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Carolina Journal Weekly Edition

January 27, 2003

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Feature 1

Freedom Trumps Smart Growth

Urban policy expert says sprawl improves lifestyle

Proponents of urban "smart growth" initiatives espouse policies that excessively restrict the rights of citizens, a nationally known demographic and transportation expert says.

"I am operating from the perspective that freedom is good," said Wendell Cox, an urban policy consultant and scholar who represents several state policy think tanks and foundations.

Cox spoke at a luncheon Thursday for the Research Triangle Chapter of the National Association of Industrial and Office Properties.

Cox has analyzed urban growth issues in cities throughout the United States and in foreign countries. His years of study have led him to the conclusion that unless there is a material threat to other individuals or the community, people should be allowed to work or live where they want.

Cox said smart-growth policies that overly restrict land use and manage urban growth infringe unnecessarily upon property rights and overall freedom. He explained that supporters of growth limitation hate sprawling developments of "ticky-tack" houses; complain about "automobile dependency;" and want strip commercial and "big box" retail development restrained.

"They are looked at as inherent evils," Cox said.

He said sprawl opponents "have in mind a more European type of place" in which downtowns bustle and residents live in greater concentrations near urban centers. Such growth controllers hold up Portland, Ore., as their "nirvana." Cox said Portland is almost universally recognized as the U.S. leader in anti-sprawl policies.

Such land planning emphasizes mass (usually rail) transit over highway construction, construction only within smart-growth boundaries around a city, increased urban density, preservation of open (agricultural and forested) spaces, and rationing of home ownership through zoning regulations, impact fees, and taxation.

Despite the efforts of smart-growth advocates, Cox said, "Urban densities are declining all over the world," even in Portland and European cities such as Paris. He showed demographic examples and photographs of Paris's sprawl and multiple strip-mall developments. Portland is not what it claims to be, Cox said, because it is one of the most sprawling cities in the western United States.

Smart growth's land use and planning is irrational, leading to disastrous consequences for the quality of life, Cox said. Smart-growth policies lead to less home affordability because of oppressive regulation, and home ownership is higher where sprawl is greater, he said.

Ahead of the Curve

- *The News & Observer* of Raleigh reported Wednesday that Gov. Mike Easley will likely propose that \$460 million in tax breaks scheduled to go into effect next year be postponed. He said in an interview that the state couldn't afford the cuts because of an expected \$2 billion budget shortfall for fiscal 2003-04. The governor blamed increased Medicaid costs and higher numbers of students and inmates for the tax cut delay. Senate Minority Leader Patrick Ballantine called the likely move a tax increase.
- The Raleigh newspaper also reported that Sen. John Edwards faces an uphill climb in his pursuit of the presidency. In the first of several polls it plans to conduct during Edwards's campaign, The *N&O* found that President Bush "would win handily over Edwards in North Carolina, 56 percent to 40 percent." The poll also discovered that 47 percent of the state's likely voters disapprove of Edwards's candidacy, while 39 percent approve.
- The vote for speaker of the N.C. House will be conducted Wednesday, and who will emerge victorious is as unpredictable as it has been since Republicans won a 61-59 majority in November. Rep. Michael Decker of Forsyth County switched from the Republican Party to Democrat Friday, throwing the decision-making process into further array. With the parties now evenly split, Republican Rep. Leo Daughtry and Democratic Speaker Jim Black both claim to have votes from opposing parties, but it is not known how solid their support is.

Feature 2

Threatening Christians

UNC-CH concedes to student organization

The laurels were still fresh from the University of North Carolina at Chapel Hill's defense of academic freedom and religious pluralism in its requirement that incoming freshmen read portions of the Koran. Nevertheless, the university found itself facing a lawsuit threat from a Christian student organization, which said UNC-CH had threatened to revoke its official recognition on campus.

The organization, the InterVarsity Christian Fellowship (three chapters on campus), received a letter dated Dec. 10 from Jonathan E. Curtis, UNC-CH's assistant director for student activities and organizations, which said the InterVarsity charter broke the university's nondiscrimination clause. Curtis wrote that the InterVarsity must "modify the wording of your charter or I will have no choice but to revoke your University recognition."

The offending portion of InterVarsity's charter was that the Christian student group required its officers to "submit in writing and without reservation to... Christian doctrine." This is counter to the nondiscrimination clause, which requires student organizations to be open "to full membership and participation... without regard to race, color, religion, national origin, disability, age, veteran status, sexual orientation, or gender."

Several other student organizations, including more Christian student groups, received similar letters from Curtis. Those included, according to Eric Ferreri in the *Chapel Hill Herald* Jan. 3: the Chi Alpha Omega Christian fraternity, Brotherhood in Christ, Music Makers Christian Fellowship, Lutheran Campus Ministry, Campus Crossroads, Episcopal Campus Ministry, Young Life, Chi Alpha Christian Fellowship, Baha'is of UNC-CH, the American Indian Science and Engineering Society, the Native American Law Student Association, Alpha Epsilon Pi Fraternity, Habitat for Humanity, and Phi Beta Kappa.

