



McDermott's Lake County gamble

Hammond mayor takes over Lake Democratic Party, backs Kernan-Shepard reforms

By **BRIAN A. HOWEY**

INDIANAPOLIS - Governors of Indiana have been American Legion commanders, lieutenant governors, congressmen, speakers of the House, Senate president pro tempore, sheriffs, judges, prosecutors, medical doctors, farmers and ranchers, mayors, publishers, major generals, grain dealers, state senators, White House budget directors and secretaries of state. But never has there been a chairman of Lake County Democratic Party who has ascended to the second floor of the Statehouse. On Saturday, 48-year-old Hammond Mayor Thomas McDermott Jr., a former Navy diver and Notre Dame University law school grad, upset Gary Mayor Rudy Clay to take the helm of the party in a county known more for its steel and corruption than statesmanship.

By the time HPI talked over the phone with McDermott on Tuesday, the new chairman made it clear that it would not be business as usual. He plans to share power



with Democratic leaders across the county. He admires Gov. Mitch Daniels, though he often disagrees with him. And he favors many of the Kernan-Shepard reforms that, as the interview took place, were being dealt with in amateurish fashion on the floor of the Indiana House.

Many political pros felt that McDermott's decision to run for county chair was a fool's errand. They believe he

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House amateur hour

By **BRIAN A. HOWEY**

INDIANAPOLIS - During the summer of 2007, Gov. Mitch Daniels invited Indiana Supreme Court Chief Justice Randall T. Shepard, former Democratic Gov. Joe Kernan, business leaders and people from both parties to study Indiana government.

That fall, thousands of Hoosiers took part in study groups across the state and in online forums. I attended one of these at Franklin College that included local government officials from legislators to townships, and many citizens. It was a grassroots display of civic earnestness and participation. What resulted in December

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“You are entitled to all the lousy, crummy, graft-ridden government you want and are willing to pay for.”

- **Gov. MITCH DANIELS**, speaking of Lake County at Griffith



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2007 were the 27 Kernan-Shepard recommendations to reform local government. The following year - 2008 - the governor encouraged discourse while refraining from what he called "politicizing" the subject. The recommendations had little bearing on the elections that featured clarion calls from Daniels and President Obama to challenge the status quo and bring "change we can believe in."

Over the past two months, five key Kernan-Shepard bills were debated in the Indiana Senate. They covered everything from eliminating townships, to changing school and municipal election dates, to streamlining county government. There were hours of testimony by those both pro and con. One bill that would create a city-styled administration in counties failed after much debate. The township bill was watered down. The trustee would survive, but the advisory board would give way to the county council approving budgets and making sure that reporting requirements were met. Nepotism, which has been rampant in the township system, would be abolished.

After the Senate debate, no one was completely satisfied. Township Association President Mary Hart called those reforms a "hollow victory" because of the county council oversight. Proponents were disappointed that the county reforms failed. But that is how the process works in the legislature; progress is often incremental.

This past week, all these

proposals that included thousands of hours of conversation, debate and participation landed in the Indiana House.

And it was there that any semblance of dignity, logic and civic discourse ended.

House Speaker B. Patrick Bauer essentially thumbed his nose at the chief justice, the last two governors, their lieutenant governors, and all the citizens who took part in the process.

Bauer assigned the five Kernan-Shepard bills passed by the Senate to the House Government &



Government & Regulatory Reform Committee Chairman John Bartlett. (General Assembly Photo)

Regulatory Reform Committee. It is chaired by a freshman, State Rep. John Bartlett, whose district includes Indianapolis' Center Township. It is in Bartlett's very township where it takes \$1.69 to administer a dollar of poor relief. Center Township hoards millions of dollars of tax money and owns buildings of little public use.

To put this in perspective, it is extremely rare that a freshman chairs any legislative committee. Around 3 p.m. Monday, Bartlett announced the committee hearing for 8:30 a.m. the following morning. There were some Steelworkers from



Northwest Indiana who got the heads up to testify, along with a number of trustees. Many proponents didn't. Under Bartlett's "leadership," all the Kernan-Shepard bills were rolled into one. He threw out all the decisions made in the Senate, and returned to all the original language.

Bartlett called for a vote on a 244-page amendment few had read, and this is where chaos overtook civics. Reformers and some Republicans objected, believing this maneuver was designed to kill all the legislation.

State Rep. Steve Stemler, D-Jeffersonville, balked at Bartlett' strategy prior to a tie vote on the amendment. "I didn't like what we were doing procedurally," Stemler later told the Louisville Courier-Journal. "And some of the individual bills had merit on their own."

Bartlett called for a 10-minute recess and made a beeline to Bauer's office where he received new orders. When he returned, he called for a couple of hours of testimony with each speaker given a two-minute limit, and then asked for a vote on the amendment. It passed.

Bartlett then adjourned the committee.

But people began yelling, "Wait! Wait! There was no vote on the bill."

Oops. The rookie chairman Bartlett forgot. He tried to reassemble the committee, but Republicans begged off, saying they needed to caucus after all the confusion. Bartlett called for the vote anyway and it passed 7 to 1, with Elkhart Republican Tim Neese voting with the Democrats (including Stemler). Democratic State Rep. John Barnes, who teaches social studies at Warren Central High School, voted nay. "There are 27 different items. Some of them I agree with, some I don't." Barnes said. "I would vote yes to move the bill down the road." He had to be thankful that his social studies students weren't in the gallery.

With that vote, all the Kernan-Shepard reforms died in the House.

While Gov. Daniels made news a couple of weeks ago when he said that Bauer's command in the House is "total" and his rule "unchallenged," there were Democrats in his caucus who were appalled. "I don't know what was happening here, and I don't like it, all right? It's that simple. I don't like it," Rep. Ed DeLaney, D-Indianapolis, said to the Indianapolis Star after the vote. During the hearing, DeLaney spoke passionately about people losing faith in their government and that this process would do even more damage. "This is all about reform and perform,"

DeLaney said. "We need to reform the system so it can perform."

Bartlett quickly declared the legislation dead. "We took a vote on the entire agenda, and it didn't pass, so my understanding is that's it," the chairman said.

But that isn't "it." These bills passed the Senate and will come back at the end of April during conference committee.

What is fascinating is that one-time rivals like Daniels and Kernan, Lt. Govs. Becky Skillman and Kathy Davis, Indianapolis Mayors Greg Ballard and Bart Peterson, and dozens of mayors, commissioners and councilmen had come together to push all or part of these reforms.

Even the new Lake County Democratic Chairman - Hammond Mayor Thomas McDermott Jr. - backed many of the Kernan-Shepard concepts. "The governor is pushing, particularly at townships, and you have to tip your hat at that," said McDermott, who upset Gary Mayor Rudy Clay the previous Saturday. "It's not politically popular. That's what I respect; he (Gov. Daniels) does what he thinks is the right thing to do."

Bauer rationalized his House sucker punch like a mob boss. "Nothing passed that resembles the original Kernan-Shepard, so what can you do?" Bauer asked. "The bills are all a mishmash, or watered down. So what conference? What are you going to do? There's nothing there. I think they were emasculated in the Senate and there's nothing here, so what can I say?"

