kleinman, one of the "most insidious" of these "forms of sexism" is "popular expression, 'you guys.'" Kleinman, who like all UNC-CH faculty is underpaid for such research, wrote about this evil phrase in *CenterLine*, newsletter of the Orange County Rape Crisis Center Sept. 2000 (information about the workshop included this link along with other information about the "you guys" affront to women). Such "male-based generics are another indicator," she wrote, "and more importantly, a reinforcer (italics in the original) — of a system in which man in the abstract and men in the flesh are privileged over women."

To her great frustration, she often hears from students "What's the big deal?" It's frankly rather hard to believe such a question could even be thought, let alone asked. Nevertheless, Kleinman says that saying "you guys" is no different from saying "you whiteys"; one is sexist, the other, racist. Plus, she sees a

link to "you guys" and violence against women. (Wo-MEN, see? Oh my goddess, the oppression is everywhere manifest! Er, womanifest! girlifest! somethingifest!) To wit:

Most of us can see a link between calling women "slotes" and "whores" and men's sexual violence against women. We need to recognize that making women linguistically a subset of man/men through terms like "mankind" and "guys" also makes women into objects," she writes. "If we aren't even deserving of our place in the humanity in language, why should we expect to be treated as decent human beings otherwise?"

Matt Ezzell, community education coordinator for the Orange County Rape Crisis Center, makes this link, too. In a note following Kleinman's manifesto (oops, sorry), he adds: "We understand that a continuum of violence is wide, and we believe that the language we use can, and does, fit into that continuum."

So if any of you guys ever say "you guys," you're guilty of assaulting women.

UNC-CH doing just fine, OK?

Remember the arguments last year about how that cap on out-of-state students hurts UNC-Chapel Hill so much? The poor public university has to turn away academically exceptional out-of-state students and therefore can't be the best danged public university in the whole United States?

It seems UNC-CH administrators can't keep their stories straight. When UNC-CH is criticized for "slipping away" on its standards, as it was recently by columnist Eddie Landreth in *The Chapel Hill Herald*, they're eager to tell how much greater they're situated now than ever.

Here is the response from Matthew Kupec, UNC-CH vice chancellor for university advancement, to Landreth's column. In his letter to the editor, published Feb. 3, Kupec makes the following boasts:

- UNC-CH is "a university on the move, at the top of its game"
- "Entering freshmen classes break their own records year after year for academic preparedness"
- "We have made tremendous strides academically"
- "UNC remains universally acknowledged as among the top four or five best public institutions in America"
- UNC-CH "is better positioned for the future than at any previous time in its history"

CJ

Did you know "you guys" is part of the male plot to rape and oppress women by sexist language?



That's so gay!

N.C. Suffers First Outbreak
Of HIV Among Nation's Colleges

By JON SANDERS
Assistant Editor

RALEIGH

North Carolina is the nation's first-ever outbreak of HIV among college students, according to research presented Feb. 10 before the 11th annual Conference on Retroviruses and Opportunistic Infections in San Francisco.

The outbreak was detected early owing to a new test for human immunodeficiency virus (HIV), using a technique called PCR (polymerase chain reaction) that can detect the virus' presence several weeks earlier than the standard HIV antibody test.

The team that discovered the outbreak was led by infectious disease specialist Dr. Lisa B. Hightow of the University of North Carolina. From Jan. 1, 2000, through Dec. 31, 2003, Hightow's team discovered 84 HIV cases in male college students in N.C. ages 18 to 30. The students attended 37 colleges, all but four in North Carolina.

While researchers track down and try to stem the outbreak, N.C. colleges and universities are trying various ways to encourage students to engage in sexual liaisons more responsibly. For example, the web site for Student Health Services at N.C. State University, for example, tells students that "Being sexually active has risks, such as contracting a sexually transmitted disease (STD) and/or becoming pregnant. The only sure way to avoid an infection or preg-

nancy is abstinence. However, if you choose to be sexually active, correct use of a condom will help reduce yours and your partner's risk of contracting a sexually transmitted disease." Elsewhere it cautions, "Limit the number of partners you have. The more partners you have the greater your risk for contracting an STD."

UNC-Chapel Hill's Center for Healthy Student Behaviors declared Feb. 9-13 "Sexual Responsibility Week" to "promote positive sexuality, including improving communication between partners, having higher self esteem and confidence in sexual relationships, mutual satisfaction and more." This included giving "information on 'How To Be a Better Lover,'" asking students "Are you positive you are negative for HIV?," "[c]ounseling about sexuality issues and testing for HIV," and offering "[f]ree safer sex kits."

UNC-Greensboro's Wellness Center also counsels, "The best type of protection is not engaging in vaginal, anal, or oral intercourse" and barring that, always using a condom, knowing the signs of sexually transmitted diseases, testing regularly, avoiding intoxicants, and limiting sexual partners.

Also, according to the Feb. 12 issue of UCG's *Carolinian*, "Tristan Taormino, author of 'The Ultimate Guide to Anal Sex For Women' and star/director of several porno films, spoke in the Elliott University Center Auditorium Wednesday night." CJ

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Students publish a book of their struggles to pay UNC tuition

North Carolina's 'Victims' Forced to Work Their Way Through College

By JON SANDERS
Assistant Editor

This year all 16 institutions in the University of North Carolina system are seeking tuition increases, some up to \$600 over two years. The main reason cited for the increases is for faculty raises, especially to fend off "raids" by other universities.

Recent tuition increases and the prospect of another, however, inspired a few students attending University of North Carolina schools to fight back. They have published 500 copies of a book entitled *The Personal Stories Project: Faces, Not Numbers*, which is a collection of about 800 stories of personal hardship dealing with tuition costs.

Publishing costs of the book were paid for by the UNC Association of Student Governments, which last made headlines two years ago when the group persuaded the UNC Board of Governors to approve a 6,600-percent budget increase for them, backed by a special student fee, to pay for such projects as this book as well as stipends for themselves.

According to the book, it requires some personal sacrifice for someone to attend college. Some students report that they actually have to work part-time jobs, eat Ramen noodles, even give up flying home. Parents are struggling, too. Here are a few excerpts:

- "As a freshman, I could not borrow enough money to pay off the rest of my bill, so I had to utilize a portion of a scholarship set aside for personal development, leadership and growth to pay a tuition bill..."

- "Now that my brother is finishing his high school years and the state's economy has gone sour, I can see my parents starting to express subtle signs of the challenge it is going to be to fund our educations together. I've had a part-time job for a year and can definitely attest to the fact that it made my studies harder. I chose to put aside my studies for a semester and get a fulltime co-op position this semester..."

- "As a parent with two children presently enrolled in the university system (NC State and ECU) and with a desire to further my own education, I find it increasing dif-

icult to pursue this dream of a MPA..."

Let it be said that 800 students is a small fraction of students in the UNC system. There are (using the most recent Statistical Abstract of Higher Education in North Carolina) about 140,000 full-time students attending UNC schools. Beyond that, there are about 40,000 students who are part-time, for whatever reason — perhaps even, heaven forbid, to balance work, costs, and academic responsibilities. So it may very well be the case that the overwhelming majority of UNC students know they're getting a bargain for higher education and are very thankful for it.

Cheap eats such as Ramen noodles are almost a rite of passage for the college student. So are part-time jobs. After all, the phrase "working his way through college" didn't enter our lexicon ages ago because students were mollycoddled and lobster-fed.

But more importantly, these students apparently don't understand the economic concept of opportunity cost. Applied to college attendance, it goes beyond sacrificing free time and restaurant fare. It involves sacrificing present earnings (full-time) for greater lifetime earnings later. It involves even sacrificing a share of those greater future earnings to finance the degree that makes them possible. (This assumes the student is financing his own way, which is not usually the case. More on that point soon.) In other words, get a loan.

Businesses do it all the time; families, too. It's not unusual to finance capital in the present (and education is capital; what economists call "human capital") on the expected, greater future earnings that capital will provide. Interestingly, the students seem to appreciate that a college degree will be financially beneficial to them; why else would they sound so offended? But they do not appear willing to sacrifice for this benefit. Many are currently making those sacrifices, of course, but they resent it, and



they certainly resent doing any more. They're all quite sure that's *your* responsibility, o ye vast majority of working North Carolinians without a college degree.

Many of the writers, however, are the parents, who report they can bare-

ly afford the costs of sending their children to college. Also, they don't want their children to be saddled with loans or even part-time jobs.

Many parents also cite the recent economic decline as evidence that they shouldn't be expected to pay more — forgetting, again, those other taxpayers also weathering the economic storm, whom they'd prefer would pay Junior's way so he doesn't have to pay off a loan. Or work some. (And let's not ask if the kids have credit cards, as most college students do.)

The gist of their complaints boils down to the fact that some kids, or their parents, won't be able to pay UNC tuition *at the moment* it is consumed. A college education is one of the most important purchases someone can make in his life — and these people are treating it as an indictment of the state of North Carolina that they may have to work for it a little bit, or work to pay it off later.

No 'Personal Stories' in India

Meanwhile, in India, a surprisingly similar situation unfolds in a strikingly different way. There the government wants to reduce the annual tuition charged by the six Indian Institutes of Management. According to *The Chronicle of Higher Education* online Feb. 11, the government called "exorbitant" the IIM schools' annual fees of \$3,320 (UNC-Chapel Hill's current cost in tuition and fees is \$3,993), which help the IIM schools — sound familiar? — "hire top professors and offer their students first-class facilities." The government wants the IIM schools' annual fees reduced to \$660.

In short, the students in India are getting exactly what their similarly situated peers in North Carolina want. Their response? According to the *Chronicle*, "administrators, students, and alumni have widely condemned the cuts, saying the loss of that revenue will hurt the quality of instruction and facilities at the institutes." Not only is there worry that "the institutes will be forced to dilute their standards," but also, "Students have told reporters and have commented on institute-related Web sites that they do not believe \$3,320 for tuition and housing is an onerous burden. All students in the elite M.B.A. programs qualify for educational loans. And compared with private colleges, such as the Indian School of Business, which charges nearly \$20,000, the institutes remain a bargain."

Duke's cost this year? \$29,345. cj



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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

County OKs grants for Unilin

Unilin Decor could occupy 61 newly developed acres and have up to \$424,000 in grants if the company decides to expand in Davidson County, the county's board of commissioners says.

The board unanimously approved the incentives — the largest in county history — in an attempt to attract the company's planned expansion. The project would include an initial investment of \$80 million and 330 jobs by 2009, according to the *Winston-Salem Journal*.

Company officials said that Davidson County and Lancaster County, S.C., were the finalists for their expansion. State and city grants are also expected to factor in the company's decision in the next few weeks.

Under its plan, Davidson County would spend \$2.2 million buying and grading three tracts of land between Interstate 85 and N.C. 62, near Thomasville.

The county would then lease the land to Unilin for \$183,334 a year, although Unilin would make the money back through an annual grant of \$183,334.

Unilin would own the land after 12 years.

Commissioners said they were taken aback by the size of the incentives, but that recent layoffs in the furniture industry justified any means to bring new jobs to the county.

Free bus service falters

Art Barnes doesn't need to examine the numbers showing how many people are using the free lunchtime bus service, which was put in place last summer to support downtown restaurants and commerce in Winston-Salem.

That is because Barnes, director of the Winston-Salem Transit Authority, simply watches the often-empty trolleys as they roll through the city's center.

"All I've got to do is look up and see people on it to know if it's being used," Barnes said to the *Winston-Salem Journal*. "Right now that's not happening nearly enough."

The free service was started in July with the hope that it would increase lunch traffic at Winston-Salem's downtown restaurants and businesses, which are seen as key to revitalization efforts.

Two diesel trolleys run along a 13-stop route that is bordered by First Street on the south and Fifth Street on the north, and encompasses most of the major blocks downtown. The trolleys are scheduled to run every five minutes between 11:30 a.m. and 1:30 p.m. weekdays.

Ridership peaked at about 45 passengers a day in the early weeks of the lunchtime trolley service. That number has dropped by about one-third in recent months.

Transit-authority maps printed when the service started nearly eight months ago show 22 downtown restaurants on the route.

Since then, however, at least three of those spots have either closed or stopped serving lunch.

Transit-authority officials have heavily promoted the service on the Internet, through local media outlets, and by distributing pamphlets at downtown businesses. *CJ*

Turnpike Authority Off to a Slow Start

First project expected to be 27-mile toll road in Mecklenburg, Gaston counties

By DONNA MARTINEZ

Associate Editor

RALEIGH

A proposed turnpike connecting Gaston and Mecklenburg counties over the Catawba River will likely be the first toll road project to be planned, built, and operated by the North Carolina Turnpike Authority, according to two sources familiar with plans for the so-called Garden Parkway.

