



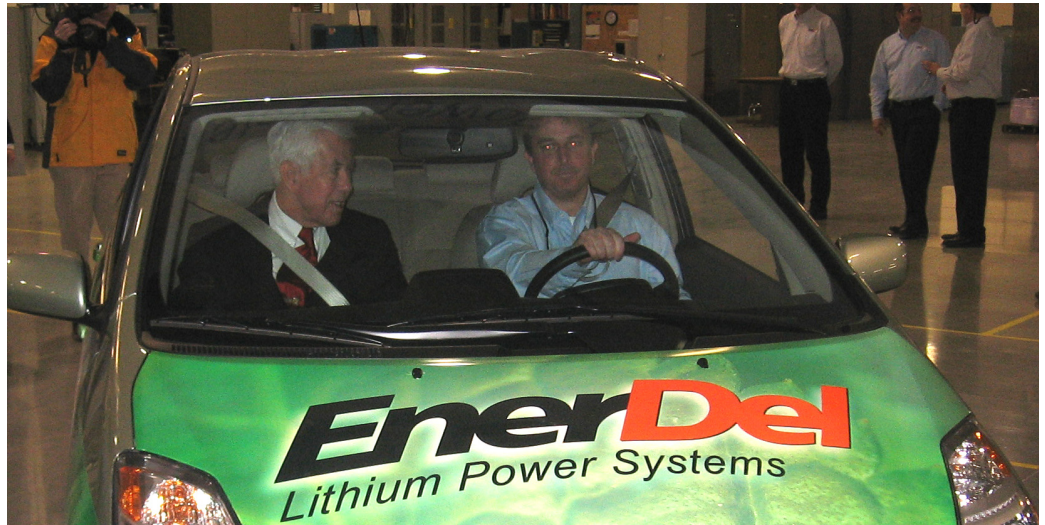
Big 3, Indiana twisting, twisting ...

'Fluid, chaotic'
**Senate vote; State
in for big impact**

By BRIAN A. HOWEY
INDIANAPOLIS - In the wake of a 237-170 House vote for the Big 3 rescue Wednesday night, a "fluid" and "chaotic" second chapter is playing out in the U.S. Senate today.

President-Elect Barack Obama urged passage of the legislation this morning, calling it "an important start." He said at his Chicago news conference he was "hopeful an agreement can be reached this week" and warned of a "devastating ripple effect" on the U.S. economy.

Andy Fisher, spokesman for U.S. Sen. Richard Lugar, agreed with Ohio Sen. George Voinovich's comments in today's Washington Post: There aren't enough votes to pass the \$14 billion plan in the Senate. "It was obvious in



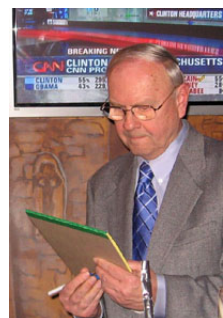
U.S. Sen. Richard Lugar trying out a Toyota with a new lithium power ed battery. He is still reviewing information on a Big 3 rescue which could also impact Honda, Toyota and thousands of auto suppliers in Indiana. (HPI Photo by Brian A. Howey)

the Republican caucus yesterday that there are alternative approaches Republicans would like to have heard," said Fisher. While he said a cloture vote is likely on Friday, that won't mean a vote on the package

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Personal for Donnelly

By JACK COLWELL
SOUTH BEND - Joe Donnelly takes it personally. That's because the congressman from Indiana's 2nd District knows personally so many of the people, his constituents, who would go under right along with General Motors, Ford and Chrysler.



Donnelly, who serves on the House Financial Services Committee, the panel considering pleas for help from the Big Three auto producers, rejects the cynics who snarl: Let them go broke. Let them drive Toyotas. Let them eat cake.

"These are our jobs for our families in our area," Donnelly says of what's at stake.



"I was appalled and disappointed by what we heard in those transcripts."