The Kernan-Shepard reforms are the product of thousands of Hoosiers who had faith

in their government and its processes. The stars for reform have aligned in a way we have rarely seen since Democratic Gov. Thomas R. Marshall began the process a century ago. To allow this opportunity to pass would be a travesty that would besmirch the Daniels administration if the status quo is allowed to persist and the people brushed off.

Here's what I hope Gov. Daniels says: We will restore these reforms, attach them to the biennial budget, or resurrect them on their own, and we'll stay here at the Statehouse through May, June, July and August, 'til hell freezes over, until the people get the dignity and response they deserve. ❖



Former Indianapolis mayor Bart Peterson made a plea for the Kernan-Shepard reforms in Evansville on Tuesday at the very time the reforms were being dismantled in an Indiana House committee. (Evansville Courier & Press photo)



McDermott, from page 1

will be tied to the county's corrupt legacy of Robert Pastrick or the good ol' boys legacy of Stephen Stiglitz and Clay. Or, it could be one of the shrewdest political maneuvers in modern Indiana politics. Just a day after Gov. Daniels said at a town hall in Griffith that Lake County people could have all the corrupt government it wanted, McDermott emerged with a 408-288 upset of Clay. McDermott sparred with Clay with on CNN as the nation awaited results of the Hillary Clinton-Barack Obama Indiana presidential primary race last May.

While familiar names like Rep. Baron Hill, Evansville Mayor Jonathan Weinzapfel, Lake County Sheriff Roy Dominguez and former Indianapolis mayor Bart Peterson make the short list for the party's gubernatorial mantle three years hence, McDermott has emerged as a leader willing to throw the dice, deliver, and assume the mantle of a reformer with a track record to prove it.

HPI: How did you defeat Mayor Clay to win the Lake County Democratic chair?

McDermott: We did it the unconventional way. Typically in Lake County the way things work is the bosses tell the precinct organization what to do. They walk in and do exactly what they're told. We decided we were going to go around the bosses and go right to the voters and make the case. In every city and town in Lake County we had a mixer and I paid a lot of money to do that. We met every precinct committeeman, even the ones that were openly hostile. We invited them out, bought them drinks, campaigned the old fashioned way and they did the right thing.

HPI: Not only was it a victory, it was a big victory. Did you expect that 408 to 288 margin?

McDermott: It was a tough race. I'll be honest, it was an emotional roller-coaster the whole time. When we started out, nobody took me seriously. I was referred to as someone trying to get something; I was going to cut a deal at the last minute. A lot of people just didn't take it seriously. As time went on and we got more and more momentum, I was convinced about two weeks before the election that I was going to win. We were never cocky, we were confident that things were going to go our way. Our numbers were always good. My conservative estimate was 355 and we ended up with 408. We were a little too conservative with our numbers but we got around what we thought.

HPI: What impact did George Van Til's withdrawal

have?

McDermott: I would have rather had George Van Til drop out and endorse me. We tried to make that happen and it didn't. The perception was that George and I were going to cut each other up. So when George dropped out the perception shifted and that was two days before the election. The perception shifted in my favor at that point. I actually got buried in phone calls during those last two days.

HPI: Had you had conversations with George prior to his withdrawal?

McDermott: Yeah.

HPI: A comparison might be like a dog chasing a car; what do you do when you catch it? What are you going to do with the chairmanship?

McDermott: It's a hard job because in Lake County there are so many different agendas because we're so sliced up into so many political boundaries. It's hard to

unify because there are so many personalities. My agenda is to pull everybody together and put together an idea called the Governing Board. It will be based on population and everybody gets a seat at the table and I will be chairman of that board and together we'll decide what the party is going to do. I campaigned on that issue and it really seemed to hit home in the smaller communities who were used to being overlooked by the mayor of Gary. I talked to people in Lowell or Cedar Lake and they were saying, "We don't even see the guy and he doesn't care about us." I said, "Well, I have an idea. You'll have a seat at the table." Mayor Stahura of Whiting, they've got 5,200 people and he'll get a seat at the table just like Gary, who will have five people.

HPI: Has Hammond ever had a Democratic county chairman?

McDermott: No. And I think I'm the youngest by a long shot.

HPI: How old are you?

McDermott: Forty-eight.

HPI: Put this in context of heading into 2012.

You're on my list as a potential gubernatorial candidate. Is that something you aspire to? If so, how does being Lake County chairman fit in?

McDermott: Of course I'm going to look into it. Obviously I'm going to have to keep doing a good job as mayor. I'm going to have to do a good job as chairman as well. My life's goal is not to be chairman of Lake County or the mayor of Hammond. I'm either going to move up in politics or I'm going to become a lawyer. I'm still a lawyer. At a certain point, after a couple of terms of being mayor you've got to decide is this what you want to do? Or do you try and move on? If I try to move on and I'm not success-





ful, I'll just go back to the law business.

HPI: You have a reputation as a reformer in Hammond. Will you bring that mentality and attitude to the Lake County Democratic organization?

McDermott: Yeah, I need to if I'm going to have a future in statewide politics. I need to be a reformer as chairman. In fact, the Governing Board in and of itself is a huge reform. That's one of the main issues I campaigned on. The Governing Board is basically taking power away from me. I'm sharing power. I trust the board. I know the people on the board and they're going to do the right thing. I think differently. I'm not corrupt and I hate people talking about Lake County being corrupt. I was in the audience the other day when Gov. Daniels said that and it made me cringe. I've never been accused of wrong doing and I don't think it's fair for the governor to paint us with a broad brush like that. There are other officials in Lake County who are horribly offended when they hear the governor say something like that. We do have bad apples and I understand that. People who are from Lake County have been thrown in jail and I can't help that. I'm going to do everything in my power to change that image. That's one of my main jobs as chairman.

HPI: You acknowledged the corruption legacy in the Times and I agree, you've been tainted by that. How does that fit into the context of a gubernatorial run when you're campaigning down in Scott County or Evansville?

McDermott: That's a huge issue. When I first decided to run for chairman everybody said, "You're crazy." I said, "Why?" And they said, "If you do end up campaigning statewide one day people are going to say you're the Lake County chairman and they'll describe you as corrupt." Well, you know, I'm the mayor of Hammond right now. If I'm not the Lake County chairman, they'll say I'm the mayor of Hammond and they'll view me as corrupt. The fact is because of where I'm from that means I'm corrupt. That's got to change, Brian. That's a fact of life I'm going to have to deal with. If I'm ever going to move up to statewide politics that's an attitude I'm going to have to change. But with regards to how people view me, I think I've done a lot of things as mayor to give them ammunition to think differently about this. That's an issue Tom McDermott is going to have to deal with.

HPI: You've got your scholarship program, your

housing program, the fire merger with Whiting. Tell me what you think your legacy as mayor is going to be?

McDermott: One of the main issues is home ownership with me and the scholarship program. That's what I'm going to be known for. I'll also be known as a tough mayor; not compromising when I think I'm doing the right thing. I'm brave, almost to the point of being too idealistic. I'm going to point out my last election, Brian. It was a hard fought election. You know how hard I fought to eliminate the Hammond Health Department. It was a three-year battle and I finally eliminated it a month and a half

before my election. On Friday before my Tuesday election there were 300 people outside my city hall demanding my resignation. I was thinking to myself, "Uh-oh." But I'm a different type of elected official. I'm focused on things that will improve the area. We've got to sell homes in the area that people have been moving out for a long time. Overall I think people in Hammond are going to remember me in a positive way.