"I think the Parkway is a leading candidate," said NCTA board member Robert Spencer, who lives in Gastonia and is a senior vice president at Wachovia Bank in Charlotte. "It is further along in preliminary planning and process than any other project I'm aware of."

The multilane toll road has been discussed locally for years and by the NCTA board for months. In December, it received a boost from U.S. Rep. Sue Myrick, who secured a \$2 million infusion of federal funds to assist with planning and development of the 27-mile highway that would run from Charlotte-Douglas Airport to outside Dallas on U.S. 321 in Gaston County. Andy Polk of Myrick's Washington D.C. office confirmed the highway's momentum. The road is "well on its way to reality," and it enjoys considerable support from the area's community leaders, Polk said.

Despite the fact that the Garden Parkway is common knowledge and is referred to as "a candidate toll project" in the minutes of the Dec. 5, 2003 NCTA board meeting in Gastonia, officials in the N.C. Department of Transportation's Public Information Office would not acknowledge the project's likelihood or provide details about it or any other toll projects being considered. In an e-mail response to requests for information, DOT spokesman Bill Jones wrote: "There is not a list of candidate projects because the criteria for toll projects has not been established by the authority."

Procedure for road approval

Spencer said that the NCTA board is likely to vote on the parkway in mid-summer and that a simple majority vote is required for it to be selected for construction. The board consists of eight people, including Spencer and DOT Secretary Lyndo Tippet, who is its chairman. The body is intended to have nine members, but one appointment by Gov. Mike Easley has not been made.

Once adopted, the parkway must pass muster with the NCDOT. After that, it's a done deal and implementation will begin. Spencer said he doesn't know how long it might take to complete the toll road, but the NCTA's web site, without referring to any specific project, advises that "under a best-case scenario, the earliest a toll facility might be open to traffic would be approximately 2010."

A fact sheet from the Gaston Urban Area Metropolitan Planning Organization lists the project's estimated cost at \$400 million. State law gives the turnpike authority the ability to issue revenue bonds to pay for a toll project. The revenue earned from tolls would be used to repay the bonds. However, Spencer said it is unlikely that tolls alone will cover the entire cost. "Very few toll roads pay for themselves. It's usually tolls plus some other form of public support," he said.



Electronic toll collection alleviates traffic backups and saves motorists' time.

The parkway is one of several projects the NCTA board has discussed as potential candidates for construction. Spencer said preliminary conversations have been held about a road dubbed the Monroe Connector, which would connect Interstate 485 to the Monroe Bypass in Union County. Spencer said he's also heard talk of a road or bridge in Wilmington. Last October, a story published on www.starnewsonline.com reported that a bridge over the Cape Fear River connecting New Hanover and Brunswick counties was mentioned as a possible toll candidate at the October NCTA board meeting. Although no agenda is listed, the NCTA has scheduled a board meeting in Wilmington on March 17 and March 18. All other monthly meetings for 2004 are to be held in Raleigh.

The N.C. General Assembly created the turnpike authority in October 2002. Spencer said the legislative delegation from Gaston and Mecklenburg counties were unabashed supporters because they thought the parkway's best chance of construction was as a toll road by the new authority.

Donny Hicks, executive director of the Gaston County Economic Development Council, said the turnpike authority wasn't the road's best chance, but rather "the only way to get this done." Hicks said I-85 in the

area will be at its traffic capacity in 15 years, but getting a new road project scheduled and funded by traditional means is a 30- to 40-year process under the state's current fiscal conditions. "There's been a lot of work for years trying to get this built," he said. Hicks said he thinks the parkway also will increase business productivity by allowing for faster delivery of products to Georgia and Florida.

Under the legislation that created it, the NCTA is charged with planning, designing, building, operating, and maintaining up to three toll facilities. One must be in a county with a population of 650,000 or more, and one must be located in a county that is home to less than 650,000 people. The group also can study and develop preliminary designs for three additional toll roads. Legislative approval would be required for the additional projects to be built.

Supporters of toll roads said the highways will reduce traffic congestion by offering drivers a choice to pay a toll to save time and enjoy convenience. Some critics oppose the bureaucracy that comes with a

new government entity. Others say the roads can be dangerous when cars stop or slow down to toss the toll into a collection basket.

Spencer said the NCTA board is studying electronic reader systems used by other states, which allow drivers to pay the fee without stopping or slowing substantially. "We would want to have the latest technology in place," he said. "There are models out there to copy or improve upon." Spencer said the NCTA has not determined the amount of the toll on the proposed parkway.

The NCTA is prohibited by statute from installing toll systems on existing highways, but public opinion appears to be split on whether that is a good idea. In October, an Elon University poll asked voters whether they approved or disapproved of what was then the state's plan to ask the federal government for permission to collect tolls on I-95 in eastern North Carolina to pay for improvements to that highway. Forty-four percent said they "strongly oppose" or "oppose" I-95 tolls, while 39 percent "strongly support" or "support" them. That's within the poll's margin of sampling error.

The survey question refers to action by the Assembly's Joint Legislative Transportation Oversight Committee last October, which gave the Department of Transportation approval to prepare an application for a federal test program to put tolls on existing highways. The toll idea was offered as a faster way to fund improvements to the road. However, the plan to charge \$18 to travel the 200 miles on North Carolina's portion of I-95 was opposed by business leaders along the route.

A month later, Tippet dropped the idea because Easley wasn't comfortable with it. DOT spokeswoman Sherri Crech Johnson told the *News & Observer* of Raleigh in a story published Nov. 20 that Tippet decided "that would not be a wise use of resources on our part to continue with that."

Appointments to the turnpike authority's board of directors are made by the governor, who has five; the speaker of the House, who has two; and the president pro tempore of the Senate, who has two.

Members who were appointed by Easley are Tippet, Perry Safran of Raleigh, Sang Hamilton Sr. of Winton, and Robert D. Teer Jr., of Research Triangle Park. Those named by the office of the speaker of the House are John Culbertson of Charlotte and Allan R. Dameron of Holden Beach. In addition to appointing Spencer, Sen. Marc Basnight's office tapped Lanny Wilson of Wilmington, who is the group's vice-chairman. *CJ*

"There is not a list of candidate projects because the criteria for toll projects has not been established by the authority."



The RBC Center in Raleigh while under construction in the late 1990s.

Low gate in Raleigh, Greensboro, Cumberland County

Poor Attendance Plagues N.C. Arenas

By MICHAEL LOWREY

Associate Editor

The old adage goes, "If you build it they will come." While most famously used as a premise in *Field of Dreams*, numerous local governments have used the maxim to justify the building of arenas. Recent developments in Raleigh, Cumberland County, and Greensboro suggest that the proverbial "they" are not coming in great enough quantities to fully support all these buildings. As a result, all three communities are engaged in unusual efforts to address the situation.

The arena business model

The business model for indoor arenas is similar regardless of location. Virtually all rely on hosting a wide range of events, with the hope that sufficient events of the right sort will attract enough attendance to all the arenas to at least cover their costs. While specific events will vary, they can be broken down into three general categories: sports, touring companies, and special (onetime) events.

- Sports teams. The core business — indeed the only reason for the construction or modernization of many arenas — is to host one or more sports teams. Most typically, these would be a professional basketball or hockey franchise at either the major or minor league level. In some circumstances, college basketball can also be a significant factor.

The appeal of a sports team is the sheer number of dates the team uses a facility. Even an 11 home-game college or National Basketball Development league schedule involves many more dates than any other possible event.

- National touring events. The circus, the Harlem Globetrotters, Sesame Street Live, Disney on Ice, and the like are popular touring attractions that come through regularly. Sports-related versions, such as Arenacross and the rodeo, exist as well.

- Special (onetime) events. While the Carolina Hurricanes will be playing 41 regular-season games in Raleigh next season, and the circus will again come through town, the unpredictable factor in arena booking are special events. These dates, such as major concert tours, and the NCAA and ACC basketball tournaments, are either onetime events or annual events that are often in different places each year. These tend to generate a lot of income for arenas, but competition to obtain these events can be fierce.

Raleigh

The \$158 million RBC Center opened in 1999 with the National Hockey League's Carolina Hurricanes and the N.C. State Wolfpack men's basketball as its primary tenants. The arena seats about 19,000 spectators. The building and surrounding land is owned by the Centennial Authority, a governmental entity specially created for the purpose. The Hurricanes' Gale Force Sports & Entertainment subsidiary operates the building on a day-to-day basis.

Through the NHL All-Star break in early February (29 games), the Hurricanes were drawing an average of 11,782 fans per home game — or 62.9 percent of capacity. Both figures were the lowest among the league's 30 teams. Low attendance is especially problematic for a NHL team. The hockey league has the smallest television contract of the four major professional sports, making its franchises more

dependent on gate receipts that clubs in other sports.

Attendance at N.C. State games averages about 13,800. The RBC Center has also had trouble attracting concert tours in warm-weather months. The arena competes with an amphitheater for these dates, with most of the shows going to the outdoor venue.

Gale Force said it is losing about \$2.5 million a year operating the building. The company, not taxpayers, is responsible for covering the losses.

In December, the Centennial Authority voted to create a special task force to figure out how to increase attendance at the venue. The authority noted that the new group must be aggressive in seeking out new major events for the facility, such as the NHL All-star game or NCAA men's basketball tournament games. An equally important objective for the group would be to figure out how to improve attendance at Hurricanes and Wolfpack games.

"It bothers me greatly to come to N.C. State basketball and the Carolina Hurricanes and see all those empty seats," said Centennial Authority Chairman Steve Stroud. "We've got to figure out a way to get the public involved."

Greensboro

As in Raleigh, turnout at hockey games is a problem in Greensboro. A notable difference, however, exists in the caliber of play and who runs them. The Greensboro Generals play in the minor league East Coast Hockey League.

To keep the team from folding, the city of Greensboro has taken over the Generals' day-to-day operations this season. The team's coach, for example, is a city employee. The coliseum authority is also responsible for the team's advertising, marketing, and ticket sales. Through late January, the city had lost about \$300,000 operating the team.

The Generals rank 22nd of 31 teams in the ECHL in average attendance. The gate at the typical game in Greensboro is just under 3,000. The league average attendance, by comparison, is just over 3,700.

Cumberland County

Cumberland County's Crown Coliseum is attempting to overcome an unsuccessful agreement to market the 8,000 seat arena. In 2000, Cumberland County signed a deal with Arena Ventures, a partnership between Clear Channel Entertainment and the National Basketball Development League. Under the pact, a NBDL team, the Fayetteville Patriots, would play at Crown Coliseum and Clear Channel would bring events additional events to the arena.

The NBDL, however, has failed to catch on and its future after the current season is uncertain. Average attendance at last season's Patriots' games was only 1,626.

Clear Channel, meanwhile, failed to live up to its contractual agreements by bringing only about half as many events as promised to town. It has had to pay penalties to the county as a result.

The Fayetteville Observer reported that through August 2003, the county spent \$748,471 on management and licensing under the agreement but received \$201,209 in revenues from events brought to town by Arena Ventures. Part of the problem was the inability of Clear Channel to sell naming rights to the Crown.

There is some good news for Crown though: The Cape Fear FireAntz of the South East Hockey League are drawing about 2,750 fans a night in their first season. *CJ*

Big-Money Trains Run Over Taxpayers

For years citizens of major metropolitan areas have borne witness to the growing cacophony of urban planners and unwary politicians crying out for new rail systems to deal with perceived pollution and traffic congestion problems. The problem is that the monetary requirements are enormous, the actual effect on traffic and pollution is marginal at best, and the majority of citizens (once informed) are against it. So, why do leaders in our largest cities continue to think it's a good idea?

In the absence of facts, elected officials "buy into" whatever the planners say will "benefit" downtown areas. From the planners' perspective, having implemented a light-rail system really looks good on a résumé. So the process is rather effortless in that you just persuade a few sitting board members, and not the public, that this is a good idea.



Chad Adams

Ah, but then trouble from on high (and it is a problem) happens when the Federal Transit Authority decided that Raleigh and Charlotte essentially weren't ready by relegating them to the "promising projects" category and cutting requested funding significantly. This and the fact that the federal deficit is starting to soar like a raptor on a thermal plume should also make you wonder why we need this.

Let's continue our argument. First, we know that the current rail proposals in North Carolina are being built to serve less than 1 percent of the commuting population (that is their supporters' own assertion). Second, we know the cost ranges from \$370 million for 10 miles in Charlotte to \$888 million for 34 miles in the Triangle. These are ridiculous compared to building roads bearing an equivalent number of trips.