- President-Elect Barack Obama on the sale of his Senate seat by Illinois Gov. Rod Blagojevich



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In his congressional district, Donnelly calculates, there are 15,000 people employed in auto-related jobs. And in Kokomo plants - Chrysler and Delphi - just a mile or so south of the boundary between the 2nd and 5th Districts, there are another 6,600 jobs in auto production.

After reviewing the extensive new proposals from the Big Three and the major concessions from the United Auto Workers, Donnelly is prepared to support the "bridge loans" sought from the government to keep the auto industry from "falling off a cliff."

But didn't the Big Three go to the precipice through their own failure to be more competitive?

Yes, there were mistakes in the past, Donnelly acknowledges. But he says the auto makers weren't the sub-prime culprits and didn't bring on the credit crisis and recession that now causes car sales to plummet. "They have been like the boy who cries 'wolf' in the past," Donnelly also acknowledges, citing past Big Three pleas to save them through delaying stricter fuel standards.

Now? "There is a wolf here," says Donnelly.

He points to the warning on page 12 of Chrysler's proposal: Without financing help, "Chrysler would be left with no choice but to commence liquidation," with all 29 of its manufacturing facilities and 22 parts depots permanently shut down, with 53,000 of the company's hourly and salaried employees terminated immediately, eliminating \$7.2 billion in annual wages and

health care benefits, with no payments on over \$7 billion in outstanding auto parts and service supplier invoices, forcing thousands of suppliers out of business, with closing of 3,300 dealers, idling another 140,000 employees, with loss of significant value for 31 million Chrysler, Jeep and Dodge vehicles through owners losing warranties and being left with limited replacement parts and service options.

And that's just the smallest of the Big Three.

If a loan package finally is approved to help the automakers along a promised path toward improved products and productivity, Donnelly contends that taxpayers will not be left footing the bill.

He notes that when Chrysler received federal loan guarantees in 1979 to survive amid recession and an oil crisis, the loans were paid back seven years early and generated millions

in interest for the taxpayers.

Donnelly says initial congressional rejection of helping the auto executives, who flew to Washington on their private jets, wasn't really about their method of travel, although the jet-setting was a public relations blunder.

The real problem, Donnelly says, was that they didn't have detailed plans for what they would do with the assistance. And Congress was looking at their plea for money the same way banks look at applications for loans: Show us what you're going to do with the money and how you intend to pay it back.

Whether they came to Washington last week by plane, by train or on horseback wasn't as important as whether they came this time with vi-



U.S. Rep. Joe Donnelly



able plans for change and long-term profitability.

They seem to have done so, except in the view of cynics who want to punish them for sins of the past and their workers for contracts of the past.

Donnelly takes it personally when he hears distorted figures suggesting that the workers in auto-related jobs in his district are overpaid. Some news accounts placed UAW wages at over \$70 an hour, a figure contrived by adding in all of the legacy obligations of all past contracts, even though the union has made major concessions in recent contracts, taking over some of those obligations, and made further concessions last week to keep the automakers out of bankruptcy.

Big 3 Rescue

this weekend. It could come in a week or two, even with General Motors saying it could go bankrupt by the end of the month. Or it could come in early January as new members are sworn in. "This just may carry over to next year," Fisher said.

President Bush has virtually no clout on this issue. As Sen. Judd Gregg told *The Politico*, "I don't think the Bush administration and Senate Republicans are on the same page in this case. The White House wants to get out of town without a bankruptcy, and we're going to be left with whatever they leave us."

Fisher described the scene as "fluid" and "chaotic." He explained, "It's not clear how this unfolds." The scenario comes as an NBC/Wall Street Journal Poll released today reveals that 46 percent of Americans support the bailout and 42 percent oppose (compared with 2 to 1 opposition of the Wall Street bailout). Jobless claims for November jumped to 573,000, it was announced this morning, the highest since 1982, the year the Indiana General Assembly had to convene in December and pass record income and sales tax hikes when the steel industry tanked.

Lugar has yet to take a position. "He's still reviewing the options," Fisher said. If the Senate doesn't act, the White House could tap into \$15 billion available

The U.S. automakers now are on a competitive footing with Toyota plants in this country in terms both of wages and productivity, Donnelly says, citing statistics from the Big Three proposals.