Most of the organizations, as Ferreri reported, chose to comply with the order from the university, but InterVarsity chose to fight it. Nationwide InterVarsity chapters have faced several similar challenges from universities — 20 in just the past three years.

In fact, an InterVarsity chapter at Rutgers University has been banned from using campus facilities or receiving university funding because of its "discriminatory" practice of selecting only Christian leaders. The chapter filed suit against Rutgers Dec. 30, with the help of the Alliance Defense Fund, a public-interest law organization in Phoenix and the Foundation for Individual Rights in Education, a nonprofit educational foundation.

With FIRE's help, InterVarsity threatened to sue UNC-CH if (according to a FIRE press release) "it does not rapidly take corrective action." FIRE CEO Thor Halvorssen sent UNC-CH Chancellor James Moeser a letter Dec. 27 explaining the constitutional rights that were imperiled by UNC-CH's threat to revoke InterVarsity's official status on the stated basis.

InterVarsity did in fact receive corrective action rapidly from the university. On Dec. 31 Moeser issued a statement pledging to allow the group to continue as an officially recognized student group.

FIRE President Alan Charles Kors said Moeser's decision was the right one legally and the right one to further the interests of diversity. "Of course, UNC's restoration of essential rights to IVCF — which should be the rights of all expressive student groups — adds rather than detracts from the true diversity of its campus," Kors said.

Capital Quotes

• "I have lost patience on that issue. Since being nice hasn't worked, I want to see what our options are to get compliance."

- Phil Kirk, chairman of the State Board of Education, expressing his frustration to Freedom Newspapers with school districts that don't supply information on time or follow state policy guidelines. Problem areas include systems not following the board's policy prohibiting social promotion or enforcing the law requiring dropouts to lose their driver's licenses. The board is looking into whether it can withhold discretionary funds from districts that do not do what is expected of them.
- "I should do everything within my power to keep him from getting close to the speaker's chair. He's too slippery and slimy for me."
- —Rep. Richard Morgan, R-Pinehurst, commenting to *The Charlotte Observer* on why he isn't likely to support Republican leader Rep. Leo Daughtry's bid to be House speaker when the General Assembly reconvenes Jan. 29. With Republicans having only 61 of the 120 seats in the House, Daughtry would have to get the backing of all Republicans or persuade some Democrats to back him to be elected speaker.
- "The question is whether the construction of an additional 6,086 square feet is a material change in the project. I conclude that it is."
- Robert Fitzgerald, State Division of Facility Services director, as quoted by the *Dunn Daily Record*, in this ruling rejecting a revised certificate of need application for a new hospital in Harnett County. After Good Hope Hospital had trouble financing the \$16.5 million project, it brought in Triad Hospitals as a partner, sought to move the site up to seven miles, and slightly expand it. The state rejected all three changes. Good Hope plans to both appeal the ruling and file an entirely new certificate of need application.

Feature 3

More More at Four

No justification for expansion of governor's program

Rumblings began early that the state budget might not accommodate the full \$28 million that Gov. Mike Easley originally proposed for his More at Four preschool program. Funding has now been reduced to \$6.5 million, but as the Second Progress Report on the More at Four Program makes clear, expansion is in the wings as soon as the state's budget clouds clear.

The eagerness to justify much higher levels of spending cannot be derived from More at Four performance. Even the May 2002 Progress Report noted, "It is premature to make extensive recommendations regarding the program," and "It was not feasible to measure child progress with and post-assessments for the half year or less that children were served during the startup phase of 2001- '02." Regardless, expansion plans include additional staff, "a small amount of funding (e.g., maximum of 5 percent) to local contractors for monitoring the local program," support for the T.E.A.C.H. scholarship project, and other spending categories.

The difference between a \$28 million budget and a \$6.5 million budget is significant, but North Carolina is walking a fiscal tightrope no matter what the effectiveness of individual programs. One factor in the balancing act is the state's bond rating. On Dec. 4 *The New & Observer* of Raleigh reported that both Standard and Poor's and Fitch IBCA have agreed to renew North Carolina's triple-A bond rating, under the proviso that a conservative budget emerges from the next legislative session. Moody's Investor Services downgraded North Carolina's bond issues in August, but has provisionally reinstated the original rating.

The reprieve carries a mandate that the next legislative session adopt a fiscally conservative budget. State Treasurer Richard Moore was reportedly told by Standard and Poor's that the state's economy is unlikely to improve in the short run and that "the next state budget must be exceedingly conservative if North Carolina is to keep its triple-A standing."

With a state budget deficit that could well exceed \$1 billion, advocates are applauding North Carolina's publicly funded preschool programs, including Smart Start, as a good investment of public budget dollars. Recent reports claim that every dollar spent on the state's early-childhood programs yields a 400 percent rate of return. The reports, appearing in the *Fayetteville Observer*, *The News & Observer* of Raleigh, and elsewhere, assert that taxpayers can expect four dollars in public expenditure savings for every one dollar spent on early-childhood education.