This brings us to the third point, which is that the money for this will come from the same pool of money to build and maintain local roads. This point I really love, because you then have to ask why you're spending up to 80 percent of your available transportation funds on less than 1 percent of the mobile population. And let's call this the fourth point; the proposed rail systems in Raleigh and Charlotte on their best day won't change highway congestion. In fact, according to the American Dream Coalition, "No rail system outside of New York carries as many people as one freeway lane." Plus, I haven't mentioned the fact that both of these systems are to roll along and create new traffic stops. So, while you whisk along at a speed somewhere below 30mph you can be happy with the fact that you're not sitting in traffic at the railway crossings where folks will have to stop 40 to 60 times per day to let the trains go by.

I'm hopeful that you're scratching your head at this point. I did as well, especially when the poll from the Center for Local Innovation pointed out that 59 percent of the 400 registered voters in Raleigh polled thought the rail system was a "bad investment" when they learned about the cost. That same poll said 54 percent of the same group thought that expanding buses would be a better investment than rail.

To make it simple, voters think light rail is a bad idea, it doesn't relieve traffic congestion and may increase it, it doesn't alleviate pollution, it costs \$28 million per mile (Raleigh) to \$37 million per mile (Charlotte), it serves a small segment of the population, and federal authorities think the plans are "too ambitious" at this point.

So, why don't leaders save a great deal of money by adding buses (which can actually get closer to where people live) and use scarce highway money to maintain their roads and improve them? Maybe it just makes too much sense. Besides, it's always easier to take money away from people who earn it and buy really expensive rail systems you don't need to impress people who might come to visit. *CJ*

Chad Adams is director of the Center for Local Innovation.

Local Innovation Bulletin Board

New Urbanism Promotes Crime

New Urbanists" claim their neighborhood development concepts reduce crime by maximizing public areas and walking paths. But, according to Randal O'Toole of the Thoreau Institute, these designs actually promote crime.

For decades, English police have promoted a program called "Secured by Design," which encourages architectural design that assists police in reducing crime. In comparing two same-size neighborhoods modeled after each of these development concepts, the Bedfordshire Police Department discovered that New Urban developments require three times more police resources than Secured by Design developments, yet they still report five times more crime and theft losses than Secured by Design developments.

New Urban neighborhoods average about 5,200 crime and disorder incidents per year, while Secured by Design neighborhoods average about 1,800 crime and disorder incidents per year.

A 10 percent increase in subsidized housing in a New Urban development increases crime by about 40 percent, while the same increase in a Secured by Design neighborhood increases crime by only 12 percent.

Proponents of New Urban neighborhoods claim they promote more "eyes on the street" by eliminating cul-de-sacs, promoting greater common areas and more pedestrian-friendly streets.

However, this design hinders police patrols by restricting vehicular access to certain areas and providing less incentive for residents to assist in protecting common areas. Secured by Design helps police by providing cul-de-sacs to discourage criminal escapes, promoting private property (which individuals will more likely protect), and building parking lots in prominent areas that are easy for police to keep watch over.

Arena subsidies put cities at risk

The willingness of residents to intervene is the main influence on a neighborhood's crime rate, according to research by Felton Earls of Harvard University. Even in poorer neighborhoods, when residents are involved — such as calling the parents of kids who are loitering or turning vacant lots into community gardens — they are less likely to experience violent crime in their neighborhoods.

Earl's research appears to contradict James Q. Wilson's influential "broken windows" theory, says the *New York Times*. Wilson theorized that higher rates of major crimes in some areas are caused by the failure to respond to small acts of vandalism. Wilson says there is no empirical evidence for his theory, yet many cities have used it to justify extensive policing to crack down on property crimes such as graffiti.

Earls measured neighborhood involvement, which he calls community efficacy, by surveying nearly 9,000 Chicago residents in various neighborhoods and correlating their responses with local crime rates. The most significant bar-

riers to close-knit neighborhoods were concentrated poverty, high turnover rates for residents, and high proportion of immigrants, accounting for about 70 percent of the variations in cohesiveness among the neighborhoods studied.

Neighborhoods with higher levels of involved residents had homicide rates that were as much as 40 percent below what would otherwise be expected.

Programs to improve community cohesiveness have been shown to work: in Boston, the Ten-Point Coalition organized by black ministers that developed after-school programs for kids is believed to have reduced the annual homicide rate from 151 in 1991 to 35 last year.

Local governments, Earls said, should focus less on catching the graffiti scrawlers and more on encouraging neighbors to meet and work together.

Reported in the *New York Times*, *Science*, and the *University of Chicago Chronicle*.

HOT lanes bring in dollars

As policy makers continue to search for ways to decrease air pollution and congestion on highways, they may increasingly come to rely on a new concept called the high occupancy toll lane.

HOT lanes operate as a modified version of the high-occupancy vehicle lanes that allow access to solo commuters for a toll. HOT lanes in Houston and Southern California have had overwhelming success. North Carolina's first HOV lanes open later this year; there are no HOT lanes in the state.

Converting HOV lanes into HOT lanes offers a number of important benefits, says Matthew Marchant, a city council member for the Dallas suburb of Carrollton. HOT lanes give individual motorists a faster and more predictable travel option; they are managed by a variable toll, depending on the level of congestion so as more

drivers enter a HOT lane, the fee increases, ensuring that these lanes will never become congested.

HOT lanes have been shown to produce significant revenue; a recently published study estimates that the Dallas-Fort Worth area would collect \$37 million a year by converting existing HOV lanes and as much as \$228 million a year from a fully developed HOT network.

Underlying those benefits is a reduction in overall congestion and in auto emissions. But, there is opposition to the use of HOT lanes; some have indicated that these lanes will increase congestion in the previously free-flowing HOV lanes. However, in areas where the variable toll rates were used, traffic flow continued to be free-flowing.

Another argument against HOT lanes is that they reduce the incentive for commuters to ride-share. But studies of the current system in California illustrate that ride-sharing has increased since the implementation of the HOT lanes, because multiple-passenger vehicles are given a "free pass".

Reported by the *Dallas Morning News*. CJ

From Cherokee to Currituck

Greensboro Audit Turns Up Irregularities at Nonprofit Builder

By MICHAEL LOWREY

Associate Editor

CHARLOTTE

Project Homestead, a Greensboro nonprofit that has received millions of dollars in government grants to help low- and middle-income families buy homes, is being investigated by a variety of law enforcement agencies after allocations of financial improprieties were reported by the *News & Record* of Greensboro.

From 1997 to 2002, Greensboro awarded Project Homestead \$5.78 million in grants, about 40 percent of the organizations total revenue for the period. A recent city audit classified as excessive or questionable about \$5.5 million in Project Homestead expenses over that time period. Among the items charged to agency accounts were cruises and other travel, jewelry, liquor, and firearms. The audit also found that employees took cash advances against the agency's credit cards.

It may be impossible to determine whether any of the questionable expenditures were made with city funds. The nonprofit commingled funds from different sources in a single bank account, in violation of its agreement with city and federal housing regulations.

Project Homestead was founded in 1991. It has received a total of \$17.6 million in government grants to build or refurbish 700 houses in Greensboro for sale to low- or middle-income buyers. The agency has built or rehabilitated an additional 300 homes outside Greensboro.

It appears unlikely that Greensboro will be able to recover any misspent funds. Project Homestead filed for bankruptcy liquidation on Jan. 29. Any claims by the city would likely be categorized as unsecured debt. In its bankruptcy filing, Project Homestead noted that it would not have enough assets to repay its unsecured creditors.

Wal-Mart, Union agree (sort of)

Wal-Mart and Union County officials have resolved a dispute about what sort of permit the company needs to build a store in the western part of the county. Under the agreement, the company will apply for both the permit it says it needs and the type the county contends is necessary.

In November 2001, Wal-Mart announced its intention to build a 206,000-square-foot store at the intersection of Rea and Tom Short roads. The company applied for a major development permit, which it argues is appropriate for the site under Union County's existing zoning ordinances. The county, however, refused to act on the retailer's application, contending that a more restrictive special use permit was required for the site. Wal-Mart sued the county.

Under the agreement, Wal-Mart will first apply for a special-use permit and drop its lawsuit for now. The county agreed, however, to hear the company's application for a major development permit regardless of whether it decides to issue a special-use permit. It's unclear what would happen if Wal-Mart qualifies for one but not the other.

Wal-Mart opponents were not pleased by the agreement. "I'm extremely disappointed in the county's decision to basically

side with Wal-Mart instead of residents," Lisa Murphy, a local resident fighting against the store, said to *The Charlotte Observer*. County officials denied they had changed their position as Wal-Mart would still be required to apply for a special-use permit under the agreement.

"To me, the county's greatest advantage was keeping Wal-Mart tied up in court until they lost interest in the site," Union County Commissioner Clayton Loflin, another Wal-Mart critic, told the paper. "We don't have a lot of tools or weapons to use, but time is one of them."

Cumberland TB program questioned

The Cumberland County Board of Health is re-examining its tuberculosis screening program for restaurant workers after learning that it is essentially worthless. The county's budget situation may make ending the program difficult.

Restaurant workers in Cumberland County are required to possess a valid health card. To obtain a card, which is good for one year, workers must go to the county health department for a TB skin test. The test costs \$20 and the subject must return two days

later to have it read. The health department also gives out literature on hygiene during the visits.

Over the past seven to 10 years, the tests have detected only one case of tuberculosis. Cumberland is the only county in the state that requires a tuberculosis test for food service workers.

"It mostly gives you a false sense of security," county Health Director Wayne Raynor told *The Fayetteville Observer*.

While the tests might not do a lot to protect food service workers or the general public, they do bring in \$275,000 to \$300,000 a year for the county. With the county facing a \$3.1 million budget deficit, Cumberland County Commissioner and health board member John Henley suggested it might be difficult for the county to give up the revenue source.

Less money available for light rail

The release of President Bush's fiscal 2005 budget Feb. 2 contained an unpleasant surprise for Charlotte and Triangle transit officials. The budget provides far less federal money than the two transit systems had hoped to receive to build expensive light-rail transit lines.

Both communities do not envision using only local money for construction. Having the Federal Transit Administration pick up half the cost is a necessity if either the uptown-Charlotte-to-Pineville or Durham-to-Raleigh lines are ever to be built.

Traditionally, the FTA picked up half the cost of construction or it did not fund a project. The new budget creates an intermediate category: partially funded "promising projects." Charlotte and the Triangle were the only projects placed in this category. Charlotte received only \$30 million of the \$185 million it had hoped for. The Triangle Transit Administration got \$20 million of the \$61 million it requested.

Transit officials in both communities remain hopeful that the FTA will commit to its traditional 50 percent share at some point in the future. CJ

Terence Jeffrey: Bush and His Breach With Conservatives

By CAROLINA JOURNAL STAFF

RALEIGH

The size of the federal government has grown under the stewardship of President Bush and so too has the divide between the Bush administration and many fiscal conservatives. Human Events Editor Terry Jeffrey was the February speaker for the monthly Headliner Luncheon Series hosted by the John Locke Foundation. He has looked closely at this growing divide and what it means for the current political relationships between conservatives and Bush and the upcoming presidential election. He spoke with Carolina Journal Publisher John Hood.

Hood: Tell us a little bit about Human Events.

Jeffrey: Well, *Human Events* is the oldest conservative journal in the United States. It was founded in 1944 and has been published every week since then with a few weeks off every year. It was Ronald Reagan's favorite publication. It's a journal that really kept the flame high for freedom during the Cold War and always has been committed to principles of limited government.

Hood: Talk about what appears to be an unlimited government and the Bush administration's federal budgets in recent years. Some other issues seem to be creating this divide between conservatives and President Bush — a divide that puzzles a lot of political observers outside the conservative movement because they see Bush as a polarizing figure that is so right-wing and conservative that the rest of the country wants to dump him.

Jeffrey: The liberal media would like to move the whole debate in America further left every year. But they're so dead that President Bush has given conservatives a dilemma. Here's a guy who's elected as a Republican president. He's now serving with a Republican Congress. He calls himself a conservative. The Republicans in Congress consider themselves the conservative party. And yet particularly in recent days he has moved away from conservatives on serious matters of principle. Therefore in an election year conservatives find themselves in a position where they're going to have to oppose the president on some things.

Hood: One of the aspects of the debate about the federal budget and spending growth has been not just that conservatives have been upset. They're upset about the particular areas of increase like the National Endowment for the Arts recently. How many votes is President Bush going to win by supporting opera goers?

