

All R.I. communities are in deep trouble

MIKE STENHOUSE
RICK DANKER

Rhode Island has become ground zero for the public-employee pension crisis owing to the size of the unfunded pension liabilities the state and its cities face along with the sad story of the Central Falls bankruptcy.

But, unlike other states stuck in similar situations, the Ocean State has been proactive in making solid reforms to reduce this debt load. This month, Governor Chafee introduced a municipal pension reform plan that will enable localities to make cuts similar to what the state made with its reform late last year.

The centerpiece of the governor's proposal is legislation to let the state's independent pension plans suspend annual cost-of-living adjustments (COLAs). Eileen Norcross, senior research fellow with the Mercatus Center at George Mason University, and a member of the Rhode Island Center for Freedom and Prosperity's national pension task force, finds that a 1 percent reduction in the COLA reduces the overall pension plan liability by 10 percent.

The magnitude of this cost savings is clear in the data on the task force's transparency website, RIOpenGov.org, which shows the difference in a 3 percent COLA and no COLA on projected future pension payouts to the top-earning retirees to be around \$15 million. Cranston, for one, would cut its total projected future pension costs associated with its 421 public police and fire retirees from \$579 million to \$410 million with this change.

To qualify for the COLA suspension — which the state already enacted with its own reform legislation — local pension plans must be in a "critical status" of a funded level below 60 percent. As the governor's plan notes, the most recent average reported funded level for the plans is just 40 percent.

But this reporting doesn't tell the whole story of local pension debt. When these liabilities are calculated using private-sector valuation rather than assumed investment returns, the picture gets even worse.

Norcross and her Mercatus Center colleague Benjamin VanMetre in November 2011 calculated the average funded level to be 29 percent using Treasury bond yields. The unfunded liabilities belonging to the 36 Rhode Island cities with their own pension plans was therefore \$6 billion rather than the reported \$2.4 billion.

Utilizing private-sector valuation, every locality in Rhode Island would be funded below 60 percent, according to this same Mercatus report. We question, then, why there should even be a "critical status" test in the legislation.

This truth about local pension debt means that many of these municipalities will ultimately need to do more than suspend COLAs. They will need to consider adjusting benefit formulas, capping pension payments, or offering buyouts to pare down this debt. The alternative is to let the burden remain on taxpayers, either in the form of higher taxes, cuts in public services, or both. Those are particularly bad options in Rhode Island, where emigration to other states and towns is just a short trip away.

Governor Chafee should be commended for acting decisively on the public-pension crisis and introducing a plan to give the municipalities a head start on reform. It is now up to the legislature to quickly pass this into law. But the hard work will remain for those cities and towns deemed to be in "critical status."

They should now calculate and disclose their pension debt using market valuation so their citizens know full extent of the unfunded liabilities. Then they should come up with reform plans that use every legal option available to spare those citizens from having to prop up uncontrollable pension plans. Rhode Island will benefit when the state's enablement of the COLA suspension is combined with the opportunity for its fiscally-distressed cities and towns to design their own reform plans.

When adding the often-overlooked burden of other post employment benefits (OPEB), the public retirement crisis — decades in the making as benefits outstripped contributions through government overpromising — is the state and local finance issue of our time. It threatens foundations crucial to making government work, such as truthfulness about finances and fairness in allocating public services and benefits. When they get the state's go-ahead to start reducing their pension obligations, Rhode Island's cities and towns will have no excuse not to take it on.

Mike Stenhouse is CEO of the conservative Rhode Island Center for Freedom and Prosperity. Rick Danker is director of economics at American Principles in Action, a conservative Washington policy organization.

Road to energy independence visits Alaska, Keystone

ROBERT L. EHRLICH
Jr.

Sometimes, it is worth our time to step back, to take the long view about seemingly intractable issues affecting our country.

My long view begins with the gas line days of 1973-74, when a recently minted owner of a 1966 Ford Falcon began the daily commute between his home in Arbutus and Gilman School in Roland Park. Domestically, huge price hikes at the pump and draconian gas rationing (remember the "even-odd" license plate system?) nearly destroyed new automobile sales, a crushing burden for a father employed as a "commission only" car salesman.

The Ehrlichs survived; we also took note as our elected leaders promised that "never again" would an OPEC cartel impose its will on a defenseless America; never again would hostile regimes be able to inflict such damage on the world's most vibrant

economy.

A series of major domestic policy failures is to blame. And an inconvenient truth is at the center of the controversy: Our economy's ability to grow new jobs depends on available and inexpensive sources of energy. For the foreseeable future, those sources (primarily natural gas and oil) are fossil-fuel driven. An additional inconvenient fact: The green jobs revolution so ardently promoted by progressives is not occurring anytime soon; wind, solar and biodiesel must be promoted and explored but will not produce the supply required for the next 10 to 20 years.