HPI: Do you have any statistics you can share on the home program, or the scholarships?

McDermott: I'd love to give you the real estate data but the market has been down everywhere. You can't really say the program is not successful because of what is happening to the real estate market all across Indiana and the United States. But I

can tell you there are 310 students in the College Bound program. They are going to go to college in Indiana. Every year each kid gives back to the community with community service. They all give 40 hours to the City of Hammond each summer. We have college students all over city hall, working for the mayor, college students at the golf course, the marina. They see a different kind of government. Going to college is so important and unfortunately for Hammond, we have statistically 10 percent fewer college educated adults than most communities. That's something we have to work on. These college scholarships are going to make a big difference in time. This is the third year for it. Next year we'll have 450 kids.

HPI: This is casino money?

McDermott: Yes it is. Horseshoe is very happy I began that program. A lot of anti-gambling people who were vehemently against the riverboats coming to Indiana, they're saying, "Wow, at least they're doing something positive with the money." I was given an award by the U.S. Conference of Mayors for this. It's a milestone. Usually our





public officials are acknowledged in a negative light.

HPI: Tell me about your negotiations with Mayor Stahura and the Hammond/Whiting fire merger.

McDermott: Mayor Stahura and I were elected at the same time. We have a very close bond. Obviously we're sister cities. Our communities are so close. It's two cities, two separate governments. We've been partnering over the years on other issues. We recently did a joint water project. We purchase together. Many people see Whiting and Hammond as one city. It's not going to happen any time soon. I do think in the long term they will be one city some day.

HPI: What would have to happen other than time to bring that kind of merger?

McDermott: I want to point out that Mayor Stahura is one of the best mayors in Indiana. I respect that man very, very much. This is not a plan. I just know that one day Hammond and Whiting will be part of the same community. It makes sense for Hammond. They did approach me about the fire department issue and I thought it made a lot of sense. He talked to his fire department about it; I talked to mine. We're definitely in a more advanced stage than we were two weeks ago. I think at the end of the day it's going to happen.

HPI: I know Gov. Daniels was pleased with what you did with the Hammond Health Department. Yet I understand you called for his impeachment over the Cal levee. Where do you agree with the governor and disagree?

McDermott: First off the impeachment comment was light-hearted on a light-hearted radio show. It got a lot of attention because it was on the same day the Illinois House impeached Gov. Blagojevich. If I had said "crucified" that day nobody would have paid attention. I recognize that was a dumb thing to say and I apologized to the governor's office. As far as Gov. Daniels, I agree with a lot of things he does. Kernan-Shepard does a lot of things I agree with. There are some things I disagree with Kernan-Shepard as well. I tell you I don't have a problem with Gov. Daniels as a leader. There's one thing about being an executive and you respect bravery. With Gov. Daniels, there's a lot of things I don't agree with but he's definitely not taking the easy course; he's fighting the good fight. I respect that and I admire that about him. Philosophically I don't agree with a lot he does, but the fact is he's trying to do the right things.

HPI: What part of the Kernan-Shepard reforms do you support?

McDermott: I like a lot of the synergies they are trying to create to consolidate power. I have three commissioners in Lake County and I don't want to talk in a negative light about these county commissioners. But I look at county government and I look at city government and to me it doesn't make sense. In a city, you have a mayor who appoints department heads. My police chief is an excellent cop. He does a great job because he is a cop. At the coun-

ty, I see people who are running for sheriff and they're not cops. They are politicians. That's not just in Lake County, that's across the state. I wonder why we don't have an executive of the county instead of three different people with three different agendas. I just believe in consolidating power. I believe there should be an executive who should appoint the sheriff and other things. I want to make it clear I have that right as an American and as an elected official. I can tell you there are a lot of people who don't feel that way. The governor is pushing, particularly at townships and you have to tip your hat at that. It's not politically popular. That's what I respect; he does what he thinks is the right thing to do. I consider myself like that.

HPI: If you were to be elected governor, is that the kind of thing you would do?

McDermott: That's who I am, so I wouldn't change. I think I'm doing the right thing and I'll have my political friends come up to me and say, "You're being stupid; you're hurting yourself politically." But if you think what you're doing is right, it's hard to listen to the politicians. When I got elected mayor I wanted to do the right thing to make Hammond a better place. I don't plan on being in City Hall for 20 years. But when I'm there I want to make the city a better place. When I walk out, I want people to say that I made Hammond a better city. The only way to do that is to shake it up, to push the envelope. That's what I do as mayor and that's what Gov. Daniels is doing, pushing the envelope for sure. Now on things like the Toll Road lease, I totally disagree. I fundamentally disagree. But I know I could reach across the aisle and work with Republicans if I had to. I don't have to that much now because I live in Lake County.

HPI: Survey the 2012 gubernatorial field.

McDermott: I'm the underdog for sure. I'm going to have to work harder than anybody for the reasons you brought up from Lake County. That's going to be a strike against me before I even step a foot on the campaign trail. I've got to deal with that image. That's going to be a strike against me.

HPI: Maybe, but maybe not.

McDermott: I grew up in California. I spent six years in the Navy and when I left I came to Hammond, Indiana. I was 25 years old. But if I campaigned around Indiana, people would say that I'm a Lake County politician. But everybody's got mountains to climb if they're going to move up the ladder.

HPI: Are we going to see you on the Jefferson-Jackson Day circuit soon?

McDermott: I'm a lot more active now. Because of the chairman, I have a lot more credibility to go around to different parts of the state. Being the mayor of Hammond is great but being Lake County chairman is a step up for me. ❖



Leader Psychology: Goodnight stays steady as Kokomo braces

By **BRIAN A. HOWEY**

KOKOMO - When the news hit Kokomo City Hall Friday that the city's jobless rate skyrocketed to 17.4 percent, there was almost disbelief. Everyone in the administration of Mayor Greg Goodnight knew the numbers would be troubling.

But with Chrysler and General Motors continuing to teeter on the brink of bankruptcy, the thought that Kokomo would be honing in on a 20 percent jobless rate before the March 31 deadline was sobering.

Goodnight and other mayors on the front lines of this ongoing economic disaster, like Elkhart's Dick Moore and Goshen's Allan Kauffman, must walk a fine line between preparing their administrations and people for the bad news without inducing panic or societal breakdowns.

"We're tied to the auto industry, which is struggling," Goodnight reacted in Saturday's Kokomo Tribune. "It makes it more of a challenge."

On Monday, when HPI sat down with Goodnight for a chat, Goodnight was calm. "It was a little higher than I thought. If it had come in at 14 or 15, I would have said, 'Yeah.' But not much more than I expected. We're facing it and it's the exact same thing the rest of the country is facing. It's at a little bit higher level with the automotive ties. I haven't heard good news from any place. Ours is that, plus a little more right now. Everyone's getting hit. We're just getting hit a little harder."

Part of Goodnight's demeanor comes with the psychology of leadership. Good leaders don't get too high or too low. The people look for steadiness. But the other part is that Goodnight has been there/done that.

