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Pace of job losses slows in the region

Economist: Falloff in claims is a good sign, but 'we're not out of the woods yet.'

By Kirsten Valle
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New figures show layoffs continue to slow in the Charlotte region, the latest sign that the worst of the recession appears to be over.

The number of initial unemployment-insurance claims fell last month, and the year-to-year increase was less than 20 percent, compared with gains of 75 percent or more earlier this year, according to the N.C. Employment Security Commission.

Since the recession began in January 2008, nearly 85,000 people in Mecklenburg County - 18 percent of the workforce - have filed first-time unemployment claims after losing their jobs. This summer, the cuts finally began to ease.

"We're going in the right direction, but we're not out of the woods yet," East Carolina University economist James Kleckley said. "The jobs aren't growing fast enough to really start getting people off the roster."

In August, 4,677 first-time claims were filed in Mecklenburg County, down from 5,097 in July. Because they track the pace of layoffs, first-time jobless claims are a more timely indicator of an economy's health than the unemployment rate, which is calculated through models and estimates.

The falling number of claims, along with other local and national data, seems to suggest the recession is over. The big question looming now is how long the recovery will take. Experts say the unemployment rate will likely remain at record highs at least through the end of the year, and it could take several months for companies to loosen hiring.

Still, there are hopeful signs that things are getting better. The N.C. unemployment rate fell to 10.8 percent last month, down slightly from July, mirroring the national trend, ESC data show. In South Carolina, the rate dropped to 11.5 percent from 11.7 percent.

Local unemployment data are scheduled to be released Friday.
According to an N.C. Commerce Department database of mass layoff announcements, 11 companies announced job cuts in August, affecting 626 workers. That's down from 647 affected employees in July and 1,736 in June.

Initial claims are down across the state, too, Kleckley said. Earlier this year, nearly 60,000 people filed first-time claims in one week - down from about 10,000 a month in better times, he said.

Now, less than 20,000 people are filing first-time claims each month, Kleckley said.

But unemployment remains a big problem. Nearly 54,000 people were out of work in Mecklenburg County in July. In the past year, the county has shed more than 32,000 jobs, data show.

Kleckley said that while layoffs have slowed at many companies, others are still cutting jobs. Businesses in the area are reducing payrolls through attrition, and few have begun hiring.

Economists expect the local and state unemployment rates to creep upward at least through the end of the year, peaking at 13 percent in the first quarter of 2010 before improving.

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Doctor sees the system's strengths

CHAPEL HILL -- Editor's note: This fall, The N&O is talking to people about the nation's health-care system: what works, what doesn't and what should be done to fix it.

As a surgeon and academic leader at the UNC-Chapel Hill School of Medicine, Dr. George Sheldon often sees the U.S. medical system at its best.

Patients have ready access to specialists. They are treated with sophisticated technologies. As a result, they are living longer than ever before.

"The best parts of our system are by far the best in the world," says Sheldon, chairman emeritus of the surgery department at UNC-CH. "Saying it's broken is overstating it."

And while Sheldon agrees that reforming the system is a good idea, he has become a powerful voice for a measured and tactical approach to a fix. He has testified before Congress as past president of the American College of Surgeons and is one of the authors of a health-care roadmap presented last week to Congress and President Barack Obama from a national coalition of doctors called The Physicians Foundation.

What he would like to see is reform that expands access to health care for more Americans without pinching the system's assets to patch its weakness.

And that, he says, may require more money, not less.

"When I started my training [in the 1960s], the responsibility for people without health insurance was at the county level," Sheldon says. "Things were Spartan. You had big wards -- 30-person wards. Now they're more like hotel rooms. This is what people want and what they deserve, but it's expensive."

Sheldon says it's unrealistic to ratchet back care to save costs, particularly without working definitions of what constitutes good, basic medical treatment.

Patients who have kidney failure, for instance, might assume that a transplant should be covered by insurance or a taxpayer-funded program. Others may argue that dialysis is sufficient and that coverage for transplants should be part of an optional, more expensive insurance plan.

