



Remember that war over there?

Candidates grading 'D- to F+' on Iraq

By **BRIAN A. HOWEY**

INDIANAPOLIS - When Andre Carson won the 7th CD Democratic nomination early this month, one of the first things he declared was that there had to be "an immediate withdrawal of troops from Iraq."

At least Carson had taken a position. Thus far, the 2008 election campaign is taking on characteristics of the 2006 campaign when candidates took pre-stated positions that often neglected the realities of the Iraq War on the ground. We've seen this at the presidential level where Democrats leaned toward withdrawal (though Hillary Clinton, Barack Obama and John Edwards refused during a fall debate to call for an unconditional withdrawal by the end of the next presidential term) while Republicans hugged the notion that the surge was victory at hand.

Anthony Cordesman of the Center for Strategic



Former congressman Mike Sodrel visited with Iraq military recruits in 2006. Above is Gen. David Petraeus, who says we aren't seeing the "light at the end of the tunnel."

International Studies told the New York Times' Michael Gordon, "You have to grade all the candidates between a D- and an F-plus. The

Republicans are talking about this as if we've won and as if Iraq is the center of the war on terror, rather than Afghanistan and Pakistan."

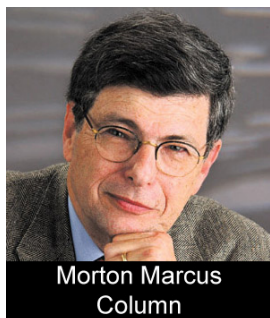
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Job dreams come true?

By **MORTON J. MARCUS**

INDIANAPOLIS - An impressive press release last month may have escaped your attention during the intraholiday period. On December 28th the Indiana Economic Development Corporation (IEDC) announced that 158 companies "committed in 2007 to create 22,627 new jobs in Indiana ... by 2012".

A skeptic would say, "Small potatoes when compared to the nearly three million jobs Indiana currently has." But such a view would be beyond skeptical; it would be downright cynical.



Morton Marcus
Column



"Do you think the people we serve are stupid or dumb?"

- State Rep. Jeff Espich, during the debate on whether to keep school capital projects off legislation requiring voter referendums



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Let's put 22,600 jobs in perspective. That number exceeds the number of jobs added in Indiana in 2007 when job growth (December to December) was 5,800. It also exceeds job growth in 2006, which was 13,400. The reader proficient in arithmetic will immediately recognize that 22,600 new jobs are more than the number of jobs gained by Indiana in 2006 and 2007 combined.

IEDC adds that, since January 2005 (incidentally when Governor Daniels took office), "nearly 500 companies have committed to create more than 60,000 jobs in Indiana." That number is more than twice Indiana's average gain in jobs (27,800) between 1990 and 2007.

No one expects all those new jobs to be added in a single year. But the aggregate number is impressive. The Hoosier state has gained more than 60,000 jobs only four times in the 17 years from 1990 to 2007.

The announcement by IEDC is particularly promising because they seek high-paying jobs in growing sectors of the economy with firms that are well-established.

Coming as it does at the end of 2007, the IEDC report is most welcome because Indiana's gain of 5,800 jobs in the past 12 months gave us a job growth rate of just 0.2%, the fourth worst record among the fifty states. Only Minnesota, Ohio, and Michigan posted lower job growth records.

Over the past 17 years, Indiana has averaged a 1.0% job growth rate. This earned our state the 39th place among all states, behind leaders Nevada, Arizona and Utah. The nation saw an average job growth rate of 1.4%.

Perception of growth depends on not only the rate of growth, but also on the volatility of those growth rates. If we had a boom or bust economy, that would be high volatility, leaving businesses and their workers with a great sense

of uncertainty. Michigan, New York, and Connecticut led the nation in such volatility, while Montana, Idaho, and Wyoming enjoyed more tranquil years. Indiana ranked 12th in volatility between Maine and New Jersey.

On the positive side, in 15 of the past 17 years we had job growth and only two years where the state lost jobs. But those two down years were right in a row, 2000 and 2001, when we lost 104,400 jobs from our peak of 3,003,400 in December of 1999. To date, Indiana's December employment has not regained that high level; in 2007, our number of jobs was still 17,000 below that peak.



Thus, it is with considerable hope that we greet the most agreeable news provided by IEDC of its expectations. But, as cautious Hoosiers will ask: Will those expectations be met? What does it mean that "nearly 500 companies have committed to create more than 60,000 jobs in Indiana"? What constitutes a commitment?

The time frame for IEDC extends to 2012, when a second Daniels' term will expire. Are there any assurances that those 60,000 jobs will materialize? What happens if they do not? One of the firms on the list, GET-RAG (1,400 automotive jobs promised for Tipton County), suspended construction recently. Of course it is just a temporary glitch, something like a market correction, but what if.....? ❖

Mr. Marcus is an economist, author, and speaker, formerly with the Indiana University Kelley School of Business.



An Important Notice to Our Subscribers About the HPI Switchover

Howey Politics Indiana will update its website this weekend and this change will affect how you receive your newsletters. On Monday, Jan. 28, we will transfer our subscription mode to our new website which will still be **www.howeypolitics.com**.

On the new HPI Website, you will be able to log in to your account in the "Log In" section located on the upper right side of the website.

Your username is your email address. It is the email address that you received this email at.

Your password is the same as your password on the current HPI website.

If you forgot your password, just click on the "Forgot your password" button, located in the "Log In" section.

If you have any difficulties logging in, please send an email to HPR tech support: **indybeeper@gmail.com**.

On the old website, you would get your newsletter by downloading a PDF, usually taking four or five mouse clicks. In the new mode, you will find your newsletters under **HPI Weekly Headlines** and **The Daily Wire** sections in the second column. You'll notice the newsletters are posted as content on the website that is available to subscribers only. You must be logged in to see these sections. If you are not logged in, the full content will not appear.

You will still receive emails advising you when new content is posted with a link to that content.

With one click, you can read this content on your browser window, Blackberry or other handheld devices. With a second click, you can print the edition by clicking the "Print This Post" link at the bottom of the post.