As mayor, he's watched Delphi Automotive work through bankruptcy during the early years of his administration. Now he faces the prospect of Chrysler and its 5,000 workers in and around the city losing their jobs. "We're in that process now for a few years with Delphi," Goodnight said. "There were some immediate impacts with Delphi. There were some companies they owed some money to - suppliers and contractors - who were hit. Sometimes for a company, bankruptcy is not all bad. I worked at Haynes International when we went through our bankruptcy. It's those creditors and retirees and active employees who carry a lot of the burden."

The Detroit News reported earlier this week that auto suppliers expect to see \$2.4 billion in revenue in

March, down from \$8.4 billion in December, according to the Original Equipment Suppliers Association, a Troy, Michigan-based trade group. The attrition rate in the supply chain has been 5 percent to 10 percent with about 40 major bankruptcies in 2008, many of them progressing rapidly from Chapter 11 to liquidation, said Dave Andrea, OESA's vice president of industry analysis and economics. That figure could easily double in 2009.

Goodnight was union president when Haynes

International filed for bankruptcy back in 2004. "We went through a familiar process," Goodnight said. "They put in a hiring freeze, reduced a lot of salaried people, revamped some of the operations and departments, went to a four-day work week. They needed to restructure the company. There were bondholders that were still receiving very high interest rates on the repayment and could no longer get the credit they needed. If they didn't have to make these huge bond payments twice a year they would have been a profitable business."

Goodnight said the union "sat down with the company and worked out the what ifs: what could we live with if bankruptcy came to be. We were in and out of



Kokomo Mayor Greg Goodnight (right) introduces Gov. Mitch Daniels and former Gov. Joe Kernan at a town hall last month in Kokomo. (HPI Photo by Brian A. Howey)



bankruptcy faster than any place I've ever seen." It took seven months. "We reached an agreement that if they filed for bankruptcy, these would be the terms and conditions," Goodnight explained. "That enabled them to go to the judge and say we've worked this out with labor. We're now working with financing; here's our new business plan. They actually repaid everyone they did business with. But it was a tough year or two."

The Obama administration has already decided that if GM and Chrysler face bankruptcy, it will be much like Haynes. The phrase is "pre-packaged." The White House team was in Detroit earlier this week surveying both GM and Chrysler and concept cars like the Chevy Volt.

As for the psychology on the Haynes plant floor, Goodnight explained of the rank and file, "The people that were paying attention understood. They saw the changes. The people who weren't paying attention still couldn't grasp why they were filing for bankruptcy, why we couldn't keep things as they were."

As for the people of Kokomo, last December Goodnight feared that they weren't prepared; that they hadn't saved. "That tone is we need to have a plan and know what we're going to do," the mayor said. "Any changes need to be shared by as many people as possible."



The city has cut its workforce by 35 people, or 7 or 8 percent, though Goodnight said, "I feel we're providing the

exact same services."

Goodnight said that most people have been through this before. "People recognize it," he said of the current recession that some fear could become a depression. "A lot of them have been through these cycles. We've seen industry leave before. People understand it. We're not a city that's going to pout about it. People are kind of pacing themselves and they understand."

A Chrysler bankruptcy doesn't mean the company will leave. "There's been a lot of buyouts, reduced hours," Goodnight said. "It didn't happen that way with Delphi. It's forced them to streamline. They are looking to diversify their product line."

Goodnight noted that a number of Delphi engineers are seeing entrepreneurial opportunities. A solar installation company recently set up shop in the city.

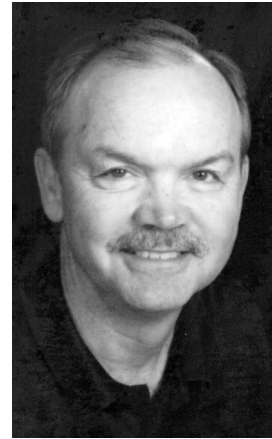
Kokomo wears its history of economic cycles like a badge of honor. A plaque of photos at the entrance of the Half Moon Brewery just off U.S. 31 notes that Delco - the company that became Delphi - was created during the last depression, in 1936. ❖

The case stacks up against the status quo

By **MARK MILLER**

BLUFFTON - Is township government "archaic and wasteful" as its critics say, or is it "the most grounded form of government for the people, by the people" as one of our local trustees maintains?

While there is a good argument for either point of view, this "most grounded" form of government has some flaws.



Because there are 1,008 townships, there are nearly 1,008 ways of doing things. There are guidelines for administering poor relief, as well as for the forms to be used and accounting procedures. But there are also 1,008 interpretations.

The inconsistency of record keeping isn't nearly as bothersome as the inconsistency of service. The example is cited of two Indianapolis neighbors who happened to live in different townships; the household with the

lower income did not qualify for aid in their township, but the higher income household did in theirs.

It seems fairly certain that inequities exist in Wells County, that there are people who receive aid in the township where they live but would not if they lived in another — and vice versa.

Another example was related in a recent Brian Howey column about the city of Goshen and Elkhart Township, which is part of Goshen. The city wanted to buy a ladder truck, so did the township. They agreed to cooperate and just buy one but couldn't agree on where it would be housed. So now there are two brand new \$750,000 ladder trucks within a mile of each other.

The trustees of Wells County should be commended for making an effort to have consistency in their poor relief efforts. It is unfortunate that the trustee with the biggest budget for assistance has not found it worthwhile to attend.

There is an issue of accountability and oversight.

Would we allow a mayor to set his own salary and determine what he might charge the city to rent his office?

When there is not enough interest in the offices to have opponents for years on end, how much accountability is there? How much oversight can an advisory board provide when they have two or four meetings a year? And how



much oversight can we expect for a \$200 a year salary?

Perhaps more to the point: how much power do the advisory board members have? When Geraldine Claghorn, advisory board chairman for Harrison Township, received the audit exam report in the mail in January, she was quite concerned. When she called the State Board of Accounts for advice, she wasn't encouraged. According to Mrs. Claghorn, they told her there wasn't much she could do. "I don't understand why that is," she told us.

Neither do we.

One lesson we have taken from this process is that we, as the local newspaper, should make a practice of obtaining and publishing the audit reports after each audit cycle. It is something that is now on our calendar.

The proposed legislation to eliminate township trustees was "watered down" (quoting the Associated Press) to only eliminate the advisory boards (trustees would report to and have their budgets approved by the county council) and would eliminate nepotism (but only for new hires).

Ironically, the township system is a great job for a couple. Logistically, due to the nature of the part-time yet always "on call" to a degree position, having your spouse as an assistant has worked well when the right people are in those positions all across the state. Overall, Wells County is blessed in this regard.

But what would we think if the mayor, upon election, installed his wife as the city clerk-treasurer? How would people react if Gov. Mitch Daniels appointed his wife as the state treasurer?

We go back to the aforementioned column by state political observer Brian Howey that was published on this page on Feb. 23. Gov. Daniels and former Gov. Joe Kernan had convened a town-hall type meeting in Kokomo and were confronted by local trustee Linda Grover, making her case for the job that she and 1,007 others do.

Daniels replied that he has been in many trustee offices. "I generally find people who are really working hard. That's never been the issue. It's the system that doesn't serve Hoosiers well," he said.

Daniels continued: "Across this state there are legions of cases where more money is being spent on salaries and administration, quite often on family members. Nepotism is incredibly common. Three fourths of the township trustees never have an opponent. There are very good people in it and Linda, clearly you are one of them, but that cannot be an excuse to maintain a very old system."

