

EDITORIAL

OUR VIEW

Keeping an eye out

One of the traditional roles of newspapers is that of watchdog over public entities and of taxpayer dollars. In 2009, *The Edmond Sun* plans to take that role more seriously than ever.

We want to engage readers more with what's happening in their government and how it will impact them — both in their daily lives and in their pocketbooks.

One of the ways in which we will tackle that endeavor is to brief readers on some of the most important legislation to be debated this session in the Oklahoma Legislature. Each of *The Sun's* beat reporters this month will dedicate some time to highlighting potential legislation in the areas of education, government, business and public safety.

The Legislature convenes Feb. 2 and Edmond representatives and senators will play pivotal roles in the Republican takeover of both houses. Sen. Todd Lamb will be the first Republican to serve as Majority Floor Leader while Sen. Clark Jolley is a member of several important committees, including one that oversees appropriations to universities. Rep. Ken Miller remains chairman of the House Budget Appropriations committee while Reps. Jason Murphey, Marian Cooksey and Randy McDaniel are serving on several key committees. Edmond's newest delegate Lewis Moore also will contribute to the mix.

All of this is one reason why *The Sun* will partner with Okwatchdog.org to reprint its report cards on how legislators vote regarding consumer and patient advocacy issues.

Other upcoming endeavors include reporting more often on how Oklahoma's representatives to Congress are voting. Look in *The Sun* on a regular basis to see how 5th District Rep. Mary Fallin is voting on key national and state issues.

We plan to keep a closer eye on the legislative process and we hope you, the reader, will stay engaged and let us know what topics are most important to you.

E-mail us at news@edmond-sun.com with your topics and concerns.



Government takes step back in 2008

Economically speaking, 2008 was a dismal year. The economy entered a year-long recession during which it has shed more than two million jobs. The price of oil went on a roller coaster ride, soaring by 45 percent to \$145/barrel in the first seven and a half months of the year before plummeting by more than \$100 in the final four and a half months.



Mickey Hepner

By the Numbers

The stock market nosedived, with the S&P 500 losing 38 percent of its value. And iconic corporations like General Motors, Chrysler, AIG and Citigroup teetered on the verge of bankruptcy. Yet the most disappointing economic event of 2008 was that it was the year that socialism once again became fashionable.

Throughout the 20th century the U.S. government criticized the governments of other nations for meddling too much in economic affairs. We argued, correctly, that government-owned planned economies make the people in those economies poorer. Yet, since October the federal government has purchased \$177 billion of preferred stock in financial institutions across the nation — including one here in Oklahoma (\$70 million of Southwest Bancorp in Stillwater).

This number will likely rise to \$250 billion early next year as the federal government continues to process applications from additional financial institutions. Furthermore, the \$250 billion figure does not include the ownership stake the government has taken in Fannie Mae, Freddie Mac and AIG during the past six months. Apparently, the U.S. government has decided that it is OK for

government to own private corporations after all.

This is a big mistake.

While these are extraordinary actions, even extraordinary times do not justify bad public policy. Frankly, government ownership of corporations is very bad policy.

History shows us that government just is not effective at running businesses, or even choosing which businesses to support. Like a gambler that habitually bets on the long shot, governmental aid tends to go to the weakest and least efficient companies.

For example, during the past few weeks the federal government has offered to loan General Motors and Chrysler — the two most troubled U.S. automakers — billions of dollars in order to stave off bankruptcy. Then this last week the Bush Administration provided an additional \$5 billion of capital to GMAC, the financing company jointly owned by General Motors and Cerberus (the company that owns Chrysler). General Motors quickly took advantage of this new funding and began offering 0 percent interest car loans for new car buyers.

Essentially, the U.S. government is now helping GM sell cars. However, the government is not offering this same assistance to other automobile manufacturers. In other words, the federal government is now betting on the long shots.

This does not mean, though, that government has no role to play in this crisis. Instead of following an example of poor public policy, the federal government should look to its most successful program for inspiration.

Back in 1934, in response to another financial crisis, the federal government created the Federal Deposit Insurance Corporation, better known by its acronym FDIC, in order to protect depositors in case of

a bank failure. Prior to the FDIC, a bank failure could mean that all depositors in the failing institution lost all of their deposits. Not surprisingly, even the slightest hint of a failure could lead to a run on the bank as many depositors would try to withdraw their funds simultaneously. These bank runs increased anxiety and concern over all banks' health, leading to widespread financial panic — that would threaten even healthy banks.