Iraq, from page 1

Ask Rudolph Giuliani what his Iraq goal is, and he often answers, "Victory." John McCain, on the other hand, talks of the need for a "100-year" commitment and kept his flagging presidential bid afloat last summer by saying, "I'd rather lose an election than a war."

"The Democrats talk about this as if the only problem is to withdraw and the difference is over how quickly to do it," Cordesman said.

But Kenneth Pollack of the Brookings Institute, writes, "It took a while, but we appear to have finally reached a national consensus that General David Petraeus and Ambassador Ryan Crocker have made progress in Iraq. They have improved security and forged deals among local political leaders in the north, west, and even much of the center of the country (including important parts of Baghdad). This, in turn, has made it possible to start to revive local economies in some of those same areas. But the progress has been uneven. The national economy remains stagnant, with stubbornly high unemployment. Iraq's central government is still locked in the deadening grip of Shia warlords uninterested in compromising with Iraq's other ethnic and sectarian groups or, for the most part, even with one another. And the southern half of the country is deteriorating even as the northern half improves."

Pollack notes, "The good news is that this is entirely in keeping with historical norms. Typically, a properly executed counterinsurgency operation begins by creating basic security for key parts of the population. Security prompts local leaders, who are usually more in tune with their war-weary populations than the central government, to strike deals and broker truces that allow their local economies to revive. Over time, this approach forces the national leaders to become more conciliatory or risk losing their jobs."

He uses Northern Ireland as an example of a best

case scenario, even though it took 40 years to achieve.

And the bad news?

"While the pattern we have seen in Iraq is fully consistent with success, it also remains fully consistent with failure," the Pollack analysis reveals. "In Vietnam, General Creighton Abrams produced encouraging results at the grassroots level between 1968 and 1972 but could not translate bottom-up progress into top-down reform of the Vietnamese central government before the United States effectively ended its support. The result was a state too weak to stand up to attack from North Vietnam. As both of these examples illustrate, such campaigns require lots of time."

Brookings President Strobe Talbott writes, "When taking the oath of office on January 20, 2009, the next president of the United States will be assuming responsibility for the most difficult, dangerous and complex set of foreign policy challenges ever to face a newcomer to the White House. Whatever is then happening in Iraq, Iran, Afghanistan, Pakistan, and the Arab-Israel peace process, it is safe to predict that George W. Bush will, in each case, be passing on to his successor either a daunting piece of unfinished business or a full-blown crisis."

Here, the focus is on Iraq, which **HPI** believes has already dramatically changed the political climate for 2008. For evidence of that, just look at the high Democratic presidential primary and caucus turnouts, compared to that of Republicans. GOP voters are still discouraged by the ineptitude the Bush administration revealed in 2003-06 in the years prior to Gen. David Petraeus taking command.

As we've done in the past, we revisited the latest Brookings Institute Iraq Index released on Jan. 16 to get a fuller picture of what is occurring there. There is, without question, some good news, even if it's measured in degrees. Oil production hit 2.42 million barrels a day, just under the 2.5 mbd pre-war levels. Oil pipeline bombings are down from 30 in December 2004 to one attack in the last three months, and 12 last August. Electrical generation stood at 4,270 megawatts in December, compared to 3,958 pre-war, but still way below the U.S. stated goal of 6,000 megawatts by July 1, 2004. The GDP was 48.5 in 2006, up from 20.5 in 2002. There were 441,779 Iraqi security forces on duty this month, compared to 323,000 a year ago.

Multiple fatality bombings decreased from 69 in



U.S. Rep. Mike Pence visits troops in Iraq.



January 2007 to 23 in December, though one in Mosul on Wednesday killed more than 18 people. Civilian casualties decreased from 3,700 in May of 2006 to 500 last November. The number of U.S. soldiers killed by Improvised Explosive Devices declined from 82 in May 2007 to 26 in November and 9 in December. But there have been 10 thus far in January, not including U.S. Army Spc. Jon Michael Schoolcraft III of Madison, who was killed by an IED on Jan. 19. U.S. military deaths reached a high of 137 in December 2006 to 126 in June 2007, 38 in October, 36 in November, 23 in December, and back up to at least 28 this month thus far.

Newly displaced Iraqi civilians were 90,000 in January 2007, compared to 40,000 in November.

And the bad news?

Internally displaced Iraqis rose from 200,000 in 2004 to 1.34 million in 2007. The estimated strength of foreign insurgents is still in the 800 to 2,000 range, largely unchanged. The national unemployment rate is still estimated to be 24 to 40 percent. And fears of being able to sustain the surge are facing a troubling trendline. There were 182,668 U.S. soldiers in Iraq last October, compared to 168,676 this month. Gordon reported in the *New York Times* that the U.S. military is planning to return to 15 combat brigades by mid-July, down from the 22 now. Some speculate that the drop in bombings and violence is simply the insurgency waiting out the surge.

NBC's Middle Eastern correspondent Richard Engle reported on Monday that after a year in command in Iraq, Gen. Petraeus was "beginning to see some tangible progress." He reported as 130 new police recruits were sworn in, half Shiite, half Sunni, "which would have been unheard of a year ago," Engle reported.

Petraeus visited an outpost and learned that 80 percent of the roadside bombs are being rooted out before taking U.S. lives because of help from Sunni militias. "It is a challenge to think of sitting down with men who, at least their tribal members, have your blood on their hands," Petraeus told NBC. "But that's how these kinds of wars end."

Engle asked, Do you think we've reached a turning point?

Gen. Petraeus responded, "We think we won't know we've reached a turning point until six months past. We have repeatedly said there are no lights at the end of the tunnel that we're seeing now. We're certainly not dancing in the end zone or anything like that."

The **New York Times** reported today that 100 Sunni militia men and leaders of the Awakening Council in Anbar Province had been assassinated by al Qaeda in Mesopotamia since the release of the Dec. 29 Osama bin Laden tape in which he called the Awakening "infidels" and "traitors." This is fraying the new alliance and undermining any Sunni confidence in the Iraqi government that is still not close to meeting any political goals.