"It's do or die," Donnelly says. Without help, General Motors will go under by the end of the year. The others could follow. If they die, so will the jobs of a lot of people in Indiana's 2nd District. So will the economic viability of the area. That's why Donnelly takes it personally.

Colwell has been covering Indiana politics for over five decades for the South Bend Tribune. ❖

from TARP funds (Troubled Assets Relief Program). It could also tap into the \$25 billion Congress passed that was supposed to help the automakers modernize. And there is still talk in the Senate of a prepackaged bankruptcy pushed by Tennessee Sen. Bob Corker that would allow the Big 3 to reorganize on a predictable schedule.



U.S. Sen. Evan Bayh at Allison Transmission in Speedway. (HPI Photo by Brian A. Howey)

U.S. Sen. Evan Bayh is backing a Congressional bailout. "We're faced with trying to choose the best among unpalatable alternatives. Nobody wanted to give money to the banks or to the insurance companies, and nobody wants to give money to the auto industry. I don't," Bayh said. "But if the alternative is losing hundreds of thousands of jobs and having automakers, dealerships, part suppliers, and other retailers in local communities go down. We have to make a hard choice here. People think the economy is bad now, but if we let all these companies go belly up, and all those folks get laid off,

I'm afraid it would be much worse.

"Indiana has a huge stake in this debate. If the big auto companies go down and thousands of jobs are lost, it's going to hit us a lot harder than almost any place else in the country. We are establishing strict criteria that the auto companies have to meet, and we are insisting that all of the different stakeholders make the sacrifices necessary for the long-term survival of the industry."

Ohio Gov. Ted Strickland told MSNBC this morning that Honda officials are expressing concern over a Big 3 collapse and the impact it would have on the supplier



network, a similar issue Indiana faces. "I hope the Senate makes the right decision and keeps this recession from becoming a depression," Strickland said.

Whatever happens in the coming hours or days, the fact is that the Indiana we know today and the one that Indiana General Assembly members will be dealing with next April may be vastly different. From an Indiana perspective, even a three-month reprieve for General Motors and Chrysler will most likely be a brief respite. The House bill passed last night requires GM and Chrysler to report back with restructuring plans by March 31. If those are rejected by Congress or a White House appointed "car czar," a collapse could ensue.

Michael Robinet of the global forecasting firm CMS told the New York Times and the Detroit News he doesn't believe Chrysler can survive even with a \$7 billion bridge loan. Robinet said that Chrysler "really doesn't have the scale, at least in most vehicle lines, that is really required to survive in this market."

Fisher noted that the \$7 billion Chrysler is seeking is similar to the price Cerberus Capital Management (with Dan Quayle as a partner) wants to sell the company.

That kind of analysis is putting cities like Kokomo - home to 5,000 Chrysler jobs - on an endangered list. USA Today observed: Dependent on two financially troubled employers, the city now seems as vulnerable to catastrophe as any hurricane-prone coastline. There's a sense here the auto industry's fate will not be resolved cleanly or quickly and that Kokomo will twist in the wind well into next year. And even if the government does give Detroit more money, the probable result will be a shrunken industry carrying fewer local jobs.

With 111,000 employees directly employed in the auto industry and 20 percent of the state's economy tied to it, the next four or five months could drastically change Indiana.

The Daniels administration, which had hoped to cleave away excess government, extend education to more Hoosiers and build on its economic development successes in Daniels' second term, may end up on a crisis footing. It has seen two prized economic gems - the Getrag Transmission plant at Tipton and the Duke Energy coal gasification plant at Edwardsport - collapse due to the credit crisis and falling gas prices that are now sapping its alternative energy strategy. A number of new ethanol plants have been scrapped or drawn back. While Daniels may find this looming crisis helpful in his plans to cut the size of government, the auto crisis threatens to swamp the state's social safety net at the very time FSSA is trying to modernize.