Our study found a number of "very good people" who are working hard for their neighbors in their townships. They make a good case for being close to the people. (How can you not like a guy who hands out an employment application along with an aid application?)

But we have to agree with the governor that overall "it's the system" that doesn't serve Hoosier taxpayers

well.

Perhaps the answer is not total abolition of trustees. Perhaps the answer is in consolidation of townships, reducing the ratio of salaries versus aid provided, improving the accountability and oversight and standardizing how aid is provided and making sure it is "emergency" based and not turned into ongoing welfare. But perhaps the answer is indeed in the Kernan-Shepherd report, drawn up by a bipartisan group worried more about practicalities than politics.

Our State Senator Travis Holdman serves on the Local Government Committee in the senate and has been in the middle of these debates in Indianapolis. He has maintained that options need to be drawn up and offered to the voters in a referendum.

"If the voters want to keep township government, then so be it," he has told us. "But if they don't, we need to change it."

Amen. ❖

Miller is editor of the Bluffton News-Banner.

We'll all pay for gov consolidation

By CURT KOVENER

CROTHERSVILLE - Despite a stinking economy, a hostage holding stock market, unemployment idling nearly 1 in every 10 Hoosiers, and the majority of the population scared about their future but trying to put on a brave face, it seems all some elected leaders and their hired guns want to talk about is how much government consolidation will be the state's savior.



The Governor touts the findings of his appointed Kernan-Shepard Committee on how to improve Hoosier government. Kernan-Shepard was a flawed committee providing a jaundiced view of Hoosier life. Not a single member of Kernan-Shepard had any experience in town, county or township government. They were mayors, former state legislative officials and representatives of big business. Every member of Kernan-Shepard resides in an urban big city.

So I ask: What the hell do any of them know about life as we live it out here in the county? Visiting their weekend cabin in Brown County or on Lake Wawasee doesn't qualify them to speak on living life out here in the sticks.

You see in the big cities, they are used to mass



transit so that folks living on the edges of the city who are in need of services can board a bus and be dropped off where ever they need to go. Alas, no buses serve the residents of Jackson, Scott or Washington Counties.

And the government consolidation pundits claim that much of the government services business can now be handled online. But unlike the metropolitan areas where residents can have a choice of high speed internet (a necessity to do business with government online) only portions of rural Indiana have the needed high speed Internet connection. Some folks living less than 3 miles from Crothersville and Austin are unable to get DSL and are still forced to use dial-up service, if that can be called technology by today's standards. If you live in the bucolic hills of Jackson (see map at right) or Washington County you can forget about wireless broadband because of the terrain or lack of cellphone signal.

And the big city proponents (they really get bent out of shape when they are called that because they know it's true and have no response other than to call us "backward", "status quo" and "resistant to change") would have us believe that someone in the county seat knows better how to provide fire protection than on the local level.

A county wide fire protection service would be required to provide equal funding & services. Jackson, Washington and Redding Townships in Jackson County currently have their fire protection provided by residents paying dues to their respective departments. The more "efficient" county-wide fire protection method would mean a property tax increase in those three townships ... even though lower property taxes is the main motivation behind government consolidation.

The needs of Crothersville and Vernon Township along the much traveled I-65 corridor are vastly different than the western county where hilly, curvy roads would prevent some large fire apparatus used in the eastern part of the county from navigating to a fire scene or medical emergency.

And remember that all county residents will not pay equally into the fire protection system. The City of Seymour—where about half of the entire county's assessed wealth is located—those residents, businesses and industries would not pay anything to fund county fire protection because the city has their own paid fire department.

Do you think that a county seat bureaucrat using

only the currently available dollars will have your best interests at heart and be able to improve funding for all rural fire departments?

Should fire protection be determined by the county will some current fire stations be closed (a synonym for consolidation) for financial reasons? And should that happen, while we may save some in tax dollars, some will be greeted with increased insurance premiums for rural home and farm coverage since proximity to a fire department is a factor in the insurance premium equation.

I travel to the courthouses of Jackson and Scott County each week to gather the news. Should the consolidation effort succeed, I am not sure where the respective counties will place the needed offices to deal with residents' concerns. Wouldn't it be "penny wise & pound foolish" if to save money by a consolidating government, that more government offices must be built, leased or purchased?

Recently the Indianapolis

Star reported on the amount of surplus dollars township government had squirreled away. What wasn't included in the report is the

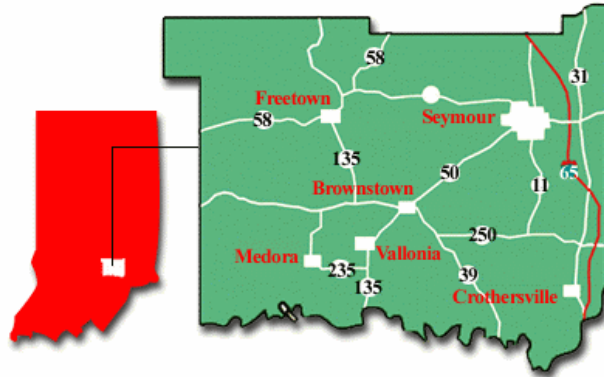
amount of money being saved in cumulative (that means save it until you need to make a purchase) fire equipment accounts. It is much more damning if you can report how government taxes its residents while having piles of money in reserve.

Besides, here in the country aren't we raised to save for a rainy day? Or would they want you to believe it is better to get a loan from the bank for operating funds and then pay the bank interest using tax dollars? And speaking of the Indianapolis Star, if all of Indiana is to operate the same, do you really believe that the state's largest newspaper and the Crothersville Times have the same business model? There are differences; one size does not fit all. If the state's leader doesn't believe that I will be happy for our 5-foot-something governor to exchange suit coats with me (I'm 6-foot-5) for the day.

The government model the big city folks have developed may work quite well for urban, metropolitan areas. I don't live there and don't have much inkling of their needs and issues so it would be improper for me to offer suggestions. That is diametrically opposed to the urban based government consolidation proponents who haven't done their homework for what works in non-urban areas.

It seems the big city advocates just want to force it down our throats and tell us it's good for us. ❖

Kovener is publisher of the Crothersville Times.





Local government vilification: R.I.P.

By SHAW FRIEDMAN

LaPORTE - Talk about something being "dead on arrival." This week's vote by the House Local Government and Regulatory Reform Committee essentially puts this "dog of a plan" out of its misery.

What the Governor and key proponents of so-called local government "reform" don't seem to understand is that this is so low on the public priority list right now and that's why legislator surveys of their districts are coming back the way they did. To many, the Governor's unbridled enthusiasm for whacking at local government smacked of diversion and distraction from some of the real, compelling issues facing our state. The Governor's never been a fan of local government and his fellow ideological traveler Grover Norquist once summed up conservative views this way: "Our goal is to shrink the government to the size where you can drown it in a bathtub."



Hoosiers know that it's not their local Sheriff or their little library district that has cut the value of their 401(k) to a 201(k). They know it's not their local auditor or clerk or school board member who is threatening to move jobs overseas or ginning up this country's trade imbalance or running up the number of home foreclosures in their community.

