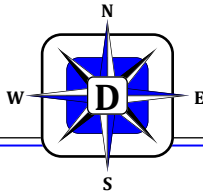


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A Wedding Gift for GOP State Chairman Tom Fetzer

A Transformative Political Lesson from a Reclusive Mississippi Banker

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*John Davis Political Report is a weekly in-depth analysis of North Carolina's key political trends. The subscription rate for the 52 weekly reports through the 2010 elections is being reduced to \$1,000 or \$100 per month during the last two weeks of October. Go to www.johndavisconsulting.com for downloadable invoice or PayPal. John Davis has followed North Carolina politics for 24 years, serving as President of NCFREE, where he was Editor of the *Almanac of North Carolina Politics*. Davis specializes in analyzing political trends.*

"On Thursdays he flew from Jackson to New York City in his private jet to take care of business interests like Amerada Hess Oil and the New York Jets. He always made it back in time to feed the cows."¹

Congratulations to Tom Fetzer, former three-term mayor of Raleigh and newly-elected Chairman of the North Carolina Republican Party, on the occasion of his marriage Saturday, October 17, 2009, to his sweetheart, Kate Spina, from Gadsden, Alabama. I was not invited. That's important for you to know, because it points out that Tom and I are not close friends; ergo, there is no favoritism in this report. However, I do have a wedding gift for Tom: a transformative political lesson from a reclusive millionaire banker in Mississippi. Here is my gift:

He was the wealthiest *and* most reclusive man in Mississippi. Yet, everywhere I looked around his drab and cluttered personal office there were odd, out-of-place items like rusty machine parts on dusty bookshelves and used bricks stacked on the floor. A weathered wooden sign was leaning against a dingy wall. It would take weeks for me to finally get up the nerve to ask, "Mr. Hearin, what is all of this junk scattered around your office?"

In 1979, Bob Hearin was President and majority stockholder of First National Bank in Jackson. However, unlike most bank presidents, he was so intensely private that no one knew what he looked like other than the picture each year on the front page of the state's largest newspaper, The Clarion-Ledger, in the annual article about the "Ten Wealthiest Mississippians."

¹ Excerpt from *Fall of the Magnolia Curtain*, a book in progress by John N. Davis.

It was because he was so reclusive, that the state's business and political establishment was shocked when he agreed to serve in the high-profile role as finance chair of Lt. Gov. Evelyn Gandy's campaign for governor of the Magnolia State. As it turned out, Gandy had done Mr. Hearin a career-changing favor decades earlier when he was struggling to grow his bank.

In the early 1960s, only the large, politically connected banks benefited from the state's deposits. Further, they paid no interest on the state's money, giving them a tremendous advantage over the not-so-well-connected young bankers like Bob Hearin. Evelyn Gandy, then State Treasurer, took the lead to correct the inequities, leading to a windfall of state deposits that greatly enhanced Mr. Hearin's competitive leverage. He was now returning the favor.

Each morning, except Thursdays, Mr. Hearin drove to his downtown Jackson office at First National, the second largest bank in the state, where he would spend the day in isolation managing his varied business interests. Each afternoon he left the bank promptly at 3 o'clock and drove out to his farm where he fed his cows from the back of his pickup truck.

In addition to banking, he was a principal stockholder in Amerada Hess, an oil exploration and production company listed on the NYSE and headquartered in New York City, and, at one time, part-owner of the New York Jets football team. On Thursdays he flew to New York City in his private jet to meet with his business partner Leon Hess, founder of Amerada Hess and owner of the New York Jets. He always made it back to Jackson in time to feed the cows.

The reason that I know all of this is because I was Evelyn Gandy's Campaign Manager. I had the unique privilege of meeting with Mr. Hearin daily to discuss the campaign finances.

The first day I met with Bob Hearin I was very nervous; I wanted to make a good first impression. His personal secretary, Dixie, greeted me with businesslike hospitality at the elevator of the dimly lit and noticeably quiet executive suite. Dixie, wearing too much makeup for her late fifties and a disarmingly large beehive hairdo, led me to Mr. Hearin's office. He immediately came to the door and welcomed me with a warm smile and sincere handshake.

