

The Daily Tar Heel

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ALLISON NICHOLS
EDITOR, 962-4086
NALLISON@EMAIL.UNC.EDU
OFFICE HOURS:
MON, WED 2-3 P.M.
ERIC JOHNSON
PUBLIC EDITOR
ERICJOHNSON@UNC.EDU

EDITORIAL BOARD MEMBERS

LISA ANDRUKONIS
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PABLO FRIEDMANN
I AM LEGEND, HEAR ME ROAR
Senior international studies major
from Newton, Mass.
E-MAIL: PABLOF@EMAIL.UNC.EDU

We should have seen collapse coming

The financial tsunami hit close to home last week. University employees woke up to find Lehman Brothers in bankruptcy and American International Group teetering on the brink of collapse.

Workers sent frantic calls to the human resources department wondering if their annuities were about to be axed.

Their fears were allayed when Kitty McCollum, UNC-system General Administration's vice president for human resources, sent out a letter stating that employee annuities were held in a subsidiary — Variable Annuity Life Insurance Company — that was subject to strict regulatory oversight. AIG is required by Texas insurance law to maintain adequate reserves in the event of payouts.

UNC staff dodged a major bullet. Needless to say, many of your parents' 401(k)s and retirement savings are probably suffering. These are hard times.

As we continue to go about our daily lives in Chapel Hill, we are watching a tectonic shift, unprecedented since the Great Depression, take place before our eyes.

Home values have dropped to levels not seen since the Great Depression, according to the liberal Center for American Progress. Middle class families are seeing built-in equity wiped out.

This week we also witnessed the demise of the remaining bulge bracket firms. Goldman Sachs and Morgan Stanley have become bank holding companies. Merrill Lynch was bought out by Bank of America, Bear Stearns was acquired by J.P. Morgan and Brothers went bankrupt.

Financial elites no longer talk about the benefits of limited regulation. The bailouts of Fannie Mae and Freddie Mac, along with AIG, have demonstrated that our government will continue to be the lender of last resort.

If many of the leading firms on Wall Street hope to survive, then they will need the federal government's support to take toxic mortgage-backed securities off their accounting books. The alternative is a financial meltdown caused by a sclerotic tightening of market liquidity. Not a pleasant option.

One of the fundamental reasons behind this entire meltdown is that investors believed models that calculated the probability of plummeting mortgages to be next to impossible. After all, this hadn't happened since the Great Depression so why would it happen now? They should have followed up on their history.

Models developed by Long-Term Capital Management, a hedge fund that counted on the advice of two Nobel Prize winners in economics, made disastrous bets on how Russia's debt default would impact market liquidity. The risk of Capital Management's collapse was so significant that it forced the Federal Reserve of New York to organize a buyout. Sound familiar?

The U.S. Treasury secretary has proposed an estimated \$700 billion plan to take "bad" investments off corporations' balance sheets. We are about to subsidize corporations for terrible investment decisions while our parents' retirement savings are going through the gutter.

We preach the values of the free market but when push comes to shove we won't let our businesses stomach their own losses.

History has shown us that these crises reappear in one form or another every decade around the world. Each time we seem to forget some very simple lessons regarding regulation. It's time we started opening up those textbooks.

EDITORIAL CARTOON By Mason Phillips, mphil@email.unc.edu



Keep the Cradle

Frustrations with the proposed 300 East Main Street development should be resolved so iconic club stays

The Cat's Cradle is an iconic fixture of downtown Carrboro. Tucked away in the corner of a tiny shopping center, the Cradle is known across the country for attracting top musical talent.

The club features an eclectic mix of bands on the rise, important local groups and benefit concerts.

Yet there have been rumors swirling lately that the Cat's Cradle might move from its Carrboro location because of a proposed new development. And while it's unclear how substantial these rumors are, it's important to recognize the value of the Cradle to Carrboro.

Glenn Boothe, owner of music venue Local 506, says that the Chapel Hill-Carrboro community does a good job of recognizing and celebrating local artists. But at the same time, it's easy to take the infrastructure that supports them for granted.

"Really, without the infrastructure in place, the artists

wouldn't have the avenue to do what they do," he said.

The Cradle is also an integral part of Carrboro's downtown economy. Boothe said he thinks businesses such as Southern Rail and Milltown, as well as Orange County, owe their success in part to the Cradle.

Developers and town officials continue to debate the new 300 East Main Street project that would put four 5-story buildings, a pedestrian walkway and a parking deck on the site where the Cat's Cradle — among other businesses — sits.