There are huge, unrestrained and for the better part of the last two decades – unregulated market forces – that this Governor has long trumpeted as the answer to all our problems. He's used local government as the bogeyman for months and legislators of both parties this week said "enough."

While the Governor wasted the first half of the legislative session focused on this obsession with local government, how about a quick list of some issues he needs to focus on in the second half of the session that really DO MATTER to Hoosiers.

1. Fix the unemployment compensation problem. Make sure there sufficient local offices and staff to deal with our burgeoning unemployment rolls. Beef up re-training and re-education. Focus on how we're going to repay the federal government the hundreds of millions borrowed to help cover Indiana's shortfall in unemployment comp funding.

2. Focus some gubernatorial ire on predatory investment schemes, mortgage brokers and others that

are truly hurting Hoosier consumers. When is the Governor going after risky stock investment schemes or shifty brokers who have shaken investor confidence in our system?

3. Getting our fair share from Washington – for a change. For decades, Indiana's share of federal tax dollars has been anemic and we recently received news that Hoosiers won't get our fair share of stimulus dollars, due to some outmoded formulas that exist. It's a shame that when this Governor was OMB Director in 2002, he didn't see fit to change the formulas to help favor his home state. Instead, we're left with him scratching his head seven years later trying to figure out why we're 18th on a list that we should be higher on based on need.

4. Want to recoup badly needed revenue? Close loopholes that are benefitting out of state and multi-national corporations that are skating on their Indiana tax obligations. The Indiana Department of Revenue has been asking for help for years with staffing and resources to go after corporate tax scofflaws who are skating to the tune of \$346 million each year according to the Washington, D.C. based MultiState Tax Commission.

5. Stop privatizing state functions such as welfare intake and eligibility and make sure that we restore face-to-face contact for Medicaid and food stamp recipients. Make sure proper oversight exists for already privatized contracts such as the Toll Road and Department of Corrections. Want to look for government efficiencies – start in state government, Governor.

This week's bi-partisan vote sends a message to the Governor that his year long campaign to vilify and blame local government for the state's ills just isn't cutting. That dog won't hunt Governor – in fact, what happened this week was a mercy killing. ❖

Shaw Friedman is a LaPorte attorney who formerly served as Legal Counsel for the Indiana Democratic Party. He is a regular contributor to HPI.

Owen returns as Vanderburgh Dem Chair

EVANSVILLE - Vanderburgh County Democrats unanimously returned Mark Owen as chair last Saturday. Owen is a close ally of Evansville Mayor Jonathan Weinzapfel and is expected to play a major role in the mayor's potential 2012 gubernatorial run.

"The local party has had a historically successful past three elections, we have won 37 of 41 recent races," Owen said. "During that time I am most proud that we have elected a dozen new officeholders that bring fresh perspectives and ideas to our Local, State, and Federal Governments. Over the next four years I see our Party continuing to grow and helping our community move forward." ❖



An open letter to Rep. John Boehner

By **DAVE KITCHELL**

LOGANSPORT - When John Boehner showed up in Monticello, Ind., for an appearance with Rep. Steve Buyer back in the 1990s, they were the faces of the new Republican heyday.

That was when the Republicans had engineered a new majority in Congress and Newt Gingrich was celebrated as a change agent who would make Congress work differently than before. Boehner and Buyer were positioned at the right place and the right time for political power, and they both benefited from it. Buyer went on to prosecute a president in an impeachment hearing in Congress. Boehner, who hails from neighboring Ohio, went on to a leadership position in the House.



But what goes around comes around. Change has come to the House again. Newt is long gone and so is the majority he carefully crafted over numerous election cycles as the GOP chipped away at a longstanding Democratic majority.

If I were sending a memo to John Boehner today, it would read something like this:

Rep. Boehner:

It can't be easy being you as a minority leader in the House of Representatives. You've withstood a challenge to your position, though colleagues such as Dick Armey have opted to leave the body entirely. You've seen your party lose its grip on a historic majority that took decades to build and only a few short years to lose. You've seen the majority of the Senate and the party in control of the White House both switch over to the other side, and there's little to hang your hat on as a party.

Then another glancing blow comes in the form of infighting between the chairman of the Republican National Committee and radio talk show host Rush Limbaugh. Who heads the party? That's an argument that's open for debate, although the chair is clearly the titular head if not a recognizable name.

As you are a career politician who still has many years to serve, I offer this advice. Bend this one time. Lead a party that will meet Democrats halfway on issues and do

your part to make sure the carpet between the aisles in Congress is the most worn-out piece of carpet in America. Forget the stall tactics. Give up the hope of tax cuts being the only answer to bringing this country out of its deepest recession since at least the 1970s. If that was the solution, we would have been out of this recession before it started.

Try hosting town hall meetings with Democrats where members of your party and the other side can exchange ideas without venting arguments. Try going to the states that were once red and talking to voters. Pretend you're in the television commercial United Airlines aired a few years ago. You remember the one with the boss who decided to send his entire staff out to meet with clients and former clients face-to-face?

That's what has to be done with your party, and unless you do it, few within your party expect anyone else will. It sent a positive message when Republicans elected an African-American as their national chair, but it sent a similar message when another African-American member of the RNC called for him to step aside and let someone else lead the party.

You're in a position where you can lead by example, and your party sorely needs that. But even more than that, the country needs to see Republicans, Democrats and independents working together at a time when this nation is truly hurting. You can't feel good about an unemployment rate in Ohio that is above the national average, especially when voters in your own state elected someone from the other party president. That doesn't bode well for your future in the next election.

As much as you leaned over and embraced Rep. Nancy Pelosi on that historic day when she became the first female House speaker, you have to embrace the change confronting your party and the country. Play it their way for a while, or at least play nicely with them.

If you don't, you'll join the ranks of Gingrich, Livingston, Armey and Hastert, which as you know is not a law firm. It's the former leadership of your party which has retired to the sidelines.

Like you, there are millions of Republicans who doubt Sarah Palin will be your party's nominee in three years, but there are even more Republicans and maybe independents and Democrats who will be looking for fresh ideas your party can provide.

Unless you can, the party known as the GOP will stand for the Gutted Old Party and not a grand one. ❖

Kitchell teaches journalism at Ball State University.



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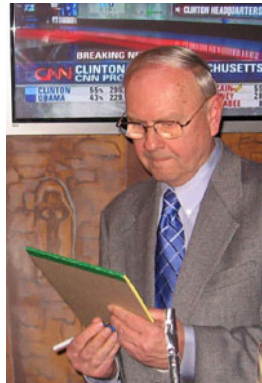


If newspapers die, who will report?

By JACK COLWELL

SOUTH BEND - Rocky no more. That describes the American newspaper scene. In another sense, it doesn't describe it at all. No more is there a Rocky Mountain News. It folded. The once proud and prosperous Denver newspaper died after 150 years of publication.

While the newspaper scene has a Rocky no more, it remains rocky. Very rocky for many other papers that are losing money, even with severe cutbacks in staff and content.



More will die. So, who cares? More do than would seem to be indicated by the grim forecasts for newspapers. There still are millions of newspaper readers who would be lost without a paper to provide information with morning coffee, to read while commuting, to settle down with after work and to tear out articles, ads and photos of special interest. It's more

the economics of the situation than just decline in readership that causes woe.