Projecting the savings in such scenarios, Sheldon says, is difficult. Dialysis is a treatment, not a cure, so those patients could cost the system much more over the long haul than if they had a successful transplant.

Sheldon also worries that a singular focus on bolstering the number of general practice doctors may erode specialty care, which he says is one of the brightest spots of the current system.

Instead, he says, more needs to be done to increase the ranks of all doctors -- plus other front-line caregivers such as physician assistants and nurse practitioners. He advocates a shorter, streamlined...
medical education for doctors in training, and more government money for medical schools to train
doctors who have the increasingly complex skills needed for today's sophisticated medicine.

"In the 1950s, advanced coronary care was blood thinner, strict bed rest and you watch for arrhythmia," he says, referring to the irregular heartbeat that can signal problems.

Now, he says, people are treated with any number of different drugs, depending on their problem. They can undergo a balloon catheter procedure to unclog blockages, get stents installed to prop open the artery and might even have bypass surgery.

"The mortality rate is half what it was in the 1950s for heart attack," Sheldon says. "But it costs more."

He says the economic impact of the health industry is huge and isn't fully appreciated.

"Health care is the only part of the industrial economy that hasn't lost jobs during the recession," he says. "You have to make a value judgment about how much we spend on health care and what we get for it."

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Tonight "CSI" Miami begins its eighth season on CBS (10 p.m.) and even star Emily Procter, who plays Calleigh Duquesne, will tell you it's a year of change.

"That is an understatement," she says on the phone from Los Angeles. "They say everything changes every 7 years and that certainly applies to us."

If you haven't heard, Eric Delko (Adam Rodriguez) is leaving the show; he's scheduled to appear in about 10 episodes. (He's starring in the new Tyler Perry film "I Can Do Bad All By Myself" and has a role on "Ugly Betty").

"I was sitting on plane from New York to Raleigh and he called me," says Procter. She's usually careful, she says, about discussing business in public, but with a 45-minute wait to takeoff and surprising news, bystanders got an earful.

"I was saying 'What? What?' I just happened to be sitting next to a fan and I said 'My boyfriend on the show isn't coming back and I'm really upset.'"

With Rodriguez's departure, the show is getting a new cast member: Eddie Cibrian will play Jesse Cardoza, a police officer transferred from the Hollywood, California Division.

Cibrian comes with some, um, buzz. You might know him as the married actor who starred in the Lifetime's "Northern Lights" with married country singer LeAnn Rimes, and then apparently decided he liked Rimes better than his wife.

That doesn't come up much on the set. "He doesn't talk about it and I don't talk about it. I think it's best that way," Emily says, laughing.

It's also because she's got good home training. I've talked to Emily a number of times over the years since 2000 and she's just as joyful and down-to-earth as she was that first time.

A little background: Emily was born in Raleigh, and graduated from Ravenscroft and ECU, where she majored in broadcast. (She tried to get into the theater department, but it was full so she gave up.)

She became a weather anchor at WITN in Greenville and ended up spending a lot of time watching television. She thought the people on the tube had a pretty good gig and she wanted in.

After graduation she was headed to New York, but changed direction when she got a call from another Raleigh-born actress Sharon Lawrence. Lawrence told her to save herself five years and move to L.A. Her parents were supportive; her dad even offered to pay for two years of acting classes.

Emily's first jobs were as an extra. After she earned her Screen Actors Guild card, she won a speaking part on "Great Scott," a short-lived 1992 comedy on Fox starring then-unknown Tobey Maguire. Her line: "A carton of eggs."

She had small parts in "Leaving Las Vegas" and "Jerry Maguire," did an episode of TV's "Lois & Clark" and "Friends," then landed the leading female role in "Breast Men" an HBO movie.

There were other roles, but you could say her breakthrough was her portrayal of Ainsley Hayes on NBC's acclaimed "West Wing," a Harvard-trained right-wing Tar Heel who shook up the left-leaning fictional White House. And then came "CSI: Miami."