Jeffrey: He might actually lose some votes. That's one that I'm very close to because back in 1992 I worked for Pat Buchanan's initial presidential campaigns. One of the key issues in that campaign was the management of the National Endowment for the Arts by George Bush's father. In those days the NEA was funding all sorts of outrageous programs I won't even mention, some of them are so disgusting! We made it an issue, and immediately after Buchanan did well in the New Hampshire primary George Bush Sr. fired John Frumeyer, who was the NEA director. Four years later, after Buchanan won the New Hampshire primary, we went to the convention in San Diego and he got the Republican platform to say that we would abolish the National Endowment for the Arts. So since 1996, when Bob Dole ran for president, until now it has been the Republican position to get rid of this thing. And this year President Bush went out and said let's give it a 20 percent increase.

Hood: Now the NEA is not a very large pro-

gram in the context of the total federal budget. It is to a large degree a symbolic issue. We're talking about the government subsidizing art. But I guess there's a fundamental fiscal conservative reaction to the idea of Bush putting more money into the NEA. And that is if you can't cut funding or get rid of funding for this rather marginal, clearly non-federal program then you're not going to get control of the budget at all.

Jeffrey: That's exactly right. I think it symbolized that. And more importantly, everybody talks about the budget baseline, they keep on building up the budget baseline every year. The real budget baseline, if you're a conservative, is the Constitution of the United States. You can read through all the Constitution and you cannot find any language that authorizes the United States Congress to take money from the taxpayers and to give it to some arts council.

Hood: Of course it doesn't say the federal government shall not fund an arts council. And a lot of people interpret the Constitution as, as long it doesn't say you can't do it, you can!

Jeffrey: Right! Article I, Section 8 of the Constitution actually enumerates the powers of the Congress. Everybody ought to read it. It says exactly what the federal government can do. And one of those things is not to create and fund the National Endowment for the Arts. President Bush should know that. This is something the Republican Party has formally recognized in its platform. Unfortunately his desire to increase incrementally the funding of this very small program symbolizes a bigger problem which is that now we have a Republican Party that doesn't want to put the federal government back in the box that the Constitution built for it.

Hood: Let's talk about the political divide between the conservatives and President Bush. Some people have argued that we had better budget discipline in the late 1990s, mid to late 1990s because we had a divided government. We had a Democratic president, a Republican Congress. Now of course Clinton advocates say he balanced the budget. But it didn't happen until there was a Republican Congress. So at least the argument was about division in Washington. And I wonder if this has any potential to impact willingness to vote or work for or donate to Bush. Perhaps some people think it would be better if there was a divided government.

Jeffrey: Well, I do hear people saying that. I don't believe that. I don't want a Democratic president and I especially don't want John Kerry as president of the United States. I am someone who has worked for a very long time to help this country get in a position where we would have a Republican Congress working for a Republican president. But it's disappointing that so far practical experience has shown that Republicans in Congress fight spending harder when Bill Clinton was there, than when George Bush is there. I think that may be turning however. I think you may see now, after — there were 25 conservatives who opposed the

president on his Medicare Prescription Drug Plan. That formed a core.

Hood: All right now, let me see if I can make the responding argument from the Bush administration and its supporters. And it's an argument that you're hearing a lot more of and it's this: Conservatives don't have their priorities straight. We've got a war on terror overseas: Afghanistan, Iraq, the search for Osama bin Laden, all of the things going on domestically about security. This is the president's number one priority. His number two priority, I think arguably, would be tax cuts that he's delivered several years in a row.

There are a limited number of things that a president can do even with a marginally Republican friendly Congress. And to fight and try to do something on the budget side is too many things for Bush to do. And if that means the budget deficit grows, he can't put political capital at risk on NEA funding or other domestic discretionary programs. That's just the nature of politics.

Jeffrey: Well, there's a substantial measure of truth in about two-thirds of that argument. No doubt the number one priority of the federal government constitutionally is

to defend the nation and we need to do what we need to do to secure our country. But George Bush has gone beyond conceding some things to the liberals and not fighting on the domestic front to actually being a proactive champion of programs that conservatives cannot support. I mentioned the Medicare Prescription Drug Bill. That was one. Campaign Finance Reform. He signed a bill that he himself said he suspected may violate the Constitution.

Hood: He kind of trusted the courts to bail him out on that, right?

Jeffrey: Exactly! He signed a bill that he suspected might violate the First Amendment. A president should not do that. He also has made increasing the power and funding of the federal education establishment a priority.

Conservatives do not believe the Constitution authorizes the federal government to get involved in primary and secondary education. The government doesn't do a good job. The local governments don't do a good job. I don't see how the federal government is going to do better. So Bush has advanced a vision of big government on the domestic side. That's why conservatives need to oppose him on those items.

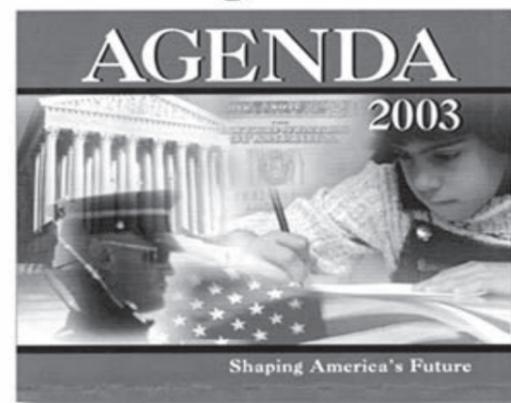
Hood: Last question: Do you think President Bush is vulnerable this year in his reelection bid?

Jeffrey: For the first time I believe he is. I used to think he was unbeatable. But in recent days because of disillusion among his conservative base and because John Kerry is going to be a more formidable candidate than Howard Dean, I think there's some chance, although I still believe chances are he will win in November. CJ



Human Events Editor Terence Jeffrey

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Building an America
Where Freedom, Opportunity,
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• When he hit the airwaves 30 years ago, John Stossel helped create a whole new category of news, dedicated to protecting and informing consumers. He chased snake-oil peddlers, rip-off artists, and corporate thieves, winning the applause of his peers. But along the way, he noticed that there was something far more troublesome going on: While the networks screamed about the dangers of exploding BIC lighters and coffeepots, worse risks were ignored. Reporters seldom reported the ways the free market made life better. In *Give Me a Break: How I Exposed Hucksters, Cheats, and Scam Artists and Became the Scourge of the Liberal Media*, Stossel explains how ambitious bureaucrats, intellectually lazy reporters, and greedy lawyers make your life worse even as they claim to protect your interests. See www.harpercollins.com for more information.

• Joseph Califano, Jr. grew up in a tight-knit working class family in Depression-era Brooklyn, and went from Jesuit undergraduate schools to Harvard Law, influential law firms, Robert McNamara's Pentagon, Lyndon Johnson's White House, and Jimmy Carter's Cabinet.

His memoir, *Inside: A Public and Private Life*, takes readers into the power centers of three Democratic administrations. He shows "how hardball is often necessary to make government serve its people." Califano remained "inside" even out of government, representing the *Washington Post* and the Democratic Party during Watergate. Learn more at www.publicaffairsbooks.com.

• On June 6, 1944, 19 boys from Bedford, Virginia, population 3,000, died in the first bloody minutes of D-Day when their landing craft dropped them in shallow water off Omaha Beach. Later that day, two more soldiers from the same small town died of gunshot wounds. Twenty-one sons of Bedford killed — no other town in America suffered a greater one-day loss.

Alex Kershaw's *The Bedford Boys: One American Town's Ultimate D-Day Sacrifice*, is the true story of these young men and their friends and families. It portrays a neighborhood of soldiers before and during the war, from the girlfriends they left behind to the buddies they made in basic training, from anxious barracks in England to the bloody beaches of Normandy. More at www.dacapopress.com.

• In *Boyd: The Fighter Pilot Who Changed the Art of War*, author Robert Coram writes that John Boyd may be the most remarkable unsung hero in all of American military history. Some remember him as the greatest fighter pilot in American history, and some recall him as the father of our country's most legendary fighter aircraft — the F-15 and F-16. But Boyd's manual of fighter tactics improved the way every air force in the world flies and fights, and he discovered a physical theory that forever changed the way fighter planes were designed. Later in life, he developed a theory of military strategy that has been adopted throughout the world and even applied to business models for maximizing efficiency. Details at www.twbookmark.com. CJ

Book review

Mugged by the State: Politicians' Legal Plunder

• Randall Fitzgerald: *Mugged by the State*; Regnery; 2003; 155pp.; \$27.95

By GEORGE C. LEEF
Contributing Editor

In *The Law*, Frederic Bastiat drew the distinction between legal plunder and illegal plunder. When a thief robs you, you have been *illegally* plundered; when government officials choose to confiscate your money or property, you have been *legally* plundered. Taxation has been the principal means of legal plunder since potentates began demanding tribute from defeated peoples in return for a cessation of violence against them. In recent decades, however, American officialdom has devised an array of new methods for plundering the citizenry. Through a host of statutes and regulations, bureaucrats, and "law enforcement" agents can easily separate an individual from his money or property merely by asserting that he is guilty of some absurd, technical violation of an obscure law.

With the enormous proliferation of government control over almost every aspect of life, Americans now find themselves walking in a minefield of hidden legal traps that are zealously enforced by officials eager to justify their positions and even line their own pockets. Those traps make it possible for government officials to mug their own citizens. When you hear politicians say that "crime is on the decline," they mean that *illegal* plunder is on the decline. Whether that is actually true or not is hard to say, but politicians almost never pay any attention to *legal* plunder. There aren't any statistics on the phenomenon of legal "muggings" of innocent citizens, but given the strong incentives for them and the low risk of undertaking them, I would hazard a guess that this type of crime is rapidly increasing.

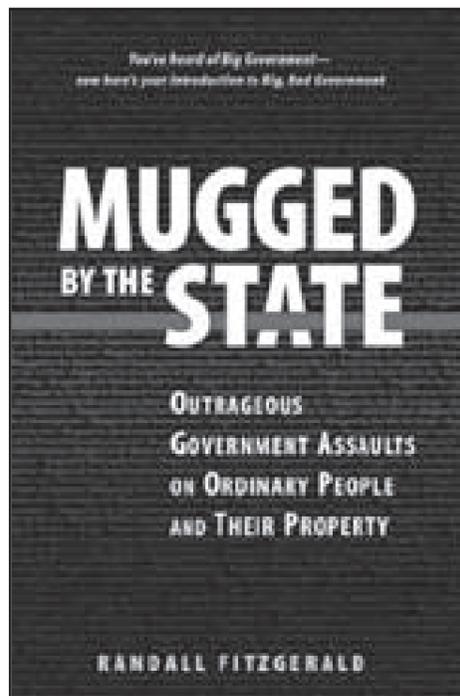
Randall Fitzgerald's new book *Mugged by the State* is not an attempt to quantify this problem, but rather is a horrifying collection of cases where Americans have been victimized by the fanaticism and/or greed of government agents. For many years, the author wrote about such incidents for *Reader's Digest* and he has now performed the extremely valuable service of giving us a book filled with them. It's a book that ought to make Americans of all political factions angry.

Fitzgerald explains the problem this way: "Enforcement quotas and other hidden agendas often create a lynch mob mentality among employees of regulatory bureaucracies. The public muggings that result, with fines generating new revenue to feed the bureaucracy, become a strategy for these agencies to continually justify their existence and expand their budgets."

Mugged by the State amply proves the central tenet of "public choice" economic theory, which holds that government officials will generally pursue their own interests. In case after case, we see greedy, vindictive officials attacking upon hapless individuals, just as a spider attacks an insect caught in its web.

The book is organized in six sections, detailing muggings arising out of: the war on drugs; eminent domain; environmental regulations; "protection" of the disadvantaged; health and safety laws; and monopoly power. Each contains an assortment of cases where harmless people have been put through the wringer by our "public servants." For example...

Tax consultant Judith Roderick was returning to the Seattle airport from a Caribbean vacation in November 1997, when she was accosted by five officials who said they were from the Thurston County Narcotics



Task Force. They announced that she was under arrest. Ms. Roderick was led away for questioning. She admitted to knowing one Gideon Israel, a client for whom she had prepared a trust document covering a parcel of land and for which she had been paid \$500. That was enough to make her guilty — at least in the eyes of the Task Force — of illegally laundering drug money. The 55-year old woman was then handcuffed and led in humiliation through the airport to a van. She was driven 60 miles to the Thurston County jail, where she was fingerprinted and locked up.