This is balm for fiscal assaults on the governor's preschool funding initiatives, particularly More at Four. But the reports are misleading on a number of fronts. The dollar-returns reports are based on the Carolina Abecedarian Project, developed at UNC-Chapel Hill under contract with the Frank Porter Graham Child Development Institute. The Future of Children Foundation studied the methodology of 36 prekindergarten programs, including the Abecedarian Project. The long-term results include controversial assumptions introduced by authors Masse and Barnett, and the project itself has design problems, according to the Future of Children study.

A fiscally conservative budget, one that would allow North Carolina to maintain its bond rating, makes any speculative spending risky. Smart Start and More at Four are unproven "investments" at best, and cannot legitimately claim to save more money than they cost in the long run.

On The Cutting Edge

Rail Transit

• As cities debate the addition of light rail to their transit systems, it may be worthwhile to consider its success where systems are already in place. With the release of the 2000 Census data, such an evaluation of light rail is possible.

What the data reveals is that in cities with major rail lines, transit ridership is either declining significantly or increasing only slightly. This is the case regardless of whether a city has had rail lines for some time, as with Atlanta or Washington, D.C., or has installed lines recently. San Diego began rail service in 1981 and Denver in 1994.

Between 1990 and 2000, the share of people traveling to work on public transit was flat or fell in major metropolitan areas. The decline in public transit's share of people going to work fell 22.5 percent in Atlanta and 18.4 percent Washington, D.C..

San Diego's public transit system gained 2.6 percent and Denver gained 2 percent. Dallas undertook a major transit investment to open three light-rail lines and one commuter rail line in the last decade, yet ridership declined by 23 percent from 1990 to 2000.

Light rail's difficulty in reversing the trend away from transit may be due to the fact that it is usually focused on downtown.

Population and employment growth have shifted outside the downtown core. According to one estimate, on average, 90 percent of employment occurs outside city centers.

Light rail also faces competition from less-expensive options such as carpooling and telecom-muting. Also, telecommuting made significant gains in market share in nearly every major metropolitan area from 1990 to 2000. Washington, D.C.'s grew by 20 percent, Denver and Dallas by 30 percent, and Atlanta's by nearly 56 percent.

Reported as "Is Rail a Transit Success Story?", Policy Note, November 2002, Buckeye Institute.

Segregation

• If Northerners oppose school desegregation or the integration of the suburbs with affordable housing, that's not considered racism, though it has the effect of segregating blacks that is at least as damaging as it was in the South, according to Gary Orfield, a professor of education and social policy and codirector of the Civil Rights Project at Harvard.

Orfield's group found 70 percent of black children attended predominantly minority schools in the 1989-190 school year, up from 66 percent in 1991-192 and 63 percent in 1980-181.

More than one-third were in schools almost as segregated as in the Old South, with nine of 10 students black or Hispanic.

They also found minority students were most likely to go to schools with whites in the South and that, by two measures, the states with the most segregated schools were New York, Michigan, Illinois, and California.

Also, a recent census report, "Racial and Ethnic Residential Segregations in the United States: 1980-2000," found American housing still largely segregated, with the worst segregation in the Northeast and Midwest. The most segregated metropolitan area was Detroit, followed by Milwaukee, New York, Newark and Chicago.

Others argue that issues such as busing, exclusionary zoning, and "affirmative action" are murkier and the remedies less certain than when the issue was the need to dismantle Jim Crow in the South.

Similarly, many suburbanites, North and South, balk at the notion that wealthy suburbs segregated by income are equivalent to a society of white and black water fountains and schools segregated by color.

Whatever the cause, observers say, the focus still remains on the South and the past.

Reported in The New York Times, 12-23-2002.

Unemployment Insurance

• Although some Texas consumers experienced a rocky start after the first year of electricity deregulation in that state, many businesses cite examples of large savings.

State officials are quick to note the larger savings by businesses, which generally use more electricity than households, in explaining their faster adoption of electric competition.

For the average residential consumer, the savings amounted to \$5 to \$10 a month, compared with hundreds or even thousands of dollars for business customers.

About 9 percent of small-business customers have switched, while almost one-third of large

The Foundation for Individual Rights in Education, Inc.

commercial and industrial customers have changed providers.

Overall, about 23 percent of the state's electricity load has been moved to a competing electric company from the incumbent utility.

The Public Utility Commission of Texas says about 80 percent of commercial and industrial customers have either switched companies or renegotiated their contracts with their existing providers.

Many electricity providers expected the weak economy would lead to a bonanza in switching toward low-cost competitors, but the bankruptcy filing by Enron Corp. last December scared away many residential consumers.

Reported in the *Dallas Morning News*, 12-31-2002.

Coming Up

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

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

A veteran defense writer who specializes in coming up with inside stories, often based on classified documents, he is widely viewed as one of the best reporters in his field. His sources within government are extensive. Gertz has broken a number of stories with international implications. As former CIA Director R. James Woolsey put it, "When I was DCI [Director of Central Intelligence] Bill used to drive me crazy because I couldn't figure out where the leaks were coming from. Now that I've been outside for two years, I read him religiously to find out what's going on."

For more information or to pre-register visit the new John Locke Foundation Website at http://www.johnlocke.org/events/event.html?id=3D7 or contact Kory Swanson or Thomas Croom at (919) 828-3876 or events@johnlocke.org.

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