With FDIC insurance though, depositors know that their deposits are safe even if the bank fails. Thus, healthy banks are unaffected by the failure of an unhealthy bank. It is because of deposit insurance that there is no widespread financial panic among bank consumers today.

Notice that with the FDIC the government does not try to keep failing banks alive, the government just mitigates the collateral damage. We need a similar approach with this crisis. Instead of focusing on saving corporations who have made too many bad decisions, the government should let them fail and focus on limiting the collateral damage. For example, instead of trying to save General Motors (a company that has been poorly managed for decades), the government should focus on limiting the impact on suppliers and healthy competitors. Instead of trying to save Citigroup (another company that has made horrendous mistakes), the government should focus on ensuring that commerce continues unaffected.

In the 20th century the grand economic debate centered on the issue of private ownership vs. public ownership of business, free markets vs. socialism. Like most, I thought the side favoring private ownership and free markets won. Unfortunately in 2008, socialism made a comeback.

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Israel cannot find a clear peace in Gaza with bombs

BY ROSA BROOKS

SPECIAL TO THE LOS ANGELES TIMES

It's a new year in an old and bloody world. In Israel, politicians jockeying for power have launched the most lethal military assault on Palestinian territory in decades. Israel has justified its bombardment of Gaza on the grounds that Hamas broke a fragile, temporary cease-fire. The Israeli government is right to consider Hamas' rocket attacks on Israeli civilians inexcusable, but the timing of the Israeli military offensive has more to do with politics than anything else.

Ehud Barak, Israel's Labor Party defense minister, and Tzipi Livni, the foreign minister from the centrist Kadima party, are both contenders for prime minister in Israel's Feb. 6 national elections.

A show of "toughness" against Hamas could help Labor and/or Kadima beat back the right-wing Likud Party of Benjamin Netanyahu, which has been leading in the polls. Meanwhile, outgoing Prime Minister Ehud Olmert, who faces corruption charges, has just a few weeks to restore his own tattered reputation.

Adding to the time pressure is U.S. President-elect Barack Obama's upcoming inauguration. As long as President George W. Bush was in the White House, Israel could count on a U.S. administration that wasn't merely "supportive" of Israel but blindly, mindlessly so. Obama may be less willing to offer Israel blank checks. Thus this New Year's military offensive, timed for the crucial window before Israeli elections and

Obama's swearing-in.

In a strictly military sense, Israel will "win" this battle against Hamas. For all its threats and bravado, Hamas is weak, and its weapons — terrorism, homemade rockets — are the weapons of the weak. Since 2001, Hamas has fired thousands of unguided Kassam rockets at Israel, but the rockets have killed only a handful of Israelis.

Israel's military, in contrast, is one of the most modern and effective in the world (thanks in part to an annual \$3 billion in U.S. aid). Israel can easily bottle up the tiny Gaza Strip and its 1.5 million people. Saturday, the first day of the offensive, Israeli bombs killed at least 180 Palestinians. By Wednesday, the Palestinian death toll exceeded 390.

But if there is no reason to doubt Israel's ability to pulver-

ize Gaza, there's also no reason to think this offensive will improve Israeli security. Destruction of Hamas' infrastructure may temporarily slow Hamas rocket attacks, but sooner or later they'll resume.

The Israeli assault may even strengthen Hamas in the long run and weaken its moderate secular rival, Fatah. As Israel should know by now (as we all should know), dropping bombs in densely populated areas is a surefire way to radicalize civilians and get them to rally around the home team, however flawed.

Ironically, it's precisely this psychological phenomenon that Olmert, Barak and Livni are counting on among Israelis, but they seem to assume it doesn't exist among Palestinians. Or, worse, they're too cynical to care, as long as

they profit politically.

Israel has no viable political endgame here: There's just no clear route from bombardment to a sustainable peace. But the damage caused by this new conflagration won't be limited to the Israelis and Palestinians. Israel's military offensive already has sparked outrage and protests throughout the Arab world. The current crisis also may destabilize the more moderate Arab governments in the region — in Egypt, for instance — where leaders now face popular backlash if they don't repudiate Israel.

And if you think that none of this really matters for us here in the United States, you're kidding yourself. Arab and Islamic anger over Palestine continues to fuel anti-Western and anti-U.S. terrorism around the globe.

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TODAY'S VERSE
A SELECTION

'I can do nothing

on My own initiative. As

I hear, I judge; and My judgement is just,

because I do not seek my own will, but the will of

Him who sent Me.'

John 5:30