Ms. Roderick eventually learned that while she had been away, a dozen officers from the Task Force had raided her home, holding her niece and two children, who were staying there, at gunpoint while they searched the premises. The officials seized Roderick's computer, business records, and even two motorcycles that belonged to a friend of hers. Moreover, under Washington's civil asset forfeiture law, they obtained a court order freezing her bank accounts. They even filed for a court order to seize her home on the ground that it had been used for "money laundering" and was therefore forfeit to the government. All of that because she had done a small amount of professional business for someone implicated in drug dealing. The Task Force conveniently assumed that Roderick must have known that she was assisting in the disposition of property acquired with drug money and was thus a criminal herself.

It was a preposterous, trumped-up case and Roderick spent the next 14 months fighting to clear her name and recover her property. Her business was decimated and her reputation ruined by the publicity. She had to take a second job and depend on the generosity of friends and family members to avoid bankruptcy.

Finally, in February 1999, the prosecution admitted that it had no evidence to prove that Ms. Roderick had knowingly assisted the drug dealer, and proposed a deal — the charges would be dropped if she would sign over the trust on the tract of land. That was as ridiculous as the original charges, since she had no title to the land, but she signed anyway to put an end to the nightmare.

The Thurston County Narcotics Task Force would have enjoyed a huge increase

in its budget if it could have sold Roderick's house, computer, the motorcycles, and the 42-acre parcel of land under the civil asset forfeiture law. But Ms. Roderick was able to fight back and Thurston County had to return the property it had optimistically seized. Nice try.

In 2000, Roderick sued Thurston County in federal court for violating her civil rights by malicious prosecution, unlawful arrest, and imprisonment. She obtained a settlement of \$100,000, but that was woefully inadequate compensation for all the abuse and anguish caused by the grasping Task Force.

Eminent domain is another source of government muggings. Objectionable enough when confined to its intended limits — takings of land for important public uses where the government pays "reasonable compensation" for it — eminent domain has metamorphosed into a monster. Nowadays, politicians regularly use eminent domain to transfer land from one owner to another who will make what the officials regard as a better use of the land. "Better use," of course, means paying higher taxes.

One of Fitzgerald's cases here is that of Vera Coking, a widow who lived in Atlantic City, N.J. Her property, an old house, sat on land coveted by Donald Trump for his new casino. He wanted it for a "limousine staging area." But rather than negotiating to buy the property, Trump turned to the power of the Casino Reinvestment Development Authority, having it seize the property under eminent domain. In 1994, that august body notified Mrs. Coking that she had 90 days to evacuate her home, or else the sheriff would remove her and her belongings. Six years earlier, she had turned down an offer of \$1 million from another casino operator, but the CRDA was going to condemn her home in return for only \$251,000. Coking just wanted to continue to live there.

She found legal assistance and for four years, the case went back and forth in the New Jersey courts. Finally, a judge ruled that the proposed taking was improper and blocked it. Vera Coking should never have had to go through a battle to keep her home, and if it hadn't been for expert, pro-bono legal assistance, she certainly would have lost her property. Her case ended with the muggers being driven off, but in others that Fitzgerald tells, they won.

This is truly a book of heroes and villains. The heroes are Americans who have fought to uphold their rights against victimization by the government. Another class of heroes are the lawyers of such litigation groups as the Institute for Justice, Pacific Legal Foundation, and others who are dedicated to defeating the muggers.

The only part of the book that is disappointing is the author's brief ending discussion of possible remedies. He suggests, for example, reforming civil asset forfeiture laws so that the presumption of guilt that now lurks within them is removed, and creating "ombudsmen" whose job it would be to assist people who are caught in bureaucratic webs and are about to be mugged by government officials.

But that is a minor quibble. *Mugged by the State* is an extremely valuable book, a 21st century Paul Revere's ride to alert people to a great danger. I hope that a lot of Americans read it, and that at least a few will ask candidates what they propose to do to end these legal muggings. CJ

...When government officials choose to confiscate your money or property, you have been legally plundered.

Book Review

In Denial: Leftist Scholars Turn a Blind Eye to Soviet Espionage

• John Earl Haynes and Harvey Klehr: *In Denial: Historians, Communism & Espionage*; Encounter Books; 2003; 316 pp.; \$25.95

By RICHARD M. EBELING

Guest Contributor

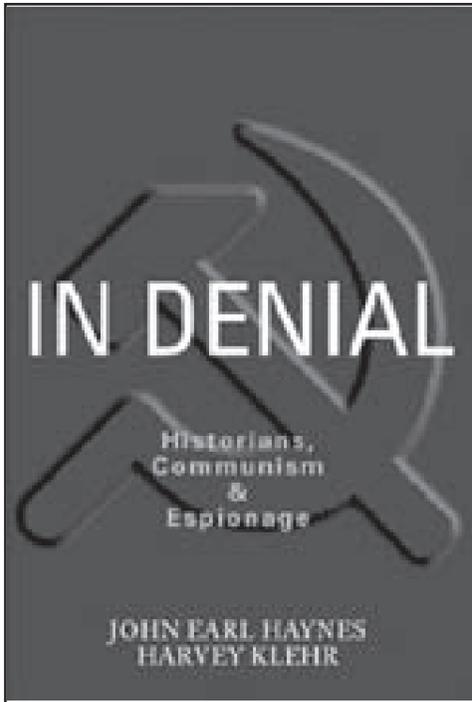
Irvington-on-Hudson, N.Y.

The truth about the tragedy and brutality of the Soviet regime was available for all those with eyes to see and ears to hear for the entire 75-year history of communism in the Soviet Union.

Since the fall of the Soviet Union in 1991, however, a number of formerly secret Soviet archives have been selectively opened for periods of time, allowing Russian and Western scholars to look directly into that country's history of horror. Among the documents partially made available were some relating to Soviet espionage in Western countries, including the United States. Two American historians, Harvey Klehr and John Earl Haynes, have devoted their research to the activities of the Communist Party of the United States and its connections to and funding by the Soviet authorities in Moscow. Their two books on this theme are *The Secret World of American Communism* (1995) and *The Soviet World of American Communism* (1998).

Assisting these investigations into Soviet spying in America has been the release of the Venona papers — the U.S. intelligence code name for the intercepted messages and communications between Moscow and their agents in the United States. Haynes and Klehr summarized those documents in their book, *Venona: Decoding Soviet Espionage in America* (1999).

What has been a surprising result of those revelations is the resistance by many American historians to admit and incorporate these new findings into their accounts of 20th century U.S. history and the place of



communism in that story. This peculiar and pervasive phenomenon is critically evaluated by Haynes and Klehr in their new book, *In Denial: Historians, Communism & Espionage*.

Bending history from leftfield

The fact is that a sizable majority of historians are on the Left, and view themselves that way. That is especially true among historians who have written on the Soviet Union, the Cold War, and the American Communist Party. Their sympathies have been with the ideas of social reform and revolution. They are either strongly antagonistic to capitalism or, at least, highly suspicious of a market-oriented society. With all of its imperfections, the Soviet

Union captured the ideal of a social order remade in the direction of "social justice." To admit the truths about the Soviet experience, as far as many of these historians are concerned, is to concede the debate to the forces of profit and human exploitation.

Hence, those historians resist admitting such things as the fact that Soviet totalitarianism was worse in its long-term effect than Nazi totalitarianism, if for no other reason than that it lasted so much longer and affected far more lives around the globe. In particular, they have been reluctant to admit the numbers of people killed by communism during the 20th century — well over 100 million — even in the face of irrefutable evidence including the type of documentation one finds, for example, in the excellent, multi-authored work, *The Black Book of Communism* (1999).

In Denial dissects the refusal of those historians to accept that the American Communist Party was heavily funded by and rigidly under the control and supervision of the Communist Party of the Soviet Union. They cling to the starry-eyed notion that the CPUSA was an independent force for social change in America, merely responding to and reflecting the vision of a better and more just world.

Likewise, they continue to resist the mutually reinforcing evidence of the Venona papers and the documents now available from the Soviet archives that hundreds of U.S. citizens knowingly participated in low- and high-level espionage in the years before, during, and after the Second World War.

In particular, they have turned a blind eye to the facts about Julius and Ethel Rosenberg, who were executed for atomic spying, as well as those such as Harry Dexter White, Alger Hiss, and Lauchlin Currie, high-placed government officials in the

Roosevelt administration who supplied government documents to the Soviets or who tried to influence U.S. policy in a pro-Soviet direction.

Corruption of communist ideology

Why is there such resistance to admitting these facts? The authors do not examine that question in much detail. But a clue is offered in another book, Alan Bullock's *Hitler and Stalin: Parallel Lives* (1992), and is typical of the mentality that Haynes and Klehr discuss. Bullock says at one point, "The corruption at the heart of Nazi ideology lay in its ends. Domination, enslavement, extermination are evil in themselves and will corrupt any movement that pursues it."

"The corruption at the heart of communist ideology lay in the means. Social justice, greater freedom and equality, an end to exploitation and alienation are noble, humane ends. What compromised them fatally were the inhuman methods employed to achieve them."

The blind spot comes from the inability to see that no system that wants to politically redistribute income, impose economic equality, and centrally plan what gets produced and supplied to whom can be humane.

The pursuit of such ends must always result in coercive means, regardless of the label under which it is undertaken or the people in whose name it is done. Thus, Soviet communism was no less evil in its chosen ends than those pursued under the Nazi regime.

Richard Ebeling is president of The Foundation for Economic Education. Originally published in The Freeman, January 2004.

Book Review

Road to Serfdom: 60th Anniversary of Hayek's Revolutionary Work

• F.A. Hayek: *The Road to Serfdom*; The University of Chicago Press; 1944-994, 266pp.

By PAUL MESSINO

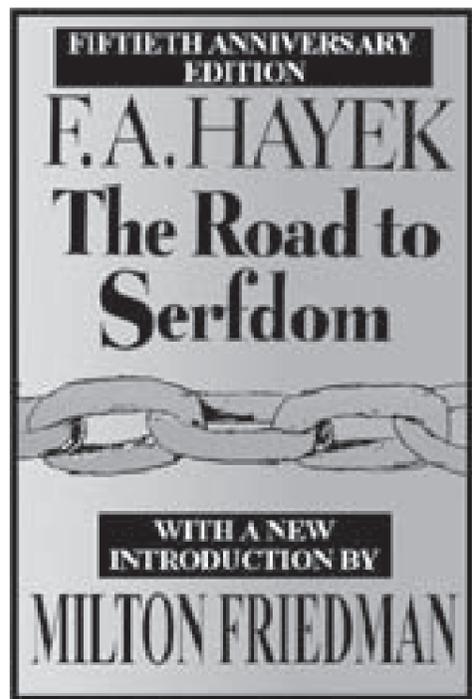
Editorial Intern

RALEIGH

The John Locke Foundation is celebrating the 60th anniversary of F.A. Hayek's revolutionary work combating the economics of socialism, *The Road to Serfdom*. Hayek was a free market, "Austrian school" economist and winner of the Nobel Prize in economics in 1974. He died in 1992 at 92.

Hayek wrote *The Road to Serfdom* in 1944, unaware of the impact it would have in economic and political thought. The book was published in several dozen languages, read, and heralded by Winston Churchill, Ronald Reagan, George Orwell, and Margaret Thatcher, and selected by the New York Public Library as one of the 100 most influential books of the 20th century.

The Road to Serfdom was meant to highlight and condemn an insidious socialistic tendency on the rise in England. In the book Hayek paints a picture of the tragedy of socialism's planned economy. Hayek vouchsafes to the readers of today the dangers of a planned economy's ability to remold the human psyche, a metamorphosis during Hayek's time that resulted in the destructive force of German nationalism during World War II. In the introduction to



the 50th anniversary edition of the book, published in 1994, Hayek's close friend and fellow Nobel Laureate Milton Friedman says Hayek "persuasively demonstrates" the necessity for an "individualistic society" in order to uphold the "widespread demand for freedom to 'do one's own thing'."

Recalling the tragedies of WWII we would be hard-pressed to discover, in total-

ity, why such travesties occurred. Hayek digs to the underlying foundation of Germany's form of socialism, i.e. nazism, and argues that the massive deaths and violations to human freedom did not come from the German people specifically, but were a product of misdirected values embedded in socialism itself. The essential question for every society structuring a government and economy is how should we plan our lives effectively and more importantly, who should do the planning? One answer is socialism. In seeking sanctuary in a state-planned economy we no longer "make use of the spontaneous forces found in a free society." Instead, Hayek says, in socialism, we "replace the impersonal and anonymous mechanism of the market by the collective and 'conscious' direction of all social forces to deliberately chosen goals."

Hayek contends that relegating the economic power of the people to the state only acts to degrade the society as a whole. Hayek asks the question, should power be given to the people so "they can plan most successfully; or whether a rational utilization of our resources requires central direction" by an economic blueprint?