Last night in the House, U.S. Rep. Steve Buyer, who represents the 4th CD with auto plants in Bedford and Lafayette, supported the bill. "Last month, I met with auto dealers in Indianapolis and Lafayette. The consistent theme from Hoosier auto dealers,

both foreign and domestic, was that we cannot allow GM, Chrysler or Ford to go bankrupt," Buyer said after the vote. "The effect on the workforce and the economy would be tragic. They also noted that the greatest needs are two-fold: First, provide a bridge loan to allow them to continue operations so they could restructure and retool. Second, there is a need to provide middle-class Hoosiers access to credit. This bill takes the first step."

U.S. Rep. Dan Burton, who voted against the bill, had urged caution. "First and foremost, I am deeply sympathetic to autoworkers and their families whose livelihoods are on the line," Burton said. "I know a total collapse of the auto industry would take a serious toll on communities in Indiana like Marion and Kokomo. For these reasons, I want to see the Big Three become successful, but that success must be founded in sound business principles. I do not want Congress to hastily pass a bill in 24 or 48 hours without full consideration. Many lives will be affected by



U.S. Rep. Dan Burton (left) and his brother, State Rep. Woody Burton. The decisions that Congress make on the Big 3 will reverberate into the Indiana General Assembly. (Indiana House Photo)



this legislation and I think we should stay in Washington for at least a few more days, or longer, to make sure the automotive bill will put the auto industry on a path to making a profit, and also be a responsible investment of our citizens' tax dollars."

Burton said he agreed with four principles proposed by Sen. Bob Corker of Tennessee. "One, existing bondholders get 30 cents on the dollar, which will reduce the automakers overall debt load. Two, wages are brought in line with those of successful foreign competitors. Three, GM owes \$23 billion to the UAW's Voluntary Employees' Beneficiary Association account. The union must agree to take half of that payment in GM stock. Four, the union must end the practice of paying workers almost full compensation up to four years after their jobs have ended."

Burton added, "I believe these conditions will help bring about sustained success for the auto industry, help the employees, and the people of Indiana and America."

Burton and Rep. Mark Souder represent districts with significant General Motors plants as well as a number of constituents who work for Chrysler. Ford Motor Company apparently doesn't need a short-term bailout, but a collapse of GM and Chrysler would impact the extensive parts supplier network throughout Indiana as well as the nation. If that were to happen, the impact would reach Ford and even Toyota and Honda, which share the parts network.

Souder was a "reluctant yes." He represents the 3rd CD that includes the 2,700-employee GM plant in Fort Wayne and an extensive auto parts supplier network. He told Kendallville Publishing, "I don't like it. But I don't know what else to do. It seems like a decent compromise to get us into...the next administration."

By the time February rolls around, the automakers will be able to show what progress they have made in their restructuring plans, Kendallville Publishing reports. Congress will then revisit the bailout issue, with Souder's vote contingent on how well the automakers' restructuring plans shapes up, including compensation packages for executives and concessions from unions.

"As long as they have a fighting chance, I'm willing to give them a fighting chance," Souder said.

U.S. Rep. Mike Pence, who voted no, announced that a Congressional rescue plan must happen, saying, "Inaction by Congress is not an option." However, Pence said the plan must be privately financed.

"The bailout proposed by the White House and Congressional Democrats is fundamentally flawed. It exposes the American taxpayer to more debt, fails to reorganize the domestic auto manufacturers to ensure long-term

success, and does not fix the immediate credit crisis. Instead, the Democrat bill will prevent necessary changes and force us back into this same situation where taxpayers will be asked to bail out the industry again."

Pence took aim at the proposed car czar, saying, "Trusting a Washington bureaucrat, who probably never tightened a lug nut, with fixing what ails the American automotive industry is not the answer."

He said the House GOP is proposing the American Automotive Reorganization and Recovery Plan to lock in the restructuring promised over the last few weeks with firm benchmarks and a tight timeline.

"In place of a short-term government bailout, our alternative taps private investment to finance the Detroit recovery," Pence said. "That is a solution that will protect our domestic auto industry and the American taxpayer."

A comprehensive bailout for GM, Ford and Chrysler could cost between \$75 billion and \$125 billion, according to Mark Zandi, chief economist of Moody's Economy.com, the New York Times reported on Monday.