In 2006, with three intense Indiana congressional races in play, the Iraq War barely came up in the home-stretch of the campaign. It was almost as if it were too complex, too polarizing and too risky to enunciate anything beyond primary-era soundbites. The fact that Democrats



captured three seats from the Republicans was supposed to be message enough that the Iraq War was troubling and needed a solution. On the same day of the latest Brookings Iraq Index, the **Rothenberg Political Report** released its 2008 House Outlook. The word "Iraq" isn't even mentioned.

The surge has supplied relief, but no long-term solution. As happened in the last tumultuous campaign - 1968 - that has drawn some comparisons to this election cycle, surprising events can corkscrew into the most well-thought out campaigns, or the ones that try to ignore the war. Americans have their eyes on Wall Street, interest rates and the race war between Obama and Clinton. The Iraq War is the elephant on the table. To think anyone escapes its attention is to align themselves in the stupor of the 1996 and 2000 presidential campaigns. Remember those ... the campaigns where foreign policy didn't really matter? ❖



Obama vs. Bill, as Sen. McCain surges

By MARK CURRY

WASHINGTON - Maybe it is about time the two leading Democratic presidential candidates take after Ronald Reagan, with an appropriate twist on his 11th Commandment: "Thou shalt not speak ill of a fellow Democrat."

Former president Bill Clinton stepped up his attacks on fellow Democratic Sen. Barack Obama while Republican Sen. John McCain appeared to be surging in the polls. The Democrats are slugging it out before the South Carolina primary this Saturday, and the Republicans are jostling for momentum in Florida's primary next Tuesday. All candidates are fighting to gain the best footing before Feb. 5, when voters in more than 20 states will cast ballots that may finally decide who will represent the two parties in November's presidential election.

Republican votes up for grabs

There's big news out of the GOP race this week as McCain rides a growing wave of popularity following his convincing victory in South Carolina. The Arizona senator's poll numbers spiked at the same time that former New York Mayor Rudy Giuliani's support nosedived.

Real Clear Politics polls indicate McCain leading nationally at 26.3 percent, followed by former Arkansas Gov. Mike Huckabee (18.8), former Massachusetts Gov. Mitt Romney (15.8), and Giuliani (12.2). Meanwhile, Republican voters in Florida have left Giuliani and Huckabee in droves to throw their support behind McCain and Romney. RCP figures both at about 22 percent in the Sunshine State. Former Tennessee Sen. Fred Thompson's withdrawal from the fray on Tuesday may upset the race further. Many Republicans who supported Thompson felt he best represented their party's core conservative values. Now that he is gone, pundits speculate Romney will pick up most of the 7.3 percent of Florida voters who once intended to back a Thompson ticket. McCain is not giving up these voters without a fight. On Tuesday, he asserted his bona fides in a letter that was read to the tens of thousands who attended this year's March for Life in Washington.

Looking past Florida to key states in play on Super

Tuesday, when the GOP contenders will vie for 1,102 delegates, California, with 173 delegates at stake, favors McCain 24.8 vs. Romney 16, and New York (101 delegates) appears to be headed toward McCain as well. Huckabee is reportedly competitive in Georgia (73 delegates) while today's Chicago Daily Herald stated that Illinois (70 delegates) is up for grabs.

Democratic slugfest

With so much excitement, one would expect the Republican brouhaha to dominate headlines. But not when there's a Clinton in the Democratic race, and right now there are two.

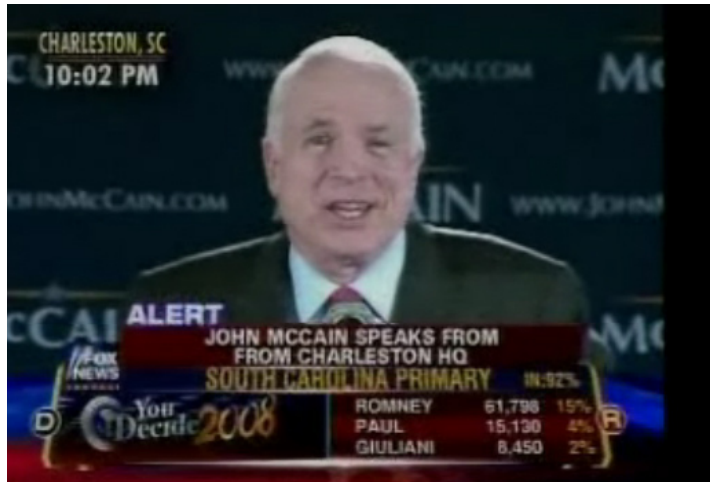
Sen. Hillary Clinton's persistent attacks on Obama earned the New Yorker a pair of popular victories in New Hampshire and Nevada, but the Illinois senator wasn't going to let

it happen again in South Carolina. He came out swinging during Monday night's debate in Myrtle Beach. Hillary gave as good as she got. In fact, she may have gained an advantage as she managed to throw Obama off his original game plan - playing Mr. Nice. Democrats everywhere winced.

The Clinton campaign continues to bulldoze its way through South Carolina, even though Obama is expected to win big. Over the past few days, pundits have speculated that husband Bill's pronounced assault is intended mainly to occupy Obama in the Palmetto State while Hillary shores up a substantial but slipping lead in California. The former president certainly held up his end of the bargain as media outlets throughout South Carolina have featured the Clinton brand. His methods have earned rebuke. Reporters both local and national have conveyed their surprise that the former president would assault a fellow Democrat with harsh and downright misleading tactics.

"With varying degrees of accuracy, Clinton has made Obama look as if he were an ally of President Bush, a fan of Ronald Reagan, a supporter of the Iraq war and a practitioner of electoral dirty tricks," Dana Millbank wrote in yesterday's Washington Post. "After Hillary Clinton's col-

PRESIDENTIAL Politics 2008



JOHN MCCAIN SPEAKS FROM CHARLESTON HQ SOUTH CAROLINA PRIMARY 89.2% ROMNEY 61,798 15% PAUL 15,130 4% GIULIANI 8,450 2%



lapse in the Iowa caucuses, Bill Clinton shed his presidential dignity and decided to become his wife's designated hitter.... But there can be little doubt that his histrionics helped put his wife back in contention."