Under socialism the central planner rules as king. He controls the means of production, the things produced, and all capital investment. The planner's goal is social equality. But there is no way for a single planner or group of planners to possibly control a whole nation's economy with

equality in mind. Inevitably there would surface partiality. Somehow those who believe in central planning cling to the hope that a single person or planning board can better predict the interactions of an economic system than can the individual planners endowed with the freedom to plan their own lives. "Yet it is this false hope as much as anything," as Hayek says, "which drives us along the road to planning."

When we buy into this "false hope," we disconnect ourselves from our own identities. We no longer hold our own values: Our values are now the state's values.

If we are to be directed by our own individual conscience, we cannot be governed by the economic central planning offered by socialism. To relinquish our economic freedoms would be to relinquish a tidal wave of other freedoms. The freedom to plan our economic lives is the freedom to plan our lives. There is no distinction. Our initial desire to weed out uncertainties by embracing socialism leads to the conclusion that "every activity must derive its justification from a conscious social purpose. There must be no spontaneous, unguided activity, because it might produce results that cannot be foreseen and for which the plan does not provide." But, it is the spontaneity of the unhindered will that allows us to be free. The more freedom we have, the more choice will be made available to handle those very vicissitudes that scare some men but invigorate others. CF

If Scriptural, Movie Isn't Anti-Semitic

This column was composed two weeks before the official release of the film *The Passion of the Christ*, which has generated controversy since producer and director Mel Gibson gradually unveiled it to select groups last year.

Last fall and winter Gibson smartly showcased his film, about Jesus Christ's final hours before His crucifixion, to audiences who were likely to create favorable buzz before its release Ash Wednesday 2004.

The Passion was shown before evangelical Christians at the Focus on the Family campus in Colorado and before conservative commentators in Washington, D.C., among other places. As Gibson I'm sure hoped, effusive praise for the movie poured forth from columnists such as Cal Thomas and Linda Chavez. Despite skeptics who believed a film in Latin and Aramaic about Christianity was doomed at the box office, church groups bought tickets by the thousands and now *The Passion* is expected to do very well.

But Gibson's early targeted campaign for *The Passion* was not only meant to build word-of-mouth support, but also to defuse concerns about anti-Semitism in the Biblically faithful film, because some Jews in the Scriptures called for Jesus's execution. The urges to "Crucify Him, crucify Him" by Jews in John 19:6 cannot be removed by a director striving for authenticity.

But to say the account promotes anti-Semitism is preposterous to any genuine student of the Bible. And no, this is not a "we all killed Jesus because we're all sinners" defense.

Yes, many Jews pressured Pontius Pilate to execute the Lord (John 19). But Christ failed to defend himself before Pilate's inquiries, who then, incredulous, asked, "Do You not know that I have power to crucify You, and power to release You?"

Jesus answered, "You could have no power at all against Me unless it had been given you from above." Nor could the Jews have that power. That Christ's death was predetermined in God's plan is clear in John 17.

Of course, that doesn't absolve those Jews who called for the crucifixion. But Christ Himself said on the cross, "Father, forgive them, for they do not know what they do." The apostle Peter, in Acts 3:17, confirmed that those Jews "did it in ignorance" and offered them a second chance through repentance two verses later.

Speaking of apostles, let's not forget it was Jews that Jesus plucked off the shore and from the tax office to be His disciples. Those Jews launched the gospel to their brethren and to the Gentiles. Christians owe those Jews gratitude for obeying the Lord's command to go forth and make disciples of all the nations (Matthew 28:19). Also note that the disciples never shunned their Jewishness. Indeed the Jews still are in God's plan, even in the New Testament (Romans 11).

Enough of the Bible lesson — back to Gibson's movie. To say a film, that is by all accounts faithful to the Scriptures, is anti-Semitic just isn't credible. That prejudice is not in the Bible, despite the twisting and misinterpretation of so many who would demonize Jews.

To further prove my point, I hope *The Passion* is only the first of a trilogy. Next up should be *The Resurrection*, which is the real Good News where Jews testify of the risen Savior. And finally *Birth of the Church* based on Acts, in which a few Jews bravely go forth to spread the gospel.

Let's remember what *those* Jews did for Christianity. CJ



Paul
Chesser

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Editorials

BROKEN RECORDS

Shine more light on economic incentives

N.C. Secretary of Commerce Jim Fain, talking about the state's \$534 million incentives package to lure Boeing to the Global TransPark, said it quite well for his department and the governor's office: "We learned a lot during this process." Amen to that, brother. Add taxpayers and the media to the list of the newly enlightened.

But the lessons learned were about as positive as touching a high-voltage wire: shocking and forever impressive. For it's evident, after details of the Boeing plan were finally made public — two whole months after the fact — that the Commerce Department and the Easley administration were prepared to sell the farm if only the aircraft manufacturer would continue its courtship with sweet Carolina.

The amount of money involved in the state's bribe — uh, incentive — was news in itself. Previous news stories, based upon meager information released by the Commerce Department, reported that the Boeing incentives totaled \$93 million. To ordinary folks, there's quite a difference between \$93 million and \$534 million. But to the high rollers accustomed to wheeling and dealing with taxpayers' money, apparently the gap wasn't enough to squeal over.

Had it not been for North Carolina's Public Records Law, though, the details and the immensity of the deal might have never worked their way into the sunlight. Instead, government bureaucrats probably would have been perfectly content to sit on the information indefinitely. That way they wouldn't have to answer to taxpayers suffering the shock and awe of having to donate half a billion dollars to a Fortune 500 company.

Doing some back-of-the-envelope math, the incentives rivaled the Florida swampland deals of yesteryear in which many a sucker lost the family fortune. Simple arithmetic shows that North Carolina would have paid about \$314,000 per job that would supposedly have been created by the incentives. The state of Washington paid about \$1.9 million per job. From that perspective, North Carolina taxpayers actually came out winners, and Washington's taxpayers the big losers.

But no matter whether one is a supporter, or an opponent, of state incentives paid to recruit corporations, most observers would agree that openness is critical to the process. The N.C. Public Records Law generally allows records on transactions such as the Boeing-GTP package to be kept under wraps for a while. That guarantee in the law

protects a company's trade secrets.

It must be emphasized, however, that confidentiality applies only UNTIL the transaction is completed. After the deal has been struck, or a transaction has failed, all records, excluding a company's trade secrets, are to be made available immediately to the public.

That's where the Commerce Department dropped the ball on the Boeing-GTP negotiations. Commerce Department officials at first considered withholding not only trade secrets, but also information about the incentives North Carolina had offered to Boeing. In other words, taxpayers, who foot the bill for incentives, would have learned very little of the negotiations. Commerce Department officials also failed to release the records in a timely manner. They eventually did open the documents to public review, but only after *Carolina Journal* threatened to file a lawsuit in Wake County Superior Court.

This area of the law that pertains to government negotiations with corporations was written to thwart corruption, which it does to some degree. For North Carolina, recently victimized by an unscrupulous commissioner of agriculture and an ethically challenged congressman, cannot afford to suffer any more scandals at any level of government. The records law contributed to revelations in both cases.

Economic development and concomitant incentives, however, pose a growing threat to open government. The

But the lessons learned were about as positive as touching a high-voltage wire: shocking and forever impressive

Bill Lee tax-credit act, and recent far-reaching legislation that strengthened the Easley administration's hand in pursuing other types of economic development, have opened a whole new can of worms for government watchdogs to sniff.

Will North Carolina be able to meet the challenge? Some public servants probably will wholeheartedly follow the law. But others, no doubt, will prove unable to resist the increased frequency and po-

tency of temptation.

The Public Records Law, as it currently stands, lacks the enforcement power that will be required to discourage the potentiality of corruption that inherently accompanies economic incentives packages. Violators of the law now face two penalties of questionable consequence: (1) a court can order a state agency or official to release the records, an action that should have happened anyway; or (2) a court, depending upon a judge's ruling, can allow a complainant recovery of attorneys' fees. In practice, though, a judgment for recovery is unusual, media lawyers say.

The General Assembly, when it convenes in May, should consider measures to fortify the Public Records Law and increase the penalties for violations. One option would be to make it a misdemeanor, or felony in a flagrant case or for a repeat offender, for custodians of public records to impede open government. Another option would be for the court to automatically make a violator pay a complainant's attorneys' fees and court costs. A stiff fine, or possibly jail time, would further deter noncompliance. CJ

ROAD TO RUIN

Transportation could be key voting issue

Elections for state office in North Carolina have in recent years revolved around issues such as taxes, spending, education, and a proposed state lottery. This year, we think that transportation will play a much larger role than it has in a long time.

Partly this is a result of the fading of the public schools as a central focus of the political class — not because education isn't still a higher priority for both candidates and voters, but because there is at least a perception of progress.

Based on polling and voting behavior, we don't think North Carolinians see the state's educational deficiencies as a crisis, though perhaps they should. But it does seem clear that many if not most North Carolinians, and especially those likely to vote in 2004, view unmet transportation needs as the political equivalent of a pot boiling over.

The traffic congestion conundrum

Voters probably see several different stovetop messes. One is congestion. An increasing number of motorists in Charlotte, the Triad, the Triangle, and smaller metros from Asheville to Wilmington are experiencing significant delays in commuting to and from work.

According to a just-released analysis of state highway systems by Dr. David Hartgen of the University of North Carolina at Charlotte, North Carolina has now risen to fourth in the nation in the percentage of urban interstates considered "congested," at 75 percent. Only California (82 percent), Maryland (82 percent), and Minnesota (77 percent) look worse on this measure.

Contrary to myth, investment in new and expanded highways is one of the most effective means of addressing the problem of traffic congestion, though in a growing area attractive to transplants from the country or from other states such investments slow growth in traffic delays or redistribute it but rarely reduce it.

Some North Carolina cities are finally seeing long-awaited projects come to fruition, such as the belt around Charlotte and the outer belt around Raleigh, but others are not. The last big transportation-improvement bill passed by the General Assembly, back in 1989, was fraught with planning and projection errors, thus setting expectations far higher than revenues could satisfy.

Whatever the cause of this gap — and most of the blame should probably be apportioned to environmentalist obstructionism and unnecessary raids on highway-based revenues for nonhighway purposes — there is no doubt that many North Carolinians are frustrated and seeking answers.

Mass transit hucksters

One answer peddled by some hucksters in North Carolina's largest metros is mass transit. Gov. Mike Easley pushed a transportation bill through the legislature last year that included some good ideas but also included additional diversions of millions of gas-tax dollars to transit boondoggles. Voters tend to feel vaguely good about this idea when you first ask them, because they think that new rail or bus lines will attract other motorists and thus leave the roads more open for them. The truth dismays them.

In a poll the John Locke Foundation recently commissioned in Wake County, likely voters started out roughly split on a proposed Triangle rail-transit system, 46 percent opposed and 41 percent in favor. But when told that Triangle transit officials themselves admitted the project would result in only a "slight" reduction in traffic congestion, something in the neighborhood of 1 percent, nearly 60 percent of voters said it would be a bad investment, compared with only 27 percent endorsing it. And when given a choice between spending gas-tax dollars on more highways or more transit, voters overwhelmingly (66 percent to 25 percent) thought the priority should be highways.

Deteriorating conditions and their cost

Another hot pot for many North Carolinians is the quality of the highways they traverse. They are right to be concerned. Hartgen's study found that the condition of the state's roads is deteriorating rapidly — falling from 20th in the nation in 2001 down to 36th just a year later. North Carolina's rural interstates ranked 44th, with urban interstate at 42nd, rural primary roads 45th, and bridges 37th. "This is a sad showing for a state that once prided itself on good roads," Hartgen said. Poor highways affect safety,

wear and tear on cars and trucks, and commerce.

On that last point, what makes this issue so timely for so many voters this year is North Carolina's languid economic performance. They know that adequate access to good-quality highways is far more important to most existing or potential businesses than are the tangential issues many politicians spend their time fiddling with, including even other transportation infrastructure.

For safety, for convenience, and for economic development, North Carolinians increasingly see highway improvement as a key issue in state and local elections. Politicians would be foolish not to follow their lead.

HEALTHY DEBATE

Get politics out of medicine, not further in

Speaking of voting issues for 2004, health care is reportedly in the forefront of many voters' minds as they begin to turn their attention to the elections. Politicians are responding with a host of new promises — on top of all the old ones that can't be fulfilled over time (like the nearly bankrupt Medicare program and the clearly bankrupting Medicaid program) and the recent, equally unaffordable, ones on prescription drugs.