Reminders of our ongoing failure to secure energy independence are again in our daily news cycle.

The first concerns our continued unwillingness to explore an area estimated to produce greater than 1 million barrels of oil a day and 150 billion cubic feet of natural gas per year beneath the North Slope of the Arctic National Wildlife Refuge (ANWR). The

land was purchased for oil and natural gas development by President Jimmy Carter and Congress. The proposed drilling footprint is small (less than 3 percent of ANWR's total acreage) under a House passed bill earlier this year. The area is predominantly dreary, barren wasteland. Indeed, the area is not designated as wilderness. Yet, the North Slope remains untouched to this day.

The Obama administration's recent decision to deny approval of the extraordinarily important Keystone XL Pipeline project is equally egregious. The exhaustively researched project would run from Alberta, Canada, to the U.S. Gulf Coast. It would create thousands of new jobs. It represents a significant source of new supply from our northern ally. Yet, the president decides to (again) placate the environmental left.

Some on the right contend the folks currently in charge of environmental policy are quietly pleased to see gas heading to-

ward \$4 per gallon. Such "anti-growthers" abhor consumption. They ask why America should be so different from Europe, where the price of gasoline in Germany recently topped \$8 per gallon. A few, such as former "green czar" Van Jones, have been quite open in their dislike for cheaper oil. If this indeed represents the president's views, he should state it openly and try to defend them.

Americans have had enough of the histrionics that accompany difficult environmental decisions. The country is weary of oil-related considerations that weigh on foreign policy decisions. "Blood for oil" debates are divisive. They weaken our national resolve.

We deserve energy independence. Our economic and strategic security depend on it. It's time to act.

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When in the history of man was the situation ever normal?

STANLEY M. ARONSON

A student, attending a private secondary academy in Rhode Island, comes home bitterly complaining: "That teacher in my English Lit class called me normal!" When this student's anger had abated, he added: "That's as bad as being told that I'm average!" To this student, with illusions of elitism, being labeled as normal was a terrible indictment.

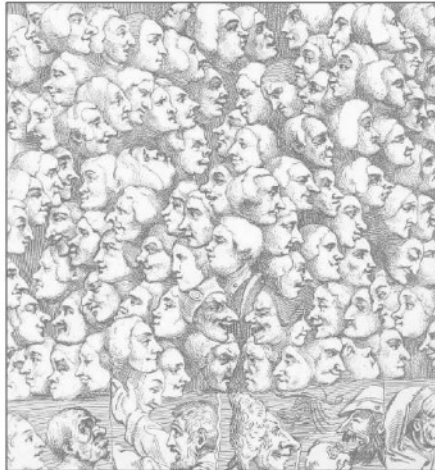
When did our local students assume the academic fantasies of Garrison Keillor's Lake Wobegon population, where every child is said to be above average?

Normal, as an adjective, has been around for a long time. In Latin, the word was *normalis*, meaning consistent with accepted standards, conforming to an established average or type. The noun norm (from the Latin *norma*; earlier from a Greek word describing a carpenter's square) defines a standard model used for purposes of comparison.

The word normal has now come to provide two divergent meanings: first, that normal may stand for a numeric or otherwise qualified standard established as the arithmetical mean for a given population. (The normal body temperature of humans, for example, is 98.6 degrees Fahrenheit.) Embodied in this meaning is the sense that "normal" is a word free of any moral virtue, since it is nothing more than the average for a particular population at a particular time and place in history. And thus, a normal life span in Botswana may bear little relationship to a normal lifespan in Finland.

A second meaning declares that being normal is to be without flaw or disease, implying that normality represents the absence of imperfection, and that the norm (now a noun) represents a threshold above which sublime faultlessness may flourish. ("Mrs. Abernathy had two splendidly normal, healthy children.")

"Normal" entered the vocabulary of education in 18th Century France, when pedagogical incompetency forced the government to es-



WILLIAM HOGARTH (1743)

tablish schools for the specific training of elementary school teachers. These centers were called *ecoles normales*, the first appearing in 1685 in the city of Rheims, its avowed purpose being to teach future teachers certain educational standards called norms.

The Rheims academy formed a model for similar facilities both in France and in other nations. The first Normal Schools in the United States were established in New England in Concord, Vt. (1823), and Framingham, Mass. (1839). Much of the leadership in achieving high standards of pedagogy in the United States was provided by Horace Mann (1786-1859), a graduate of Brown University, Class of 1819.