Others don't much care if newspapers die. They don't read them, or if they do sometimes, they find "mainstream" reporting rather dull. Some of them say they prefer to get news from the Internet. Heck, they can get news right from the newspaper Web sites, sites that don't come close yet to providing revenue to make up for the loss of print advertising.

Blogs can provide news they want to believe, whether with left-wing or right-wing slant. So can cable news or talk radio or Saturday Night Live.

But Gary Kamiya, a founder and editor of the online magazine Salon.com, said something recently that may sound surprising for an online entrepreneur. Said Kamiya:

"If newspapers die, so does reporting. That's because the majority of reporting originates at newspapers. Online journalism is essentially parasitic. Like most TV news, it derives or follows up on stories that first appeared in print.

There's the rub.

Blogs don't have reporters. They usually are run by one person who cites a view and gets responses.

Cable news operations don't have all the reporters that the major networks and the major newspapers traditionally have sent to cover the important news that is more significant for the nation than the latest sensationalized disappearance of a blonde child somewhere. Cable commentators, left and right politically, haven't gone out to report the news. They sit there and pontificate about what others have found.

Talk radio hosts don't have reporters covering the news. Their pompous spiels often involve reports from newspapers, reports that they sometimes ridicule. What if there were no reports?

If newspapers - and major TV networks, also facing declining revenue as viewership diminishes - close their foreign bureaus, as many already have, where will we get objective news about the rest of the world?

As Kamiya put it: "If Reuters, the (New York) Times and all the other newspapers with foreign bureaus have died and only the AP (Associated Press) reporter is telling us what happened in China, readers will be forced to accept his or her version without being able to compare it."

So-called citizen journalists aren't the answer. Occasionally a citizen with no real training for or understanding of journalism can do a wonderful job in turning up information that the news media missed.

Danger looms, however, if news comes exclusively from folks who never had a city editor demanding another check of the facts, another source to confirm an allegation or another viewpoint to balance a story. These folks may be well meaning, or not.

Not all newspapers will disappear. The South Bend Tribune will continue to exist. But we don't know in exactly what form. The Chicago Tribune, although forced to seek bankruptcy protection, will survive in some form.

Many other newspapers will fold, especially in any city where more than one paper is published.

The reason newspapers will exist in some form is because, as Kamiya said: "If newspapers die, so does reporting." And where will news come from at a time of unprecedented demand for information?

There will be a Rocky no more. But there will be newspapers, even if their future includes less paper and more delivery on computer screens, because the nation needs and will demand it. Even online editors demand it. ❖

Colwell has covered Indiana politics over five decades for the South Bend Tribune.





Indiana keeps losing ground on wages

By **MORTON J. MARCUS**

INDIANAPOLIS - Today, with our national economic crisis, it is easy to focus on getting jobs. Under such dire conditions as those facing some workers, homeowners and retirees, we can forget that getting back to where we were before all this economic distress may not be an appropriate goal.



Morton Marcus
Column

Imagine with me that Hershel Hoosier was born in 1942 and retired in 2007 at age 65. Hershel is not an average guy. In fact, by 1969, when he was just 27, he was already earning the average wage for someone working in Indiana. Attaining that average pay level is not ever in reach for many

workers and rarely for one so young.

Through the years, Hershel continued to earn the Indiana average wage (including employer-paid benefits) as reported by the U.S. Bureau of Economic Analysis. In 1969, he earned \$6,574, which in terms of 2007 buying power was equal to \$30,627. By 2007, he was earning \$36,908 or \$6,281 more in buying power than in 1969. That's an average annual real pay raise of 0.5 percent, just half of the nation's 1.0 percent yearly increase.

Out of the 50 states, Indiana had the fourth lowest increase in real average wages, both in dollars and in percentages. Massachusetts enjoyed a 1.5 percent annual growth in average wages, three times as great as Indiana. Where our gain was below \$6,300 in real growth, Connecticut, Massachusetts, New York, and New Jersey saw increases greater than \$20,000 each.

Yes, by being average in Indiana, Hershel was losing out big time to the average citizens of 46 other states. Back in 1969, the average Hoosier wage was the 13th highest in the nation. By 2007, it was down 19 places to the 32nd rank. This was the second

worst fall in the nation, trailing only West Virginia, which had fallen 20 places from 24th to 44th.

In 1969, Hershel earned \$312 or one percent more than the average American worker.

It would not be until 1977 that the average wage in Indiana again exceeded that of the nation. Hershel then had three consecutive good years. After 1979, however, he never matched or exceeded the average national wage level again.

From 1969 to 2007, Hershel earned a total of \$1,280,000. His national counterpart earned \$1,370,000. That left Hershel seven percent short compared to the national average. Is \$90,000 the premium one must pay over four decades to live as an average worker in Indiana? Does \$2,300 a year make that much difference in a family's quality of life?

Remember that this average of \$2,300 can be multiplied by three million workers to equal \$6.9 billion in wages. Then too, the differences between average wages in Indiana and in the nation have been diverging faster as the years pass.

In 1977, Hershel had a \$340 (1.1%) advantage over his national counterpart. By 1987, Hershel was \$2,370 (7.0%) behind. In 1997, he was down by \$3,420 (9.3%). And in his last year at work, in 2007, Hershel Hoosier trailed the national average wage by \$6,980 (15.9%). A \$7,000 average differential becomes \$21 billion when extended to the full work force.

This increasing gap between the average wage in Indiana and in the nation needs to be our focus. This gap is not due to inflation, which has been taken out of these numbers. Rather it represents the declining relative value of the products and services produced by Hoosier businesses. What we do is becoming of less and less value compared to what is done by labor, management, and technology in other states.

The real challenge for Indiana is not the short-term recovery from recession. Our task is to reverse the long-term deterioration of our competitive status within the United States. ❖

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Mr. Marcus is an independent economist, speaker, and writer formerly with IU's Kelley School of Business.



Sylvia Smith, Fort Wayne Journal Gazette: Rush Limbaugh wants President Obama to fail. Democrats are all frothy about his wish. And the Republican Party is falling all over itself to figure out how to distance itself from Limbaugh without alienating his listeners. And Limbaugh, who is beloved by his regular listeners but had faded from the mental landscape of most Americans, couldn't be happier about his Jan. 16 radio show. It just keeps on giving. When controversy over the pre-inaugural "I hope he fails" show dimmed a bit, Limbaugh brought it up a month later at a convention of conservatives. He's not about to let that cash cow die. People like Rep. Mike Pence have tried to recast Limbaugh's preference. Folks who believe in less government and less government spending, Pence told CNN, "want those policies to fail." But, actually, that's not what Limbaugh said. The Friday before Obama's inaugural, Limbaugh told his radio listeners that he was asked by a major publication to offer 400 words on his hopes for the Obama presidency. "So I'm thinking of replying to the guy, 'OK, I'll send you a response, but I don't need 400 words, I need four: I hope he fails.'" Were Limbaugh an elected official or even the chairman of the Republican Party, it might be worth asking – as some have – why anyone would want the president of a country on the edge of calamity to fail. After all, wishing failure on President Bush after Sept. 11 would have been considered traitorous. ❖