Tonight's episode of the show is a flashback, revealing the story of how the gang got
together. With six episodes of the new season shot, Emily says it's her favorite so far.

"I was skeptical," she says. "But it felt really good to do it. There was so much nostalgia. To be with Khandi [Alexander, formerly the show's medical examiner] and Adam, I made me think about the beginning of all of us. It was like senior year in high school, when you look around and you realize you may not see everybody again soon."

Although she says they were supposed to do "a Benjamin Button on us," Emily says, she mostly just acted younger. "I don't think they did enough on me. I was a lot thinner 12 years ago. I think they got lazy."

Her Calleigh is smart and tough, the gun expert in the group. But one thing she can't quite master is holding on to a man.

"Calleigh has the kiss of death," Emily says. "She's very hard on men. But this one wasn't her fault. I mean, Eric's father is in the Russian mob."

Still on Calleigh's behalf, Emily's not giving up. "I'm looking for who Calleigh will hook up with next. That's what's of interest to me. At first she didn't have anyone, and now she's had a series of bad relationships."

As for Emily, she had a great four-week break in North Carolina this summer. "I thought it would be too long, but it wasn't long enough." She was in Raleigh and at the beach.

There are projects she can't talk about yet, but Emily's also trying to put a charity together called Chocolate for Children. She hopes to sell jars of dark chocolate sauce from her grandmother's recipe. The proceeds would benefit children in foster care.

We'll see you tonight Emily!

Photo: Cliff Lipson/CBS
Toward degrees

Leaders of the University of North Carolina system started pushing some years ago for campuses to enroll more students. The motivation made sense: forecasts showed that the number of college-age students was increasing, and there was pressure from all corners to make a place for those students in the system. Pushing more young people toward a college degree obviously would broaden their horizons and would benefit the state.

So schools in the 16-campus system were given additional public money for each student they enrolled.

The problem is, many of those students, at least on some campuses, were not graduating. At N.C. Central University in Durham, for example, enrollment increased by 50 percent in seven years. But one in four students left after one year, and about half graduated.

UNC system President Erskine Bowles is direct in assessing this trend. A significant number of students, he said, "dropped out, flunked out after one year, with a lot of debt. They got a bad deal, and the state got a bad deal."

Now, under Bowles' leadership, the system will require schools to meet retention and graduation rates, and if those goals aren't met, the schools that fall short will not be allowed to increase their enrollments.

This makes good sense. Admitting a student who has little chance of success, in order to get the money that comes with higher enrollment, isn't helping anybody. And it puts the incentive for UNC schools in the wrong place -- namely, to grow the student population because of the direct connection between enrollment and funding, when the priority ought to be to get the job done for the students who are admitted.

Gaining admission ought to mean that a student has a reasonable chance of graduating. And though leaders of individual universities surely see the expansion of enrollment as a chance to help more young people (nothing wrong with that), it's appropriate after several years to step back and tweak the funding system in light of experience.

To connect funding at least in part to the success of students, and thus to a measure of how well an individual school is holding up its end of the educational bargain, is entirely appropriate. It lets taxpayers know that they're getting their money's worth, and that the system is doing what it is supposed to do, which is to produce graduates, not just students. There should be a priority on efforts to help high school students make the sometimes difficult transition to university campus, and counseling as to courses and schedules must be readily available.

At the same time, of course, standards for graduation must not be watered down in the effort to keep students moving on through. A UNC system diploma must be a mark of high achievement and a clear signal that a student is intellectually prepared to move forward into the workforce or with advanced academic training.
In these tough budget times, Bowles is seizing an opportunity to look at the way the UNC system operates. That includes scrutinizing fat on the administrative layers, which he already has addressed, the organization of information technology systems, which have been multiplying on many campuses and now, how well the system's schools are delivering in degree-granting.