Cat's Cradle owner Frank Heath told the (Raleigh) News & Observer that he wants to stay in Carrboro and that he regularly gets solicitations from other cities. But he indicated that he'd like a decision made on the new project as soon as possible.

Even though the proposed 300 East Main Street development includes Cat's Cradle in its plans, people still are

speculating that Heath will move the club because of the delayed decision-making process and the uncertainty about the space in the new development.

Carrboro — as well as Chapel Hill and the University community — should continue to celebrate this historic music venue. We urge the town to do everything in its power to make sure that Cat's Cradle stays right where it is.

It's important to celebrate and support important local venues before they're gone. Schoolkids Records is a great example. While people mourned its loss in the spring, the community didn't do a good enough job supporting Schoolkids while it was around.

The Chapel Hill-Carrboro and University communities should recognize the Cat's Cradle as a defining local venue. We hope the town and developers will take measures to preserve it's value to our community.

Open the political climate

UNC is liberal, but let's not suppress everything else

Last week, "Good Morning America" came to campus to showcase UNC as part of ABC News' 50 States in 50 Days election tour.

It also showed us a few things about what unites and divides us.

The political energy on this already generally active campus has been heightened for months, since groups began mobilizing voter registration drives ahead of the May primary. Every day that draws closer to Nov. 4 is more charged than the one before.

"Good Morning America" wasn't expecting UNC students to be as passionate as they are. Producer Courtney Chapman said she'd thought about 10 Democrats and 10 Republicans would turn out for the shoot Saturday morning with signs supporting their candidate. What she got was about 75 to 100 Obama supporters and close to 30 out for McCain.

"The Obama people came out in droves," Chapman said. Some Obama supporters became upset when "Good Morning America" producers altered the scene by sprinkling people with McCain signs through their ranks.

(Chapman: "I got in a fight with an older woman.") "Good Morning America" considered the steps of Carroll Hall its set, and so rearranging was a natural way for producers to control the segment.

"I understand that these people get there early and they are passionate about their candidate, but I as a media producer have to make sure that both sides are represented."

Some Obama folks had a huge problem with that. McCain folks by and large didn't. "Good Morning America"



ALLISON NICHOLS
EDITOR

Senior journalism and comparative literature major from West Chester, Pa.
E-MAIL: NALLISON@EMAIL.UNC.EDU

controlling the set isn't ethically problematic, said Jim Hefner, a UNC journalism professor and former WRAL general manager.

The set wasn't meant to portray reality, and "Good Morning America" is a "hybrid" show with news, entertainment and information, he said.

Infotainment, Chapman says it's called.

"It's not like we came upon a rally or a news situation," she said, in which case the producers would never try to manipulate a live event. "This was our stage, and we had to dress it appropriately."

That makes sense. The online comments on the The Daily Tar Heel's story about the event showed that the two sides remained pretty divided even after the Saturday shoot.

One commentator wrote, "Someone once said, 'Chapel Hill is a place where all views and perspectives under the sun are welcomed and encouraged ... as long as you are a Democrat.' Fitting?" Your views are discounted if you're a conservative, College Republicans Chairman Derek Belcher told me.

"It's sort of like you're working against the tide. People think of universities as tolerant and accepting but maybe they're not so tolerant of conservative speech."

QUOTE OF THE DAY:

"Like I tell everybody, I have the four B's: beauty, brains, brawn and blazing speed. And that's all I think it's gonna take."

CRYSTAL COX, ALUMNA, ON COMPETING ON "SURVIVOR"

FEATURED ONLINE READER COMMENT:

"So it took two trips to the DMV with about five IDs, a water bill and my out-of-state license to get a DL here and I'm legal."

— ON "KINNAIRD AND OTHERS DISCUSS IMMIGRATION"

LETTERS TO THE EDITOR

Partisan bickering does not advance discourse

TO THE EDITOR:
I've never been so exhausted in my life.

Not from homework. Not from exercise. Not from staying up late at night. I'm exhausted from this election.

I used to love politics. I found it exciting and dynamic and important. But I think that this election just may do me in.

Frankly, I don't know how or why people have gotten to be the way they are about politics. It's just so easy to criticize, isn't it? It's just so easy to demonize members of a political party that you don't agree with, isn't it?

But since when should adherence to a belief system and tolerance of other belief systems be mutually exclusive?

Which brings me to say something that I'm sure may come as a shock to many people: Democrats are not the devil ... and Republicans aren't either.