As the world has become increasingly complex, and with more than one standard of alleged excellence, the word normal has gradually become a synonym for usual. And thus, if snows accumulated on the streets of Peoria for more than a week, it was deemed a normal occurrence. If about 5 percent of Providence students were absent from class, day after day in 1938, this was then consid-

ered the normal absence rate for this city. Normal had thus lost any taint of excellence or moral value. Normal now assumed the appearance of everyday occurrences.

As ordinary (normal) citizens viewed their condition in a stratified society, filled with more surprises than anticipated norms, the word normal began to assume a more shadowed meaning. Normal was now construed as representing the occurrence of an accumulated number of unanticipated stumblings, work-stoppages, failed systems and missed opportunities.

The awesome regularity of the unanticipated event provided the rank-and-file in the military, during the years of World War II, with a crisp acronym, SNAFU ("Situation normal, all fouled up"); it became the standardized response to any unexpected variance from the normal. It was a credit to the spirit of the Americans in uniform that the word SNAFU was expressed both frequently and cheerfully. Variance from the normal, in the military setting became so frequent that when the anticipated materialized, it too was called a SNAFU.

Science has provided no conclusive evidence that we inherit any ethical principles, norms of behavior or exemplary traits such as altruism. We are all born with an abundance of emptiness; and thus, our first handful of years becomes an interval of intense learning about rights and wrongs bereft of prior directions from above or the past. Our chromosomes bear no booklets of instructions. We seek then, to reach certain minimal standards of behavior and achievement.

Heaven speaks to some; but to most of us, the firmament is awesomely silent. And so, we stumble through vast deserts free of signposts seeking right from wrong and normal from abnormal.

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LETTERS TO THE EDITOR

A troubling 'Merchant'

I attended a performance of "The Merchant of Venice" at Trinity Repertory Company, and stayed for the "talkback" after the show. A Jewish subscriber was so angry about the production's anti-Semitism that he announced he would cancel his subscription. He found the treatment of Shylock offensive and insulting. A cast member defended the actions of Stephen Berenson (the actor playing

Shylock), saying that Berenson's actions were acceptable because he was Jewish.

In the interview with Rabbi James Rosenberg, ("Playing Shylock after Auschwitz" in the Feb. 3 Journal) Berenson said, "I don't think 'The Merchant of Venice' is an anti-Semitic play, but it does have anti-Semitic characters in it." Yes, there is an issue of whether Shakespeare was anti-Semitic, but it is not at issue in doing the play.

No matter what Shakespeare

after company. I believe that the production begs the question of whether Curt Columbus has overstayed his time in Providence.

Marc Kohler
Rumford

Wall St. loves 'Marxist'

Well, with the Dow climbing above 13,000, I guess that means only one thing to the right-wing: Wall street loves a

drinking before the accident with a suspended license, and his passengers were lucky to survive the accident, as he was speeding and no one was wearing seatbelts (one passenger has since been in a coma).

I wish that more judges would do this, not just for teenagers, but for people of all ages, because there are many drivers who are careless, reckless and dangerous, who drive under the influence and take unnecessary risks, and so who have no busi-

Mitt Romney's Etch-a-sketch...



wrote, it is the job of the director to interpret those words. Berenson and Curt Columbus, Trinity's artistic director, portrayed Shylock as spiteful and hateful toward Christians, but left the Christians merely "puzzled" by Shylock.

Set in 1930s Italy, the production portrayed a time that was a horrible time for Jews in that country. Shylock was such a villain that when Antonio declared that Shylock would have to become a Christian to save his life, the audience cheered aloud. I am not Jewish, but I found the treatment of Shylock shocking: As a moneylender, he was ridiculed and portrayed as a bloodthirsty clown.

The choice of this play, the manner in which it was produced and the ongoing defense of the production reflect an arrogant and uneducated the-

ness being on the road.
Charles Lawrence Johnston

Driving is a privilege, not a right, and you have to earn it.

Kenneth L. Zimmerman
Huntington Beach, Calif.

Right to revoke license

One's initial reaction to Rhode Island Traffic Tribunal Chief Magistrate William Guglietta's decision to ban 17-year-old Lyle Topa from driving in Rhode Island for life for crashing into a tree is that it is unduly harsh. (See "I've had it," says magistrate as he revokes teen's license," news, March 3.)

But Topa, who was at a party

Forget the banner!

Here's a headline I would like to see: "Cranston school officials schedule news conference to view a hole in the wall — no one shows up."

Can't we move on?

Michael J. Clarke
Tiverton

To our readers

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