Going strictly by the numbers for certain appropriations was not, in hindsight, a very good idea. Changing the formula offers the UNC system a chance to institute a better one.
The flu and you

The swine flu, also known as the pandemic flu, or the H1N1 virus, is very much with us and in fact, says Dr. Jeff Engel, state health director, is in the midst of its "second wave." A third wave is expected once the air is cooler and dryer. So far, the good news is that the flu has been milder than the worst-case scenario.

But for those who get it, the illness is all bad news. Body aches and high temperatures really lay people low.

One Peace College student said she had planned to do school work while she was recuperating, but just couldn't. Others who have had the flu can identify.

As we ride the waves, Engel, who has done a good job sounding alarms about the illness without pushing the panic button, says employers need to prepare plans for what they would do if a large number of employees were out at once.

He's also raising awareness to encourage those who need the upcoming vaccine, available in early October, to get it. Those people include pregnant women, those with chronic illnesses such as diabetes and asthma and children.

Research continues about the effectiveness of vaccines and about the nature of the flu itself. Interestingly, people born before 1957 have more immunity against flu, although those who were babies in that year would not have as much as, say, someone born in 1950.

Flu viruses can be deadly to those most vulnerable, of course, and pandemic presents an extra threat. The most infamous was the one in 1918 that struck worldwide and killed between 50 and 100 million people. Young, healthy people were particularly susceptible. That is not the case with most such viruses.

Today, of course, there are better ways to warn people. And to get the word out as to how to hold down outbreaks (wash hands, cover your mouth when you cough, steer clear of people who are infected).

In other words, use common sense and take care out there.
UNC-CH gets Clinton-era papers

CHAPEL HILL -- On Jan. 4, a new window into Bill Clinton's presidency will open at UNC-Chapel Hill.

That's when a trove of source material Pulitzer Prize-winning author Taylor Branch used for his new book on the Clinton presidency will become publicly available at the Southern Historical Collection at UNC-CH.

Branch, a 1968 UNC-CH graduate, has a long relationship with the historical collection. The source materials -- interviews, transcriptions, correspondence -- that led to his prize-winning writings on Martin Luther King Jr., are already in the university's possession. Now, too, are the Clinton records.

Historians are "going to be looking at the firsthand reflections of a seasoned and wise historian on what was going on then. I think that's worth something," said Tim West, the Southern Historical Collection's curator.

"It's different from what President Clinton was saying himself," he said. "It's not just a sort of verbatim record that he was making of what he remembers hearing Clinton say, but also what he noticed happening around the White House. There's going to be interesting stuff."

Clinton and Branch were friends as young politicos working on the George McGovern campaign in Texas in 1972. They reconnected when Clinton won the presidency and wanted to create a historical record. These materials are the result of dozens of secret meetings Clinton held with Branch during his presidency.

But they're not the recordings of the interviews themselves, or even transcriptions. Clinton kept those tapes -- squirreled away in his sock drawer, according to a story this week in USA Today -- and Branch was left to re-create the interviews and observations on his own audiotapes. He often did so immediately after leaving a meeting with Clinton as he drove back home to Baltimore, according to the USA Today report.

Branch gave 80 or 90 audio tapes to UNC-CH along with reams of transcriptions, letters and other paperwork he used while working on the book, "The Clinton Tapes: Wrestling History With the President."

Behind the scenes

One obvious question: What does the material say about Monica Lewinsky?

West said he hasn't yet reviewed all the material and doesn't know. Branch told USA Today that Clinton was less candid on that topic than he was on most others, usually giving the same stock answers he gave to the press at the time.

Branch's materials should provide a glimpse of Clinton that the public has yet to see, said Terry Sullivan,
a UNC-CH political scientist who studies American presidents. Even in an era of 24-hour news coverage and instant communication, the public actually learns very little about presidents while they're in office, Sullivan said. The true details of a presidency only trickle out in document form decades later, he said.

"The picture of what presidents actually do is vastly different from the official daily schedule that is provided to the press and to the public," he said. "We're virtually ignorant about what the president does based on press accounts and even memoirs."