Sen. Corker told the Detroit Free Press that automakers and the UAW need to commit to steep cuts in return for aid, namely immediately cutting UAW wages to those at foreign automakers' plants and accepting half of the money for the retiree health care trust fund in stock. Corker has said he would vote against the bill as drafted so far, and a spokesman for U.S. Sen. John Ensign, R-Nev., said he would place a hold on any rescue plan, which can be overcome with 60 votes. "I think that not only myself but several of us will be looking at possibly blocking this package," Ensign told CNBC.

"This is only delaying their funeral," said U.S. Sen. Richard Shelby, R-Ala.

Funeral or not, Hoosiers are finding themselves this gloomy December twisting, twisting ❖



U.S. Rep. Mike Pence has proposed a privately financed Big 3 alternative, but said that Congressional inaction "is not an option." (HPI Photo by Brian A. Howey)



Dumezich ponders a challenge to Sen. Bayh

By **BRIAN A. HOWEY**

INDIANAPOLIS - Former State Rep. Dan Dumezich has a major trial to get through in January and then he will decide whether to mount a challenge against U.S. Sen. Evan Bayh in 2010.

"I'm thinking about doing it. I'm talking to a lot of people," said Dumezich, a former town judge in Lake County's Schererville. "I haven't decided."



DUMEZICH

He is, however, getting the green light from a lot of key Hoosier Republicans, some of whom might have been on a short list for taking on the uber Hoosier Democratic dynasty. Dumezich has talked to former congressman David McIntosh, Secretary of State Todd Rokita and Marion County Prosecutor Carl Brizzi about a run. "All have been extremely supportive," he said.

The Bayh family has lost only one election: U.S. Sen. Birch Bayh was defeated by then U.S. Rep. Dan Quayle during the Reagan landslide of 1980 with Evan

Bayh as his father's campaign manager. Evan Bayh began his political career with a narrow 5 percent win over Rob Bowen (son of former Gov. Doc Bowen) in 1986 and then a hard-fought victory for governor over Lt. Gov. John Mutz in 1988 by 53-47 percent, with Bayh getting 1,138,574 votes. In 1992, he set a gubernatorial vote record over Republican Linley Pearson with 1,382,151, or 62 percent of the vote, (which was eclipsed by Gov. Mitch Daniels' 1.54 million votes this year).

That essentially kicked off Bayh's vote residence in the 60th percentile. When he ran for his father's old Senate seat in 1998, he defeated former Fort Wayne Mayor Paul Helmke 64-35 percent with 1,012,244 votes while raising \$3.9 million. In 2004, Bayh hammered Butler University Prof. Marvin Scott with 1,496,976 votes.

The Republican problem is that Bayh has long attracted good GOP vote support and his opponents haven't been able to raise much money. Helmke raised \$642,784 in his 1998 race.

Bayh briefly mounted a presidential candidacy in 2006, then stunned the Indiana political world by abruptly withdrawing in December of that year with the rise of Barack Obama. Bayh has a war chest of more than \$10 million. He threw his support to U.S. Sen. Hillary Clinton in

September 2007 and when her campaign faltered in Iowa and on Super Tuesday, Bayh became a key surrogate and helped Clinton defeat Obama by about 14,000 votes in the Indiana primary. By July, Bayh was on Obama's vice presidential short list before the nod went to U.S. Sen. Joe Biden in late August.

Dumezich could be different. He is a high-powered tax attorney with the Chicago law firm of Mayer Brown. He represents taxpayers - including major international financial institutions and public accounting firms - in tax controversies before the Internal Revenue Service and various state taxing authorities. In the past three years, he has represented

corporate and individual taxpayers in matters under IRS examination or in IRS appeals exceeding \$4 billion in proposed adjustments. In one recent matter, he represented more than 780 former partners of a large professional firm, from which the IRS sought over \$450 million in additional taxes. The matter was settled for payment of approximately 5 percent of that amount.

In the world of Lake County Republican politics, Dumezich has been a go-to money guy even as he has feuded with county Chairman John Curley.