It's gotten so bad that South Carolina Democratic chair Dick Harpootlian, who has endorsed Obama, called the Clinton campaign "reprehensible" and suggested the president had borrowed tactics from Lee Atwater, the late South Carolina GOP strategist once described by Arianna Huffington as "the happy hatchet man." According to news accounts, Bill responded by thrashing reporters and accusing Obama of a "hit job." It is unclear what, if any, penalty Hillary will suffer in the voting booth. Reuters reported that some observers have speculated that Bill's attacking role will eventually backfire if she is seen as reliant on his support.

"Clinton's current role confirms my ongoing reservations about whether the nation can deal with two presidents in the White House - one of them elected and the other retired," Linda Fowler, a professor of government at Dartmouth College in New Hampshire, told the wire service.

One former adviser to President Clinton, Dick

Morris, wrote on RCP that he believes Bill is attempting to polarize Democratic voters along racial lines. Yesterday's Los Angeles Times reported that its latest national poll demonstrates "a pronounced racial divide among Democratic voters: About two-thirds of black respondents said they would vote for Obama, while only about one-fourth of white respondents said he was their choice." Nationally, Clinton has held steady at about 41 percent, according to RCP, but Obama has managed to boost his support from about 25 percent earlier this month to 33 percent in the most recent surveys.

In terms of key states, Feb. 5 also looms large for Democrats, with a total of 2,064 delegates up for grabs. In California, with 441 delegates, Hillary boasts a 12-point lead, down from as much as 24 late last year. The San Diego Union-Tribune reported that the most recent Field poll shows little movement since December. Clinton continues to dominate in New York (281 delegates), garnering fully half of Democratic support to Obama's 27 percent. Illinois (281 delegates) is comfortably in the Obama zone, according to the Daily Herald, while New Jersey (127) is solid with Clinton. ❖



Former President Clinton campaigning in South Carolina this past week.

2008 State Presidential Polls

Florida (R)		McCain	Romney	Huckabee	Giuliani	Paul
Strategic Vision	Jan. 20-22	25	20	18	22	5
Herald/St.PTimes	Jan. 20-22	25	23	15	15	3
Rasmussen	Jan. 2020	25	13	19	5	

California (R)						
Field	Jan. 14	22	18	11	11	7

South Carolina (D)		Obama	Clinton	Edwards
Reuters-Zogby	Jan. 21-23	39	24	19
Rasmussen	Jan. 21	43	28	17

California (D)				
Field	Jan. 14-20	27	39	10
Rasmussen	Jan. 14	33	38	12

New York (D)				
Quinnipiac	Jan. 14-21	25	51	11
Zogby	Jan. 19-20	26	47	9





The Peterson Defeat:

*'I'm not a political analyst ...
I think someone else is in a
better position to analyze it'*

By **BRIAN A. HOWEY**

INDIANAPOLIS - Last month in the Indianapolis Star, Bart Peterson was asked to comment on his stunning loss last November to Mayor Greg Ballard. He answered, "I'm not a political analyst and I'm also not objective, so I think someone else is in a better position than I to analyze it, what happened and why is much more valuable."

Thus, **HPI** accepts.

And this analysis comes a week after our 2008 HPI Top 50 List included Peterson in honorable mention, Ballard in the Top 10, and neither Marion County chairman - Democrat Michael O'Connor or Republican Tom John - on the list at all.

Through a number of conversations with both Republicans and Democrats, I'll address the first question first: Why did Bart Peterson lose? The answers to the other questions can be found along the way.

In November 2006, Peterson announced he would seek a third term as opposed to running for gov-

ernor. I suspect that Peterson might give that scenario a different look in hindsight. If he were running against Gov. Mitch Daniels today, that race would be an utter tossup, maybe even "Leans D." Peterson could have easily said, "I can do more for the people of Indianapolis as governor in the coming years than as mayor."

Instead, he announced for a third term and the reason I believe he did so is that he had unfinished business. He wanted to complete his phase of Unigov, meaning the police and fire mergers. When he made his re-election announcement, he was on the cusp of the police merger. There was also good progress on the fire merger with Washington and Warren townships coming into the fold thanks, in part, to an out-going Republican trustee and an incoming Democrat trustee.

At the time of his announcement, there were storm clouds on the horizon and I couldn't help but think of State Rep. Winfield Moses' quote to me back in the early 1990s when he was restarting his career: "Why did I ever run for that third term?" Moses was every bit a rising star as mayor of Fort Wayne in the 1980s as Peterson was this decade. And Moses lost.

Being a big city mayor is the toughest job in politics, other than president, as President Bush noted on Wednesday with Mayor Ballard in the audience. "I don't have to fill the potholes and empty the garbage," Bush said. People are fickle and emotional about those things and crime. The barnacles collect on even the best mayors. Like Gov. Daniels, Peterson was a





risk taker who was willing to spend political capital for the good of his city. We saw that on positions such as charter schools, the combined sewer overflow (in which he raised sewer rates), charter schools, the midfield airport, backing the first two IPS bond issues for capital projects.

Peterson was one of the most pragmatic politicians we've seen. He could have had a major showdown with Daniels over who controlled the Colts Stadium construction (and the bonded goodies that come with it to his favorite law firms), but knew he had a losing hand and punted. That saved everybody a protracted mess. He could be cautious, too. While House Democrats slugged away at Major Moves, Peterson remained on the sidelines (and, by 2007, had plenty of Major Moves funds to build miles of new sidewalks).

But as his second term reached its twilight, there were major problems. One was who controlled the new IMPD. The deal to get Sheriff Frank Anderson on board meant the mayor ceding control as to where the buck stopped on crime, though Peterson maintained his chair of the Criminal Justice Planning Council still gave him the biggest voice. The Hamilton Avenue massacre and the "perception" of a crime problem became chinks in the armor.