Tom Friedman, New York Times: The Republican Party behaves as if it would rather see the country fail than Barack Obama succeed. Rush Limbaugh, the de facto G.O.P. boss, said so explicitly, prompting John McCain to declare about President Obama to Politico: "I don't want him to fail in his mission of restoring our economy." The G.O.P. is actually debating whether it wants our president to fail. Rather than help the president make the hard calls, the G.O.P. has opted for cat calls. It would be as if on the morning after 9/11, Democrats said they wanted no part of any war against Al Qaeda — "George Bush, you're on your own." The president has to make us realize how dangerous a moment we're in, without creating a panic that will prompt Americans to put every dime in their mattresses and undermine the economy even more. All this will require leadership of the highest order — bold decisions, persistence and persuasion. There is a huge amount of money on the sidelines eager to bet again on America. But right now, there is too much uncertainty; no one knows what will be the new rules governing investments in our biggest financial institutions. If President Obama can produce and sell that plan, private investors, big and small, will give us a stimulus like you've never seen. Which is why I wake up every morning hoping to read this story: "President

Obama announced today that he had invited the country's 20 leading bankers, 20 leading industrialists, 20 top market economists and the Democratic and Republican leaders in the House and Senate to join him and his team at Camp David. "We will not come down from the mountain until we have forged a common, transparent strategy for getting us out of this banking crisis," the president said, as he boarded his helicopter." ❖



Doug Ross, Times of Northwest Indiana: What's the cure for Gary? That's the question everyone wants to ask but no one seems able to answer. I've heard people suggest the answer is to drop a bomb on the city and start from scratch. Honest. Is that racist, or is it just heartless? I'll let you decide. I do like the idea of bringing in the National Guard to raze abandoned buildings and get rid of these magnets for crime and vermin, two-legged as well as four-legged. Who wants to build a new store or a new condo complex next to a burned-out hulk? Success breeds success, and failure doesn't help. I've heard suggestions that the Obama administration should create an urban homestead program to bring settlers to the inner city, the same way President Lincoln's Homestead Act of 1862 promised pioneers 160 acres if they could settle the frontier. And how about bringing in additional state and federal resources to fight the crime rate in the city? Or to clean up environmentally tainted properties? But how can the city be turned around so it is self-sustaining? Don't let Gary remain so dependent of aid from elsewhere that it cannot support itself. ❖

Lesley Stedman Weidenbener, Louisville Courier-Journal: Senate President Pro Tem David Long, R-Fort Wayne, surprised almost everyone last week when he predicted that a special session might be needed for lawmakers to figure out how to fix the state's unemployment insurance program. It's not that many lawmakers and Statehouse observers hadn't contemplated that possibility. There's always a threat that lawmakers -- particularly with the Senate controlled by Republicans and House by Democrats -- will need extra time to work through their differences. But with two months left to go, it was unusual for one of the legislature's leaders to mention it aloud. Long, though, was irked. Democrats in the House didn't send the Senate a bill dealing with the unemployment insurance situation, leaving Republicans to take on the difficult issue. That may not seem like a big deal. After all, the Senate didn't send the House a bill, either. But fixing the fund -- which is now broke and able to pay benefits thanks only to loans from the federal government -- will undoubtedly involve tax increases on employers. Bills with tax increases can only start in the House. ❖



Obama tells Indiana to diversify economy

WASHINGTON - Indiana and other states that are hemorrhaging manufacturing jobs must put more emphasis on research, biomedicine, energy technology and other innovation sectors, President Obama recommended Wednesday (Smith, **Fort Wayne Journal Gazette**). "We're going to do everything we can to preserve our manufacturing base," he said. "We have to recognize that some of those workers who used to manufacture steel are now are going to be manufacturing solar panels. We have to make sure they're equipped to do that." States that invest in technology, education and research will be in a better position, Obama said. On a day the government announced that Indiana lost 59,400 manufacturing jobs last year, Obama held up Indianapolis and Chicago as examples of regions that have used economic diversity to their advantage. "What started off as hard-core, traditional manufacturing towns made the transitions to other areas, building on the universities, setting up research parks, thinking about innovative sectors in biomedicine or energy technologies," he said. Linking major hubs such as Indianapolis and Chicago with high-speed rail – both for passengers and freight – would "provide us a competitive advantage in the world economy," Obama said.



McShurley fires Muncie FD Chief

MUNCIE - Mayor Sharon McShurley on Wednesday demoted Fire Chief Eric Wilson and replaced him with Battalion Chief James Clevenger Jr. on an interim basis (Muncie Star

Press). McShurley, a Republican, said Clevenger, a Democrat, has a long, distinguished career in emergency services. "I am extremely pleased by James' willingness to assume leadership responsibilities as we begin the search for a new fire chief," McShurley wrote in a press release. The change in leadership comes after Wilson and McShurley butted heads this week on whether to fill a vacant fire investigator position. The pair, however, had long been at odds on several issues, including McShurley's desire to restructure the fire department and utilize volunteers. McShurley on Monday asked Wilson to resign. Wilson responded in a letter, saying that he would not resign and she would have to demote him.

Palin may address Vanderburgh Life

EVANSVILLE - Alaska Gov. Sarah Palin, the Republican Party's 2008 vice presidential nominee, will appear at Vanderburgh County Right to Life's annual banquet April 16 at The Centre, the Anchorage Daily News reported Wednesday night on its Web site (**Evansville Courier & Press**).

Foreclosure legislation moves in Senate

INDIANAPOLIS - Hoosiers fighting to keep their homes could have a final shot at working out a deal with their bankers under legislation state lawmakers are advancing this year (Evansville Courier & Press). Indiana consistently ranks among the nation's highest foreclosure rates, and stinging job losses are leaving even more people unable to make their mortgage payments. Lawmakers say they can do at least a little to stem the swelling tide of foreclosures by bringing both the lender and the borrower to the negotiating table. "We're talking about saving a home from grass five feet tall, boarded up windows and all

the neighbors losing value on their homes," said Rep. Gail Riecken, an Evansville Democrat who authored one of this year's anti-foreclosure bills. "What we're talking about is saving a neighborhood." House Bill 1633 and Senate Bill 492 both would force lenders to sit down with borrowers before foreclosing. Bankruptcies in Northern Indiana rose 25 percent over a year ago, to 2,158.

State lost 12k jobs

INDIANAPOLIS - Indiana's deepening recession failed to halt government hiring and growth in the education and health service sectors in January even as the state's factories continued jettisoning jobs, new federal statistics show (**Associated Press**). A state-by-state unemployment report released Wednesday by the U.S. Labor Department shows that Indiana lost about 12,400 jobs in January, when its unemployment rate rose to 9.2 percent -- the highest level in a quarter-century.

Noel chairs Clark GOP

JEFFERSONVILLE - Jamey Noel has been elected chairman of the Clark County Republican Party, succeeding David Buskill, who is working for the Indiana Department of Education in Indianapolis (Louisville Courier-Journal). At a party caucus last weekend, Joellen Doherty was elected vice chairwoman, Wayne Carter secretary and Charlie Bryant treasurer. Noel, 37, is an Indiana State Police sergeant based at the Sellersburg Post. He was unopposed.

O'Brien elected chair

AVON - Hendricks County Republican leaders have elected a lobbyist and political consultant as the new chairman of the party (Indianapolis Star). Michael R. O'Brien, Avon, ran unopposed for a four-year term as the Hendricks Republican Party chairman.