What is confusing about the politics of health care is the lack of specificity as to what voters expect public officials to do about it. Sure, we know what the problems are. Employers and employees are struggling with renewed inflation in the cost of health plans. Taxpayers are struggling to keep up with surging demand and cost in public-sector programs. Doctors dislike "interference" in medical decisions by insurers. Patients worry about the cost of prescription drugs as well as the potential availability of new drugs to treat their illnesses.

But if all American voters mean by "address health care" is that they want the government to deliver it, finance it, or regulate its cost, then their sentiment is nothing more than a dressed-up demand for income redistribution. The "government" has no money. Taxpayers have money. Governments exist to do coercive things. If you want the government to give you free or cheap health care, what you really want politicians to do is force your fellow citizens to pay for their own health care *and* for your health care.

If, on the other hand, American voters have the sense that their choices within the medical marketplace are unnecessarily constricted and unnecessarily costly, then the government can address the problem without having to expand their income-redistribution schemes, and preferably while reducing said schemes. For example, the federal and state income-tax codes warp the market for health care by imposing punitive levies on people who buy their own medical services and (though this is improving somewhat) their own health plans. Additional government regulations and premium taxes made it hard for individuals to own their own plans and make their own decisions.

For all its faults, the new Medicare bill has authorized health saving accounts to give Americans more latitude to take the same tax deductions for their medical savings and spending as they — and to a larger extent their more-affluent peers working at large companies — have enjoyed for years with regard to employer-based health plans.

Patients spending their own money from their own accounts, and more to the point having an incentive not to spend their own money in those accounts, will promote efficiency without sacrificing health. That's what the RAND Corp. found years ago in a study that examined cash-based systems for patients seeking routine medical expenses (obviously insurance products kick in for more expensive treatments and surgeries). RAND found that patients spending their own money tended to spend an average of 30 percent less than their fully insured peers without scrimping on truly necessary preventive care.

Now, research just released by the health insurer Aetna has demonstrated a similar effect. Last year, about 14,000 Aetna customers moved from a traditional PPO approach to an account-based program. The result was that the cost of their treatment grew by only 1.5 percent from January to September 2003, compared with a double-digit increase during the same period in 2002. Preventive-care visits actually increased while more than half of them had money left over in their accounts to roll over into 2004. Virtually everyone said they would prefer to renew their savings-based plan rather than going back to the old version.

If voters want more power, more control, more options, and more savings, the good news is that politicians can certainly deliver without picking someone else's pocket. All they have to do is get themselves, and their biased tax and regulatory policies, of the way. CJ

News Flash: NC Oil Industry is Small

It's official, according to a much-touted new study: North Carolina's mining and oil industries are smaller than Alaska's. Well, actually that's not how the study in question, conducted by the accounting firm Ernst & Young, was recently spun by Gov. Mike Easley and others trying to tamp down talk of North Carolina's tax woes.

They said that the Ernst & Young study showed "business taxes" in North Carolina to be among the lowest in the nation. *The News & Observer* of Raleigh editorialized that the study undercut Easley's critics who say a different policy is needed to stimulate growth and job creation. "Starting that discussion with a push for tax cuts would be like calling a taxi for a ride across the Atlantic," the newspaper said. "Not only will a cab fail to get us where we're going, but we'll miss the boat while we wait for it."

Talk about missing the boat. The Ernst & Young study is preposterous. Common sense alone should have hoisted some red flags about a report suggesting that Texas, Florida, and "Live Free or Die" New Hampshire imposed a higher tax burden on business than did Massachusetts, Connecticut, or California. A closer look at the study reveals some of its most-glorious flaws.

For one thing, the authors decided that individual income taxes and most sales taxes were not "business taxes." Really? This might come as a bit of a shock to executives and investors whose decisions are affected by the capital-gains tax, to retailers trying (and often failing) to pass along increases in sales taxes to their customers, and to small businesses — who account for half of North Carolina employment and 80 percent of job growth — that are mostly unincorporated and thus pay tax on their profits via individual-income taxes.

Excluding these items yields perverse results. States with low taxes but a high concentration of land-intensive or extractive industries, such as oil, mining, and ranching, rank poorly on the Ernst & Young's list. Obviously, the fact that Texas oil firms pay lots of property tax has little to do with whether manufacturers or professionals will pay higher taxes in Houston than they will in Boston or Charlotte. More generally, the study makes states with a heavier reliance on income and sales taxes, such as North Carolina, look artificially attractive.

Other, more useful studies examine all taxes affecting business activity. A 2003 ranking by the Tax Foundation put North Carolina near the middle of the pack nationally and near the top in tax burden among Southeastern states. Another report from the Small Business Survival Committee ranks North Carolina costs as far above that of any other state in the region and among the costliest in the nation for entrepreneurs.

Keep in mind that states with relatively high marginal rates, and North Carolina imposes some of the highest tax rates in income in the United States, can end up collecting relatively low revenues per person precisely because their taxes shrink the size of the economic pie.

I'm not arguing that, considering all forms of taxation, North Carolina is one of the nation's highest-taxed states. We are roughly in the middle, which is bad news since we were a low-tax state not too long ago and are in a region full of low-tax states. The best available data and research on why state economies grow make the case for tax cuts as an effective way to boost North Carolina's economy.

The Ernst & Young study is not among the "best available." CJ

Hood is president of the John Locke Foundation and publisher of Carolina Journal.

John Hood

Editorial Briefs

Rethinking John Maynard Keynes

Many respected academics have long drawn analogies between the economic theories of John Maynard Keynes, generally considered the most important economist of the 20th century, and the economic policies of Nazi Germany, says Bruce Bartlett of the National Center for Policy Analysis.

An article in the April 1975 issue of the prestigious *Journal of Political Economy* points out that German economists in the early 1930s were well aware of Keynes' work and were developing theories along parallel lines. The German policy solutions involved the now-familiar prescription for economic depressions of large budget deficits, public works programs, and easy credit.

A July 1992 article in the journal *Explorations in Economic History* found that German fiscal policy stopped being restrictive and turned "Keynesian" as soon as Adolf Hitler came to power in 1933. Government spending increased almost immediately, helping to pull Germany out of the Depression while America and Britain still maintained restrictive fiscal policies.

Furthermore, it turns out that Keynes' greatest admirers have long maintained that Hitler's economic policies were indeed Keynesian. In a lecture to the American Economic Association's annual meeting in 1971, economist Joan Robinson, a close colleague of Keynes, said, "Hitler had already found how to cure unemployment before Keynes had finished explaining why it occurred."

But Keynes developed his theories in the 1930s precisely in order to save capitalism. He understood that it could not long survive the mass unemployment of the Great Depression. His goal was to preserve what was good about capitalism, while saving it from those who would destroy it, Bartlett says.

Of course, there is much in Keynes's work to criticize. Many of the economic problems of the postwar era resulted from it. But in the context of his time, Bartlett says, Keynes is a man to be admired, not slurred as a crypto-fascist.

Reported by the National Center for Policy Analysis.

Information technology and trade

Is American losing highly paid technical jobs, such as computer programming, because of outsourcing computer software and service jobs overseas to India?

New programming jobs may be springing up in India, says Virginia Postrel, but they aren't canceling out job growth in the United States.

Compared with the end of 1999, rather than the peak of the economic bubble that ended in the 2000-2001 recession, December 2003 data show a 14 percent increase in business and financial occupations, a 6 percent increase in computer and mathematical jobs, and a 2 percent drop in architecture and engineering jobs.

Catherine L. Mann, an economist at the Institute for International Economics in Washington, argues that the globalization of software and computer services will enhance American productivity growth and create new, higher-value, higher-paid technical jobs.

This happened in computer hardware in the late 1980s when Asian manufacturers began turning out basic memory chips, undercutting American chip makers' prices. Semiconductor makers here shifted to higher-value microprocessors.

Mann estimates that globalized production and international trade made I.T. hardware 10 percent to 30 percent less expensive than it otherwise would have been. U.S. gross domestic product grew about 0.3 percentage points a year faster than it would have otherwise, adding up to \$230 billion over the seven years from 1995 to 2002.

By building the components for new integrated software systems inexpensively, offshore programmers could make information technology even more affordable. And as in hardware, software systems integration jobs can replace those lost for basic programming.

Reported by the *New York Times*, and by the Institute for International Economics. CJ

1960s Feminism on Parade at 'Comfort Day'

By DONNA MARTINEZ

Associate Editor

Election-year politics always provides an interesting in-depth look at American demographic trends as pundits slice and dice the electorate into handy pieces for analysis. Already this year, Southerners, Hispanics, NASCAR dads, and senior citizens have taken a turn under the media microscope, all in an attempt to predict who's likely to vote for whom, why, and in what numbers.

It's not just pollsters and political science buffs who pore over the data. Candidates and their strategists use the information to craft messages to appeal to as many key, carefully selected voter groups as possible. Show some special interest here, a little extra empathy there, a few words of Spanish over here, and the hope is that the politician's next speech will be delivered at the swearing-in ceremony.

Women are perhaps the most sought-after voting bloc in America, testament to the many advances, and resulting power, women have achieved. Virtually every stump speech makes an appeal to so-called women's issues: primarily abortion, child care, and education. In today's climate, emphasizing a special interest in, or intuitive feel, for these areas is a smart political move. Feminists want to be catered to, and they expect preferences over men, despite their battle cries for equality and a level playing field.

Now hear this, Mr. Candidate

National Organization for Women President Kim Gandy makes the power play clear in a letter posted on the group's web site about her visit to New Hampshire for a Lifetime TV presidential candidates' forum in January. "I was there to join New Hampshire NOW activists and other national feminist leaders to emphasize the clout of the women's vote and stress the power that grassroots women organizing in their communities can bring to any candidate who recognizes our concerns," she wrote.

In other words, Mr. Candidate, if you don't pander to feminists, you'll be on the politically incorrect side of a savvy special-interest group that enjoys widespread media acceptance as representing the majority opinion of American women.

As politicians cave to the pressure, they reveal a fundamental misunderstanding of women today.

Bowing to feminist pressure presumes that all women think alike, want the same qualities in a world leader, and have the same priorities. Like men, they don't. The fact that all women aren't NOW-following robots has escaped politicians and reporters. Aligning with NOW and like-minded

organizations such as Planned Parenthood and NARAL, leaves candidates incorrectly believing they've got the women's vote covered.

That's particularly shortsighted for the upcoming general election. Not only will the Democratic nominee ignore moderate women, he will fail to recognize that women today aren't enamored with 1960s-style feminism, its tired mantra about Big Bad Men, and its peddling of victimhood.

According to a 2001 poll by the Gallup Organization, only 25 percent of women 18 years or older identify themselves as feminists, down from 33 percent in 1992. "Feminist" is a label worn only by a shrinking minority.

Today's women have it good

This may be surprising, but it shouldn't be. Problems facing women today are minor when compared to the institutional and societal barriers that unfairly limited women prior to the 1970s. Today, American women have never enjoyed as much opportunity and freedom or suffered as little discrimination. Gone are the days of male-dominated corporate boardrooms. Take a look in any law school or medical school classroom and you'll see more women than men. No longer are we pigeonholed into lower-paying, less-critical jobs, or expected to conform to outside expectations.

Perhaps the best illustration that 2004 America is a much more equitable society than the era when feminists screamed their way into our lives came last year at Duke University. There was no need for women to march for admission to engineering classes, hold a rally for abortion rights, or storm the president's office demanding respect from male professors. No, the biggest problem plaguing Duke women is what the university's Women's Initiative report described as the pressure to achieve "effortless perfection."

I call it an advanced state of self-absorption. It seems Duke women feel the need to be smart and cute at the same time, which they say is hard to do, and they're stressed out about it.

In response to this earth-shattering conundrum, three seniors created "Comfort Day" on campus. Distributing "Me First" buttons, the women encouraged students to be themselves. And, oh yeah, dress comfortably, too. And, hey, don't let anybody pressure you into anything you don't want to do.

Silly, yes, but Comfort Day's existence on a campus known for its indulgence in feminist ideology illustrates a point that's just as important as Gallup's data. Today's woman is a lifetime removed from Gloria Steinem and the feminist crowd's perspective on the world. What's still murky is how long it will take Democrats to recognize it. CJ



Donna Martinez

GI Bill: Is It a Sacred Cow or Just Another Federal Subsidy?

By **GEORGE C. LEEF**
Contributing Editor

The GI Bill turns 60 this year. The legislation, guaranteeing that returning soldiers could attend college at the expense of the federal government (to be more accurate — the expense of federal taxpayers), was the first of Washington's many interventions into higher education. Before the bill, federal politicians paid no attention to colleges and universities. After it, they have passed laws and regulations covering higher education at an accelerating pace.