The 2006 Indiana General Assembly was a disaster for Peterson. He ended up in a feud with State Sen. James Merritt over the IndyWorks reforms and whether to dispense with township assessors or trustees. Ways & Means Chairman William Crawford didn't help his position in the House where IndyWorks met an ignominious death.

In the final week of the session, Sen. Luke Kenley's property tax reforms were underwashed by the Legislative Services Agency report projecting a 24 percent average property tax increase. House Democrats opted for a bandage (the rebate) and Senate Republicans caved. Had the Kenley reforms passed, the events of June and July that began to overwhelm the Peterson candidacy would probably have been muted, if not avoided. Instead, while the mayor's re-election campaign was running sunny TV ads, angry homeowners were gathering in the streets.



They were throwing tea parties. They didn't listen to the notions that Peterson had tried to save tax dollars with police and fire consolidations and the IACT Hometown Matters tax reforms.

While the seeds and weeds of the tax crisis were sown in the Indiana General Assembly, it was Peterson who paid the steepest price almost exclusively due to ... timing. He was the first guy to come in the line of fire of angry voters. The old high school

basketball adage from the '70s - "the bigger they come, the harder they fall" began to apply.

And the administration's reaction in mid-summer is where the mayor lost his mojo. One idea floated - to bond a \$70 million rebate to homeowners who were seeing thousands of dollars of property tax hikes - was one of the most boneheaded ever conceived. The administration quickly backed away from that one, but by the time it did, its vulnerabilities were laid bare. It seemed to be wildly grasping for quick solutions as opposed to the methodical programs he tried to champion in the years prior.

But the biggest political misjudgment came on the 65 percent income tax hike. This was made with good, fiscally-sound intentions. Peterson felt the city had to deal with its unfunded police and fire pensions (inherited, by the way, from the Goldsmith administration). But the financiers won out over the politicians. It was good public policy (as S&P awarded a couple of days after the election with a AAA bond rating for the city) coming at the absolute worst political timing. The administration's political wing then collapsed by fostering the most devastating 11 o'clock TV news clips we've ever witnessed: angry voters sweating in 90 degree heat out on the street while the Peterson administration packed the council chamber with city employees and allies; the council escorting the few angry protesters who got in ... out. Councilmen threatened each other before the measure was ramrodded through.

It was a scene as tawdry as any out of Tarantino's "Pulp Fiction," with the final act as compelling for Ballard as that red magic marker to Uma Thurman's chest and that dramatic administration of syringe-pumped adrenalin. The moribund Ballard campaign sprang to wide-eyed life.



There were ethical lapses. While the Peterson administration had a squeaky clean reputation, the caliber of officeholders his Democratic Party was foisting on the electorate were problematic. As it became a majority Democratic county, we ended up with characters like Kenneth Ackles as coroner (he had wanted to be a judge and was diverted) and Mary Catherine Barton as surveyor, a perch she wanted to use to promote "social issues." There was the primary election meltdown just after Clerk Beth White had taken control, undermining confidence in the new majority party. There was the fiasco of Council President Monroe Gray's dual dip at the public teat. In all these cases, Peterson never stood up and declared, "Enough! This is not what I want the Democratic Party to become."

Perhaps it was the enfeebled state of U.S. Rep. Julia Carson that induced the paralysis to deal with African-American officeholders who either defied the mayor or were left to their own meandering devices. It appeared as if the mayor was afraid to confront the mediocrity for fear of alienating voters on the minority base.

Whatever the reason, by Election Day, there was a significant drop-off in the legendary Center Township "Carson Show." Part of this was a miscalculation by Marion County Democrats, who figured that the unknown Ballard would easily fall prey to the mayor's \$4 million warchest. Sources tell **HPI** that it wasn't until autumn that a vendor was brought in to stoke the campaign's minority GOTV. Carson was so sick with her clandestine terminal cancer that she was in no position to get the machine in gear. The machine splayed as various segments began angling to succeed the congresswoman.

The mayor's ad campaign was so out of sync with the mood of the voters that we were stunned by hissing in a pub in late September when one of the ads came on TV. It was as if Marie Antoinette was running. Several leading Democrats said they knew of the disconnect by late July. The campaign was slow to react.

In the final weeks of the campaign, the Peterson re-elect telegraphed how much trouble he was in. A Star poll had him leading by 5 percent in the final weeks (down from a 12-percent lead in a September WISH-TV poll, but O'Connor went out of his way to question the methodology of the poll while releasing none of the campaign's internal numbers. Then the Peterson campaign took its gloves off and tried to whip Bambi Ballard into submission. It accused him of supporting the construction of ivory municipal tow-

ers while gutting the 911 call center. The ads conveyed this message to the punditry: Panic!

It reminded us of a 1999 Peterson quote as the Republicans pulled out all the stops on behalf of Sue Anne Gilroy: "When dynasties seize up, they make a terrible sound." Peterson the politician had come 360 degrees.

Had Marion County and Indiana Republicans been in a dynamic mode, Peterson's re-election would have been flagging in late summer with a front-line nominee. But the GOP had zero confidence early in the sequence that Peterson was vulnerable. The party hierarchy, numerous sources have told **HPI**, was fearful of alienating big law firm friends and the folks they figured they would have to deal with in the coming four years.

Chairman Johns repeatedly said in public - often with Greg Ballard in attendance - that the top Republican priority was to regain control of the City-County Council.

This was an epic misread and should be seen in almost heretical terms. You don't write off any city except for the most Democratic bastions of East Chicago and Gary. Other big Democratic cities - Terre Haute, Anderson, Muncie, South Bend, Jeffersonville and New Albany - were all in play. The fact that Republicans were willing to cede Indianapolis is political malfeasance of historic proportion.

Shame. Shame. Shame!

Ballard won because of a street level revolt. He told **Indianapolis Monthly**, "The lack of financial support from the party might have helped me. I think people saw me more as an independent than as a Republican."