I read the snarkiest letters to the editor in the DTH. I hear equally snarky comments regarding both Republicans and Democrats every single day. And it disgusts me. And it wears me out. What really gets me is when someone angrily writes in and thinks they've written something really profound that's going to make the "other side" cringe and seethe with rage.

Just to let you know, that just makes you look even more pretentious than you already are. I wish for myself that I could in fact always look at an issue with a mind entirely devoid of presuppositions and biases. But I can't. None of us can. And while we shouldn't be expected to always look at things with a clear mind and an open heart, I think we should be doing a heck of a lot better than we do.

Next time you hear someone say they're pro-life and you're pro-choice, don't just assume they're a Palin-supporting neo-conservative without a brain. And the next time you hear someone trying to explain why they're in favor of universal health care, don't just assume they're a hopeless liberal with no grasp on reality.

The people I admire most in life are those individuals who are able to look at things, evaluate them and make their decisions accordingly. And even when they don't agree with someone, rather than throw a tantrum or spat back equal or worse accusations and criticisms toward the person, they sit back and listen.

Ann Ansley
Senior
Journalism, Political Science

Smoking ban produces more nuisances, not less

TO THE EDITOR:
Tuesday's feature on smoking failed to assess the effectiveness on the campuswide smoking ban. While much attention has been devoted to civil liberties aspect of the ban, few seem to have noticed how it has failed to achieve its goals of reducing smoking and secondhand smoke at UNC.

The administration implemented the ban to help the campus community avoid the adverse effects of secondhand smoke. Instead, I find that I get to enjoy

more secondhand smoke than ever before. Rather than occasionally walking behind a single smoker, I now get to pass through a cloud of cigarette smoke every time I walk through the quad. The essence of stale cigarette smoke is more prevalent since the ban in many of my classes because smokers now carry the odors of 50 other smokers rather than simply their own.

The ban also fails in its efforts to improve the health of smokers. They now get large amounts of secondhand smoke in addition to their own cigarettes, likely causing more detriments to their health. And since, as the DTH reported, the flagpole has now become some sort of intellectual social club, smokers are far less likely to want to quit.

Not to mention the impression visitors to our campus get from seeing so many smokers on display in the center of campus. They probably think all Carolina students and faculty members are chain smokers.

Chancellor Thorp, if you must ban smoking on campus, at least make it somewhat less ridiculous by instituting designated smoking areas in convenient, out-of-the-way locations.

Colin Campbell
Senior
Journalism

Unfair to attack smokers, recognize their sacrifices

TO THE EDITOR:
As I finished reading the paper this morning with my usual coffee and cigarette, I found a letter to the editor proclaiming the self-indulgent tendencies of student smokers.

Obviously, everyone is entitled to their own opinion, yet I find it unfair and unwarranted to verbally attack a group of people for sharing a habit. Albeit, yes, smoking can and is often considered a disgusting habit by most of the people in the world. But, let's take a step back for a second and recognize the sacrifice student smokers have already made by abiding by the nonsmoking policy.

Because of our inability to freely walk to class while smoking a cigarette, we have virtually one place on campus to sit and think for a while: the flagpole.

Now, I'm not saying cigarettes are good nor bad; I'm merely expressing the fact that some students have had to alter their lifestyles to accommodate a policy enforcing something which is not illegal.

I guess what I'm getting at is this: Let the smokers make their jokes and outrageous claims about their headiness. They're simply following the rules that were set for them; and by poking fun at the whole debate, maintaining a sense of dignity.

So the next time you're walking to Murphey and you pass by the flagpole, give them a break. Don't scoff, cough or pretend to know what it's like. Because you never know, that heady brah sucking on a cancer stick might very well be the person to whose class you are walking.

So, I say, let's live up to what our University stands for; after all, it is a liberal arts college.

Michael Hungate
Sophomore
English

SPEAK OUT

WRITING GUIDELINES:

- Please type: Handwritten letters will not be accepted.
- Sign and date: No more than two people should sign letters.
- Students: Include your year, major and phone number.
- Faculty/staff: Include your

department and phone number.
► Edit: The DTH edits for space, clarity, accuracy and vulgarity. Limit letters to 250 words.

SUBMISSION:

- Drop-off: at our office at Suite 2409 in the Student Union.
- E-mail: to editdesk@unc.edu
- Send: to P.O. Box 3257, Chapel Hill, N.C., 27515.

EDITOR'S NOTE: Columns, cartoons and letters do not necessarily represent the opinions of The Daily Tar Heel or its staff. Editorials reflect the opinions of The Daily Tar Heel editorial board. The board consists of seven board members, the associate opinion editor, the opinion editor and the editor.