But Sullivan cautions that presidents are notoriously guarded and cautious -- even in seemingly candid moments. So the portrait of Clinton that emerges from Branch's materials may still not be an unvarnished take.

Politicians, he said, "are particularly skilled in their ability to behave strategically."

"They're never off. The veil never falls off."

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University Funds Report Steep Investment Losses

By GERALDINE FABRIKANT

Steep investment losses have caused painful cutbacks at some of the nation’s best-known universities over the most recent fiscal year and have prompted questions about whether their endowments are taking too much risk.

But as the schools, one by one, disclose their numbers, the managers of these endowments are indicating their continued support for a diversified portfolio chock full of alternative investments like hedge funds, private equity and real estate — the very things that have caused so much trouble.

This portfolio strategy is sometimes called the Swensen model, after David F. Swensen, who heads the Yale endowment. On Tuesday, Yale disclosed the details of its year, reporting an investment loss of 24.6 percent, compared with an average drop of 17.2 percent for large funds, according to the Wilshire Trust Universe Comparison Service.

The fiscal year for all major university endowments ended on June 30.

Preferring to emphasize their long-term results, the chiefs of many big endowments, including Harvard, Yale and M.I.T., have indicated they are sticking with their models. Notably, Mr. Swensen did not lay out Yale’s asset allocation for the coming year in his statement — something he has done in years past.

Yale pointed out that even after its latest loss, it has produced an average annualized gain of 11.8 percent over the last 10 years. According to Wilshire, the average return during that period was 4.3 percent for endowments with more than $1 billion in assets. “Just how unhappy fiduciaries are with the returns last year depends on whether they are focusing on one-year returns or 10-year returns,” said one endowment head who did not want to be quoted by name speaking about investment strategy.

A number of institutions will be looking for ways to avoid some of last year’s biggest headaches, like not having enough cash on hand to meet capital calls, as required under their contracts with private equity and similar funds. Harvard, which was down 27.3 percent last year, has acknowledged it suffered a cash squeeze and has since raised its portion in cash, among other measures.

“In most cases they will make small changes in the allocation to various categories,” said Byron Wien, vice chairman of Blackstone Advisory Services. “People are gradualists.”

Along with holding more cash, Mr. Wien says he believes that endowments need to have more funds in emerging markets and in the credit markets as growth slows in the western world.

Making minor adjustments could lead to broader shifts. “I think there are probably more changes going on
than they are publicly announcing,” said Dan Jick of High Vista, which manages money for endowments, families and foundations.

“In a couple of years I would guess that endowments will take less risk prospectively and have more assets in investments where they can get at the money when they need it.”

The biggest endowments seem to have stumbled the most in percentage terms last year. Doing better than either Harvard or Yale, the Massachusetts Institute of Technology said that its fund fell a more modest 17 percent and that its diversification strategy of embracing alternative investments had indeed cushioned its portfolio, a third the size of Harvard’s, against the market swoon.

By contrast, Yale said that diversification had failed to protect its asset values. The biggest drag on its performance was a 34 percent decline in its largest asset class, known as real assets, which include real estate, commodities and timber.

Over all, the Yale fund fell to $16.3 billion at the end of June. That decline included a $5.6 billion loss from investments, $1.2 billion that was applied to the university’s budget and $200 million in new gifts.

Some big schools remain skeptical about the push for alternative investments. The University of Pennsylvania did relatively well in an abysmal year, reporting a drop of 15.7 percent, and did not have a lot invested in private equity, real estate and natural resources.

The school’s endowment chief, Kristin Gilbertson, said that she had been slow to get into private equity and real estate after she took over in 2004 because she worried that the size of private equity funds was too large and their fees too high.

Over a five-year period, Penn had an average annualized return of 3.5 percent. That compares with 8.7 percent at Yale.

Still, Ms. Gilbertson says she is in a better position for growth now, partly because the fund has avoided some of the problems that will continue as a result of private equity deals struck from 2005 through 2007.