Some call his victory pure luck.

What we witnessed here was a dual collapse of both political parties. There were virtually no heroes, other than Ballard and a few of his supporters who slogged through, kept the faith, raised just enough money to put up a post-amateur TV ad campaign in the final days that was endearing enough to seal the deal ...

.... by a mere 5,000 votes!

There have been Hoosier textbook political campaigns in competitive races: Evan Bayh in 1988, Joe Hogsett in 1990, Dan Coats in 1992, Frank O'Bannon in 1996, Peterson in 1999, Graham Richard in 1999 and 2003, Brent Waltz and Mitch Daniels in 2004, and Greg Walker in 2006. Those are the Hoosier gems.

The Peterson campaign of 2007 was a stinker, met with competing Republican flatulence while an unexpected victory fell into their laps. ❖





Illness, retirements point to impending exodus

TRENDLINE: State Sen. David Ford is reported to be in critical condition with a diagnosis of pancreatic cancer and State Sen. Glenn Howard is also hospitalized with an undisclosed illness. Sources tell **HPI** Sen. Ford will probably not return. The two senators' illnesses are a precursor to potentially major personnel changes coming to the Indiana General Assembly as filing opens today for the 2008 elections. State Sen. Marvin Riegsecker, who has had health problems, announced he will not seek another term. Filing deadline ends on Feb. 22. In the past year, five House members have retired and several others are expected. In the past week, primary challenges have been launched against State Reps. Amos Thomas, Shelli VanDenburgh and Gregg Simms. Other House members facing primary challenges include State Reps. Dan Leonard, Phyllis Pond and Charlie Brown. GOP primary challenges are also in store for State Sens. Brent Waltz and Luke Kenley. State Sen. Sam Smith, D-East Chicago, announced for a second time in the last year he will retire and will back his wife Diane to succeed him. But former senator and East Chicago Judge Lonnie Randolph has said he will seek Smith's Senate seat. In SD 42, where State Sen. Robert Jackman is retiring, former Sen. Jean Leising announced she would run. Former legislators Bob Kuzman and Matt Whetstone told **HPI** in December that there could be at least 35 new House members when the legislature reconvenes next November in preparation for the 2009 long session.



2008 Indiana Governor

Governor 2008: Republican: Gov. Mitch Daniels, La Ron Keith. Democrat: Jim Schellinger, Jill Long Thompson. **1996 Results:** O'Bannon (D) 1,075,342, Goldsmith (R) 997,505, Dillon (L) 35,261. **2000 Results:** O'Bannon (D) 1,230,345, McIntosh (R) 906,492, Horning (L) 38,686. **2004 Results:** Daniels (R) 1,302,912, Kernan (D) 1,113,900, Gividen (L) 31,644. **2008 Forecast:** Schellinger is expected to name a new campaign manager and communication director this week. The campaign is going through a thorough reorganization and is close to getting enough signatures to qualify for the ballot.

It looks to be a fairly good week for Daniels. His property tax plan is coursing steadily through the House and Senate. It was summed up by this remark from Democratic State Rep. Bill Cochran who said, "We wanted to

keep it as near to the governor's proposal as possible with some additions that provide more tax relief."

Chris Cillizza of the **Washington Post** rates Daniels as the second most vulnerable governor in 2008. Here's his take: 2. Indiana (R): Republicans have grown less optimistic about Gov. Mitch Daniels (R) in recent months as skyrocketing property tax bills in the state have stoked voter anger with the incumbent. The Republican Governors Association released a poll earlier this month that showed Daniels with double digit leads over former Rep. Jill Long Thompson and architect Jim Schellinger, but he was unable to crack 50 percent against either of his likely Democratic challengers. (Previous ranking: 2) **Democratic Primary Status:** TOSSUP. **General Status:** LEANS DANIELS

2008 Congressional

Congressional District 7: Republican: State Rep. Jon Elrod. Democrat: Indianapolis Councilman Andre Carson. **2006 Results:** Carson 121,303, Horning (R) 97,491, Campbell (L) 4,381. **2008 Forecast:** The DCCC has announced it will back Carson in the March 11 special election. The NRCC has not announced similar support for Elrod. **Status:** TOSSUP

Congressional District 9: Republican: Open. Democrat: U.S. Rep. Baron Hill. **2006 Results:** Julia Carson (D) 74,750, Dickerson (R) 64,304. **2008 Forecast:** Sodrel has named Ryan Reger as his campaign manager. Reger is a veteran of U.S. Rep. Mike Pence's staff. **Status:** LEANS D

2008 Legislative

House District 50: Republican: State Rep. Dan Leonard, Terry Abbett Gary Snyder. Democrat: Open. **2004 Results:** Buell 15,391. **2006 Results:** Leonard 12,203, Aguilar (L) ,2,208. **2008 Forecast:** This race could be the poster child for the 2008 primary as an early gauge on how angry people are. Three Republicans vying for an Indiana House seat swapped early primary election punches Saturday, with the incumbent taking blows from his two challengers (**Fort Wayne Journal Gazette**). During their closing remarks, both Abbett and Snyder said Leonard is a stranger to most of the district's constituents. Snyder criticized Leonard for accepting money from PACs. "He gets money from special interests. I promise you, you will be my special interest," Snyder said. Leonard responded to Snyder's criticism of a pay raise legislators approved. "If I had known I was going to get this kind of competition, I wouldn't have voted on the salary increase," Leonard said. Now, that's a classic quote. **Status: Leans D.** ❖



Little hysteria after Rules snuffs repeal; key reform votes up

By **BRIAN A. HOWEY**

INDIANAPOLIS - Four days after the news broke that Senate President Pro Tempore David Long had killed SJR-8 on a constitutional amendment to repeal property taxes and sent it to a summer study committee, the reaction has been anything but a firestorm that some had feared.

There was a somewhat hysterical press release from tax activist Paul Wheeler that declared, "Hundreds of thousands of Hoosiers were assassinated last night by 12 senators" while describing Statehouse Room 431 where the vote took place Tuesday a "crime scene."