To almost everyone in the education establishment, it is a given that the bill and its subsequent extensions were a good thing. Without the massive assistance that the federal government has given students so they could afford a college education, no doubt America would be lagging far behind other industrialized nations and could not have achieved the rate of economic growth that we have experienced since the end of World War II.

Dubious benefits of the GI Bill

In a recent article in *The Chronicle of Higher Education*, former Illinois Sen. Paul Simon displays the "sacred cow" view of the legislation, writing, "The GI Bill's education benefits made a huge difference in the lives of millions of veterans who otherwise would not have gone to college — and it enriched the nation immeasurably. We would not have our high standard of living in the United States if the GI Bill had not been enacted."

Simon listed the benefits of the bill: "It produced 450,000 engineers, 240,000 accountants, 238,000 teachers, 91,000 scientists, 60,000 physicians, 17,000 journalists, and untold numbers of dentists and members of the clergy." Impressive. Who could possibly doubt that it was a good investment?

I do. When politicians point to favored programs and say, "Look at its wonderful results," they are playing an intellectual trick on you. The trick, which they may not realize is one, lies in the hidden assumption that in the absence of the program, people would have done nothing on their own.

Consider all those engineers, accountants, teachers,

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George Leef

and so on. Simon would have us believe that if it hadn't been for the free college training under the bill, the nation would have had 450,000 fewer engineers, 240,000 fewer accountants, and 238,000 fewer teachers. Naturally, the country would have suffered under those shortages.

Here's the right question: Before the federal government started subsidizing college attendance, did the United States have a shortage of engineers, accountants, etc.? Did lots of engineering work go undone and books go unbalanced because we didn't have enough of those professionals? No. You will look in vain for evidence that the labor market was failing to provide enough qualified people to perform those or any other tasks.

Through the operation of the free market, the United States had always been able to fulfill its manpower needs. The only difference that the GI Bill made was to shift away from direct training programs — apprenticeships, for example — and toward training provided in college classrooms. If the bill hadn't been passed, the United States would still have had enough engineers, accountants, teachers and so on, but many would have learned their trade without spending four years in college, learning many other things (some valuable, some not) in the process. We no more need government educational subsidies in order to produce the right number of any sort of worker than we need agricultural subsidies in order to get farmers to grow the right mix of crops.

A middle-class entitlement program

Rather than a tremendous boon to the nation, I agree with economics professor Thomas DiLorenzo, who calls the GI Bill, "a budget-busting middle-class entitlement scheme that had destructive effects on higher education, and set the stage for virtually all our current educational problems." It was the camel's nose under the education tent.

We would have had just as many engineers, accounts, etc. with or without the bill, but with it, taxpayers had to cover the cost of four-year college degrees where previ-

ously individuals or employers would have borne the cost for the necessary training. With this subsidy program, we both shifted and enormously increased the costs of occupational preparation, and at the same time created a new source of funds for colleges and universities — the federal government. In the decades to follow, they would constantly lobby for more.

Do we need a college-educated workforce?

The point of Simon's article was to argue for a new, or at least expanded GI Bill. "We must build a more skilled work force," he wrote. "Every economic study suggests that we must invest more in education or we will harm the nation." He proposed "a massive program of reskilling and re-educating the bottom 60 percent of the work force." We'll almost undoubtedly hear political candidates this year making promises that if elected they will do something along those lines.

That sounds great — very *concerned*. But how would more formal education, paid for mainly by taxpayers, do anything to raise the earnings of truck drivers, retail clerks, waitresses, construction workers, or anyone else? Workers naturally tend to find the ideal level of training to maximize their income without governmental educational subsidies.

Much as the education establishment may want to think so, we cannot raise people up by their bootstraps with subsidized college courses.

Don't get me wrong. I'm certainly not against higher education. I just don't think that it is the only or necessarily the best way for people to acquire the skills they need to succeed in life.

By subsidizing it heavily for the last 60 years, the federal government has turned the college degree from a mark of important personal accomplishment into just a credential that signifies nothing.

A basic tenet of economics is that when you subsidize something, the result is overproduction. That's just as true for college degrees as any other product. *CJ*

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

Out and In: Jobs Both Leave and Come Into the United States

By **MICHAEL L. WALDEN**
Contributing Editor

North Carolina and, indeed, the entire country, have lost thousands of jobs in recent years to companies in foreign countries. With lower trade barriers, many foreign companies are able to under-price domestic producers and sell to U.S. consumers.

Now, some say there's a new twist to this situation: U.S. companies cutting jobs here and moving them to foreign countries. This process is called out-sourcing, and many are worried it presents a new challenge to U.S. workers.

Currently, there are about 10 million out-sourced jobs (jobs operated by U.S. companies in foreign countries), accounting for 7 percent of domestic U.S. employment. The jobs are evenly split between manufacturing and other industries.

Out-sourcing also isn't new. Out-sourced jobs as a percentage of total U.S. employment have ranged between 5 percent and 8 percent for 30 years.

Foreign companies create jobs in U.S.

Although out-sourcing sounds gloomy, there is a positive, flip side to the story. In-sourcing also occurs. In-sourcing happens when foreign companies establish jobs in the United States and hire American workers.

The latest statistics show in-sourcing accounts for more than 6.5 million jobs. Although out-sourced jobs exceed in-sourced employment, the gap has narrowed considerably in the past quarter century. In other words, there's been a trend of foreign companies adding jobs in the United States

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Michael L. Walden

faster than U.S. companies have increased jobs in foreign countries.

For example, since the mid-1990s foreign companies have added 400,000 jobs in U.S. factories manufacturing vehicles, computers, electronics, and other machinery. Over the same time period, U.S. companies moved 300,000 jobs to foreign countries in the same sectors.

Effect on N.C.

What about the out-sourcing debate in North Carolina? Unfortunately, we don't have comprehensive information for out-sourced jobs from North Carolina factories and offices.

But we do know there are 240,000 in-sourced jobs in North Carolina, 100,000 of which are in manufacturing. And the total number of in-sourced jobs in North Carolina has also increased in recent years.

So despite the headlines, the news isn't all bad about out-sourcing. While U.S. companies have moved jobs to foreign countries, foreign companies have put millions of high-paying jobs in the United States and thousands in North Carolina.

Yet, in an increasingly globalized economy, more and more jobs are candidates for out-sourcing. The jobs most vulnerable are those performing routine tasks, not requiring close supervision, and where lower-cost foreign labor is readily available.

For example, 20 years ago computer programming was a new and "cutting edge" job. Today, many program-

ming tasks are straightforward and routine, and millions of workers worldwide have been trained to do them. These are the kinds of technical jobs that can go to foreign nations with lower costs.

To compete against out-sourcing, U.S. workers should go beyond entry-level training in their fields and arm themselves with more specialized and advanced skills. This will make U.S. workers more valuable and unique and, consequently, not inter-changeable with millions of competing workers worldwide.

Lower prices for consumers

Also, don't forget that out-sourcing has its benefits if it means lower-priced imported products for U.S. consumers. American buyers can then use the savings to purchase other products and services made in the United States.

If current trends continue, the number of both out-sourced and in-sourced jobs will increase in the future.

While we need to be aware of the number of out-sourced jobs and the implications for domestic workers, we shouldn't ignore that the door also swings the other way with foreign companies moving jobs here.

And both out-sourcing and in-sourcing ultimately make for a more efficient, and least costly, economy. *CJ*

Michael Walden is a William Neal Reynolds distinguished professor in the Department of Agricultural and Resource at North Carolina State University and an adjunct scholar with the Locke Foundation.

Through the operation of the free market, the United States had always been able to fulfill its manpower needs.

...we shouldn't ignore that the door also swings the other way with foreign companies moving jobs here.

Students: Tuition Increases Mean We Pay More

Student-subsidized organization publishes an 800-page book full of whiny anecdotes to prove this point

Rachel Johnson worked at Wendy's because the restaurant gave its employees free food. Tony Caravano used scholarship money to pay extra tuition bills instead of studying abroad. And countless parents fear they might have to pull their children out of the state's public universities if tuition goes up again.

On Monday afternoon, a dozen student leaders from UNC campuses presented a book of more than 800 personal stories that detail the impacts of proposed tuition increases and budget cuts. Johnson and Caravano, both student body presidents at UNC system campuses, told their tales to put human faces on the proposed increases...

— Barbara Barrett, "Student book tells tales of struggle," The News & Observer, Feb. 10, 2004

His youthful brow unnaturally creased with furrows, Manfred Weinlaud III lay stretched across his bed in Granville Towers pondering his future in the University of North Carolina at Chapel Hill. On his pillow, a newspaper opened to the help-wanted section supplanted the usual mint.

A few miles away, N.C. State junior Justin Anguish tarried outside a Raleigh bank, fists clenching and unclenching inside his jean pockets as he wrestled with a decision that could affect him for the next five years.

Meanwhile, half the state away, the parents of Sally Whanemiker were holding serious discussions. Could they fit another part-time job in their busy schedules so she could preserve all her free time for her studies at UNC-Wilmington?

Across the state, similar scenes are being played out. That's because UNC schools are discussing raising tuition again, some schools by up to \$300.

For many UNC students, it is their first taste of hardship, and for many parents of UNC students, it could mean their last gasp at shielding their fledglings from hardship. "I may have to give up flying home," Weinlaud says.

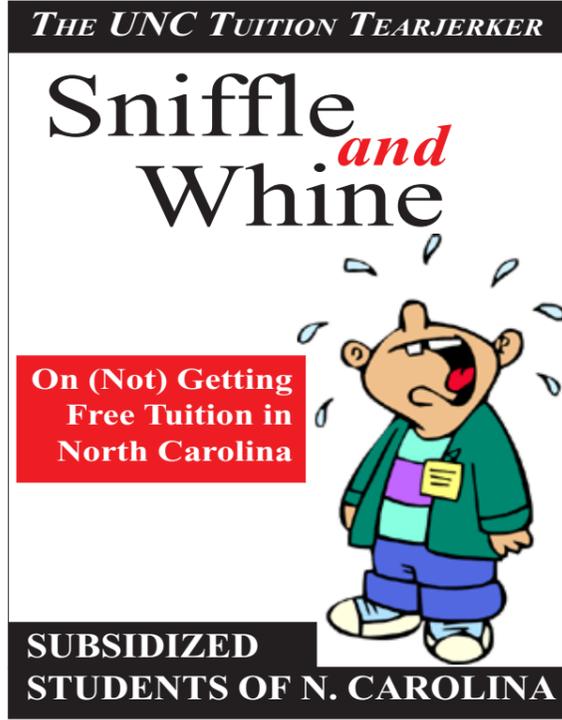
"And if I drive to Florida for Spring Break, that'll cut out two whole days of partying. It's not fair!"

"Do I try to get a loan?" Anguish asked. He's worried that the banks will not be pleased with his growing credit card debt. "But I have to do something. I had to eat Ramen noodles last week! This can't be right!"

The Whanemikers, meanwhile, worried how Sally would manage if they decided they could not handle more work. As it is, they see each other only at dinner times and every other weekend.

"But this is for her future," they say. "She can't work for that."

Fortunately for them, there is an organization of students out there committed to keeping some students' costs down. A collective of UNC students with campus positions in student government, the Carolina Leadership Organization for Winning New Subsidies (CLOWNS), has published an 800-page, glossy-paper compilation of students' and parents' stories of financial hardships from paying UNC tuition. The 500 copies of the book, *Sniffle & Whine: On (Not) Getting Free Tuition in North Carolina*, were published entirely from student fees. That's because the UNC Board of Governors two years ago approved a special increase in student fees that was set up for the CLOWNS.



"I mean, we were like, 'Oh my God, look at all this money and stuff,'" said CLOWNS President Danny Pander, who has served in various student leadership positions during his nine years at N.C. State. "So we had to find some use for it, since the BOG wouldn't approve us putting it all into our own stipends."

The book idea first came to Anna Nuthawon, CLOWNS vice president and UNC-CH senior. "All my friends were like crying," she said. "They were like, 'Oh my God, if I go to work I'll break a nail!' and 'A loan? Banks give me hives!' and 'My mom will kill me!'"

Nuthawon said she had an epiphany. "I realized that if they were to write it all down, then we could put it in a book and look all impressive, plus maybe I wouldn't have to hear it any more." The book would help exhaust the CLOWNS' budget and give the impression that the fee increase was justified, she said.

"I also started a web site, Whine&Pleas.com," she said. UNC students can post their tuition stories there. "In other words, don't come crying to me," Nuthawon said, laughing.

Pander added, "Look at me, I'm important."

At this stage, the issue is unsettled. The BOG has delayed its vote on the issue of allowing UNC schools to raise tuition.



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