I was surprised by Mr. Hearin's friendliness; perhaps I expected an old curmudgeon. I was also surprised at his threadbare dark blue suit and his overall disheveled appearance. The office décor was sparse, more like what you would see in a bus station waiting room rather than in the inner sanctum of the wealthiest man in the state. And then, there were those odd items of junk scattered about the office. "What were they all about," I thought curiously.

Over the next several weeks I became increasingly comfortable with Mr. Hearin during our daily meetings. Eventually we began to talk about things other than the campaign. That was when I learned about his cows and his other business interests and his Thursdays in New York City.

The day finally came when I had the courage to ask him about the odd items in his office. "Mr. Hearin," I began cautiously, "What is all of this junk scattered around your office?" His eyes darted from object to object, finally resting on the small pile of bricks. "Each item," he began pensively, "is a memento of every bad loan I have ever made." I was stunned. "See those bricks," he continued, "I lost over \$250,000 on a loan to the company that made those bricks."

He then nodded towards the rusty machine parts, “See those machine parts on the shelf? I lost \$100,000 on that bad loan.” One after another Mr. Hearin pointed out the mementos of loans gone bad. It went without saying that he treasured those mementos of lessons well learned down through the decades, lessons he determined were never to be forgotten.

One of the most difficult objective assessments to make when surveying the aftermath of an election cycle is the determination of whether you are in part to blame for the losses. Most of us are instinctively defensive about the role we played in losing efforts, and quickly deflect attention and blame to someone or something else.

The North Carolina Republican Party is reorganizing and retooling for 2010 politics, and making significant internal changes, signaling a commitment to correct past mistakes in order to regain power over the state budget. There has long been a need for a full-time, seasoned political pro at the helm, someone with administrative experience who can raise money. Tom Fetzer, elected GOP chairman in June, is that seasoned political pro.

Fetzer’s experience as a candidate, party activist and consultant gives him the ideal skill set for political combat. As the first GOP mayor of Raleigh in the 20th Century, he built a winning coalition that led to three wins and raised a record-breaking \$500,000 for his reelection.

Another vital change underway at the North Carolina GOP is a renewed commitment to unity evidenced by the rallying theme for the 2010 elections, “One Team, One Goal, Victory.” A quick glance at Fetzer’s endorsements for party chairman reveals that the theme is more than PR fluff. He received the backing of the who’s who from the Helms, Holshouser and Martin eras. Almost every former party chair along with current and former statewide elected officials worked together to help elect him chairman.

However, the final and most difficult change for North Carolina Republicans has yet to be made, and that is the need for crafting their message for the 2010 electorate. Many are saying that 2010 is trending Republican-friendly ... a year that could be as revolutionary as 1994, the first time in the 20th Century that the GOP won a majority of the seats in a legislative chamber. But North Carolina is nowhere near the same state it was in 1994.

Our state had only 3.6 million voters in 1994. We have 6.1 million today. In 1994 only 10.3% of North Carolina voters said they were “Liberal.”² Today, that number is 24%.³ Now here’s the real clincher: In 1994, Democrats had a market share of 59% of North Carolina voters, compared to 33% for the Republicans and only 8% Unaffiliated. Today, Unaffiliated voters have tripled to 23%, the GOP share is about the same, and Democrats have plummeted 13 points to 46% ... at the same time the number of “Liberals” has more than doubled!

My wedding gift to Tom Fetzer is the transformative political lesson from a reclusive Mississippi banker, the importance of embracing past mistakes so that they are not repeated. Accepting the fact that we are not the Old South of 1994 is critical to winning in the New South in 2010.

² NCFREE Statewide Poll, March 1995, MRI, Pensacola, FL (Liberal 10.3%, Moderate 36.4%, Conservative 46.9%)

³ Civitas Statewide Poll, July 2009 (Liberal 24%, Moderate 34%, Conservative 40%)