But Advance America's Eric Miller has yet to send an e-mail to supporters, instead training his efforts against HB1076, a hate crimes bill.

After Senate conservatives such as State Sen. Brent Waltz and Michael Young pushed SJR-8, it was decisively defeated in the majority caucus after a week of intense debate. While Waltz said he was "disappointed" by the caucus position, he praised Long, saying he "did a truly remarkable job in allowing this discussion and ideas to occur."

Had Long been dismissive of the movement, a more volatile reaction might have occurred. While it's too early to know whether the lack of a floor vote will have political repercussions, at this point that doesn't appear to be the case.

While the property tax reforms coursed through the Indiana Senate and House this week fairly recognizable to the original intent of the Daniels administration, we view today's floor vote SB16 that would move assessing duties from the townships to the counties as a key litmus test as to how deep the reform movement is willing to thrust.

SB16 passed 5-4 in the Senate Local Government and Elections Committee on a bipartisan vote. Should it pass a floor vote today it will give momentum to some of the Kernan-Shepard reforms that have begun to work their way through the process without much bully pulpit support

from Gov. Daniels.

The same committee also voted for SB312 on Wednesday that would convert the three county commissioners into a single county executive by a 6-4 vote. That was another of the 27 Kernan-Shepard recommendations. The bill, sponsored by State Sen. Phil Boots, would establish county councils as the legislative/fiscal body for counties and expand membership to nine.

Bill Hahn, of the Indiana Association of County Commissioners, said his organization is not taking a position on whether a three-member commissioners' board is better than a single executive (Kelly, **Fort Wayne Journal Gazette**). But they do believe individual counties should have the right to choose. "We

oppose the bill not to save our position or because we fear change," Hahn said. "But because one size doesn't fit all."

As for the property tax plan, the governor has to be heartened by much of the action that occurred in the House. The one exception would be Amendment 72, which would remove most school buildings from the referendum process, except for those involving gymnasiums, swimming pools, stadiums and other recreational facilities. Daniels and House Republicans contend that is where much of the public debt and tax load has accumulated.

Bosma said, "There's more good in the bill than bad," adding, the biggest disappointment was Amendment 72, which will almost certainly be removed in the Senate. "If we believe that voters have a right to speak on these issues of property tax construction, which we do,

then they ought to speak on all of them and not just the ones which involve athletics," Bosma said.

Ranking Ways & Means Republican Jeff Espich was more blunt, saying to Rep. Niezgodski, "Do you think the people we serve are stupid or dumb?"

Senate Tax Chairman Luke Kenley, reacting to a 48-0 vote on moving school and child welfare costs to the state, declared, "We're making progress. We're all trying to get on the same road map. I think the governor's done a pretty good job of putting his program together."

Speaker B. Patrick Bauer called work on HB1001 "hard and intense" and told the **South Bend Tribune**, "I think overall we have a bill that can go forward."

Another Democrat, State Rep. Bill Cochran, told the **Louisville Courier-Journal**, "We wanted to keep it as near to the governor's proposal as possible with some additions that provide more tax relief." ❖



Sen. Luke Kenley



Curt Kovener, Crothersville Times - If

you are not required to pay a tax, you probably don't care if others get an increase. Conversely, if you are on the paying end while your neighbors don't have to pay, you probably are going to question the fairness of such a proposal and probably seek ways to lessen the blow to your wallet.

Now you have an elementary grasp of the much ballyhooed proposal to decrease property taxes by increasing sales tax. Some segments of the Hoosier populace who pay property tax but don't pay sales tax are pushing for the rest of us to pay more sales tax so we all can pay less property tax. They call it reform. They call it fair. I call it a baloney.

Every resident in every county takes enjoys the services of government paid for by property taxes—things like EMS service, fire protection, police & sheriff patrols, prosecution of criminals and the warehousing of those accused and convicted in the county jail. Perhaps you don't use those services everyday, but if you have chest pain, smell smoke or suffer a theft, it is good to know that remedies are a three digit phone call away. But to shift the costs of those local services away from property taxes, the governor and some legislators have proposed increasing the state sales tax rate from six to seven percent. A small, insignificant, measly, single percentage point. But my point is that while some retail consumers would pay more, other consumers are blessed and privileged with exemptions and don't have to pay any sales tax. For instance, (and this will probably get me kicked out of the newspaper union) newspapers don't collect or pay sales tax on the sale of ads or subscriptions. Why is my industry so special? Why so privileged? Why do farmers not have to pay sales tax on their farm equipment nor the fuel to run them which travel along and frequently damage county roads getting from field to field? (Road repairs are primarily funded through fuel taxes.) Why do we pay sales tax on water softener salt but not table salt? Why do we pay sales tax on a \$3 gallon of gas but not a \$2 gallon of milk? Why do I pay sales tax on the tools I buy at the farm store but not on the tools I order over the internet? Why does my wife pay sales tax on clothes bought at the mall but not on clothes purchased over the shopping TV show QVC? Why do Jackson County residents pay sales tax on the paper they run through their home computer printers and copiers, but government, schools, churches and business don't? Why does government, schools and churches get to enjoy the services provided by property tax (police, fire & EMS) but pay neither property nor sales tax to support those services? If raising sales taxes will cut property taxes, how much more could property taxes be lowered if everyone paid sales tax? ❖



Rich James, Post-Tribune - Rich James,

Post-Tribune: When it comes to the expansion of the South Shore Railroad, Gov. Mitch Daniels is caught between that proverbial rock and a hard place. And the guys applying pressure from either side are state Rep. Chester Dobis and U.S. Rep. Peter Visclosky. Don't get me wrong; Daniels

favors South Shore expansion. In fact, he thinks Northwest Indiana is a sleeping giant that is ready to emerge economically. Daniels just isn't terribly excited about Dobis' proposal to pay for the expansion. And, I really can't blame the governor a bit. In case you've lost your scorecard, here are the latest numbers. Visclosky, given his immense clout on the House Appropriations Committee, can secure \$500 million

in federal funds for the project. In order for that money to get into the pipeline, we need to match it with \$500 million in local and/or state money. Initially, that meant some kind of local tax for Lake and Porter counties. Perhaps a wheel tax, which is what Dobis suggested last year when this first surfaced. Chances that the county councils in Lake and Porter counties would adopt a wheel tax are virtually nonexistent. Lord, the Lake County Council has refused to adopt an income tax, despite a threat from the state. And that would have gone for property tax relief, not something as frivolous -- in the eyes of many -- as commuter rail. Then, suddenly, the stars aligned and Dobis had a brainstorm. The plan was doable without a new tax. ❖

Jack Colwell, South Bend Tribune

- House Speaker Pat Bauer welcomed Gov. Mitch Daniels aboard for a bipartisan cruise in choppy waters. Destination Goal: Calm and contentment on the Isle of Property Tax Relief. They're in the same boat. Neither wants it to sink. While the Republican governor and Democratic speaker have differed in the past on such divisive matters as the time issue and Toll Road lease and even on whether a property tax crisis was looming, both know something must be done about property taxes now. Angry voters in counties with a property tax crisis demand it. But finding compromises to secure passage will be tough in a politically-split legislature in which there are strongly held divergent views. Constituents are by no means unified on specifics of what to do. And this is an election year. Daniels is seeking re-election, and 125 of 150 legislative seats are at stake. In his State of the State address, the governor praised Bauer Senate President Pro Tem David Long for "fair-minded cooperation" and "beginning work immediately on the framework bill I proposed." Bauer described the governor's speech as "positive" and "a good start." It's only a start. Only a framework. Some versions will get shot down along the legislative path. That's when Bauer, working with Democrats, and Daniels, working with Republicans, will need to calm tempers, seek compromises." ❖



Bill would force officials to quit

INDIANAPOLIS - Public officials would be forced to leave office upon conviction of a felony under a bill which advanced out of committee Wednesday (Post-Tribune). Sen. Frank Mrvan, D-Hammond, authored the bill after he learned there was no way to force Lake County Councilman Will Smith to leave office in the wake of Smith's conviction on federal income tax charges. Smith stayed on the council for several months between his conviction and sentencing, and worked to pass a local Lake County income tax. "Will Smith was on there about four months at a very important time, a critical time when we needed some work done on the county level," Mrvan said. State law is currently contradictory about whether a public official can stay in office until sentencing.



80 percent of black babies born to unwed moms

INDIANAPOLIS - About eight in 10 black children in Indiana are born to unwed parents -- a start to life that sets them up for problems during adolescence and beyond, according to an Indiana Black Expo report (Indianapolis Star). Indiana's black youths fare significantly worse than Hoosier youths in general across 18 indicators of well-being, such as graduation rates and poverty levels, and do worse than black youths in the U.S, according to the report being released Friday. Tanasha Anders, acting president and chief executive of Indiana Black Expo, said the problem comes down to education -- making sure young people finish school

and understand the consequences of having a baby. "Everything else is a domino effect," she said.

Tough immigration bill passes 10-1 in committee

INDIANAPOLIS - Opponents of a tough new illegal-immigration bill say Indiana will be treading on constitutionally dangerous ground if it becomes law. The bill, they say, would promote racial profiling and infringe upon the constitutional rights of U.S.-born children whose illegal-immigrant parents lose their jobs (Indianapolis Star). But supporters say the bill -- approved 10-1 in a committee vote Wednesday and ready for consideration by the full Senate next week -- will send a message to the federal government that it has not done enough to stem the flow of illegal immigrants. "Our message today to the federal government is to lead, follow or get out of the way," said Sen. Mike Delph, R-Carmel. Delph championed the bill through the Senate Pensions and Labor Committee, which heard testimony Wednesday at a hearing that drew a crowd of more than 50 people, a mix of Hispanics and business lobbyists opposed to the legislation. The full Senate could take up the bill as early as Monday. "Today is a reflection of the strong sense that people want the illegal-immigration problem resolved once and for all," Delph said.

South Shore bill passes first legislative hurdle

INDIANAPOLIS - A plan to steer \$350 million in state sales tax money toward South Shore rail extensions to Lowell and Valparaiso cleared its first legislative crossing Wednesday with some additional freight in tow (Times of Northwest Indiana). An amendment added to the funding bill would divert 4.4 percent of the sales tax collected in LaPorte and St. Joseph counties to generate \$6.5

million a year for improvements to the eastern half of the South Bend-to-Chicago commuter line. The underlying legislation directs 12.5 percent of the sales tax collected in Lake and Porter counties, roughly \$30 million a year, to the proposed Lowell and Valparaiso lines. While some Republicans balked at committing so much state money, the amended funding plan cleared the House Ways and Means Committee on a 15-5 vote. "It had bipartisan support," said Rep. Mara Candelaria Reardon, D-Munster. "There are people that see the economic benefits, the jobs for the people that are going to build the railroad and the jobs" that would be created by the new lines. In fact, a couple of committee members lauded the potential economic gains U.S. Rep Pete Visclosky, D-Ind., testified to a week earlier. Citing a planning study, the veteran congressman said the Lowell and Valparaiso lines have the potential to create 26,000 region jobs within three decades. "I found Congressman Visclosky's testimony some of the most compelling I've ever listened to," said Rep. Win Moses, D-Fort Wayne. "We often wonder why we're 49th or 50th in federal funds -- because we turn them down." Visclosky stressed that the \$350 million in local support is necessary to unlock \$500 million in federal dollars.

Commissioner DuPey to seek another term

GARY - Lake County Commissioner Fran DuPey, D-Hammond, canceled her previously announced retirement and will run for a fourth term. (Times of Northwest Indiana). Oscar Sanchez, an executive assistant to Sheriff Rogelio "Roy" Dominguez, and Paul Krizman, a former Hammond City Court administrator, have filed to challenge DuPey for the 3rd District commissioner seat. Sanchez said he will embrace the findings of the Good Government Initiative. "We must change the way county government operates," he said.