It was the property tax issue that brought him to the Indiana General Assembly in 1999 when he was appointed to fill the HD15 vacancy after State Rep. Tim Fesko resigned. His goal was to force a reassessment of Lake County property taxes. "I wanted to be part of property tax reform. I met my goal and then I left," Dumezich said, of his 2002 exit from the Indiana House. He had

Indiana Election Records

PRESIDENTIAL

| | | |
|-------------|-----------|-----|
| 2004 | | |
| Bush, R | 1,474,475 | 60% |
| Kerry, D | 969,011 | 39% |
| Badnarik, L | 18,058 | 1% |

| | | |
|-------------|-----------|-----|
| 1972 | | |
| Nixon, R | 1,405,154 | 66% |
| McGovern, D | 708,568 | 33% |

INDIANA GOVERNOR

| | | |
|---------------|-----------|-----|
| 2008 | | |
| M. Daniels, R | 1,563,885 | 58% |
| Thompson D | 1,082,463 | 40% |
| Horning L | 57,376 | 2% |

| | | |
|------------|-----------|-----|
| 1992 | | |
| E. Bayh, D | 1,382,151 | 62% |
| Pearson, R | 822,853 | 37% |

U.S. SENATE

| | | |
|------------|-----------|-----|
| 2004 | | |
| E. Bayh, D | 1,488,782 | 62% |
| Scott, R | 903,913 | 37% |
| Barger, L | 27,344 | 1% |

| | | |
|-----------|-----------|-----|
| 1988 | | |
| Lugar, R | 1,430,525 | 68% |
| Wickes, D | 668,778 | 31% |

CONGRESSIONAL

| | | |
|-------------|---------|--|
| 2008 5TH CD | | |
| Burton, R | 234,705 | |
| Ruley, D | 123,357 | |



two young children at the time and said he has relished his role as a Pop Warner football coach over the past six years.

What is luring Domezich back into a potential maelstrom with Bayh is the financial meltdown on Wall Street. Bayh, he claims, has spent his career "looking for another job." While serving on the Senate Banking Committee, the wheels essentially have come off the U.S. economy and the banking system. Bayh himself has described it as a "systematic breakdown" that resulted in the current \$700 billion bailout of Wall Street. Add in the Fannie Mae and Freddie Mac rescues and now a potential \$14 billion rescue of Detroit, and U.S. taxpayers (along with our children and grandchildren) are on the hook for \$1 trillion.

"Over the last 20 years our economic situation has changed dramatically," Domezich said. "It's extremely detrimental to our future." ❖

McVey eyes Dan Burton

INDIANAPOLIS - Republican Brose McVey has sent an e-mail to friends seeking counsel on a 2010 challenge to U.S. Rep. Dan Burton in the 5th CD.

"Yes, I am exploring a run," McVey writes. "I need to complete some goals within my business in the mean time. But, fortunately, I have attracted a strong team of late. It is quite possible that the best thing that could happen to my company and my clients is for me to get out of their way! I look forward to your counsel, feedback and hopefully, your encouragement. If I run, and if the feedback is positive, I hope I can count on your support."

Burton defeated former Marion County Coroner John McGoff in the May Republican primary by the closest margin in decades, 45,682 to 39,701. In the general election Burton set a new Indiana record with 234,705 votes, the most ever for a U.S. House candidate.

Many observers believe the race would have been much closer had not a number of reform-minded Republicans not strayed into the Democratic primary to vote for Barack Obama. The Burton-McGoff race has led many observers to believe that Burton could be vulnerable in a primary not affected by an external race. McGoff has not made public comments about a potential rematch with Burton in 2010, though a multiple candidate primary with more than one credible challenger would likely result in another Burton victory.

McVey challenged the late U.S. Rep. Julia Carson in the 7th CD in 2002, losing 53-44 percent. He out-raised Carson with \$1.1 million. McVey ran a credible campaign and the fact that he still lost by 9 percent has essentially led Republicans to write off the 7th. Burton lost races for Congress in 1970 and 1972 before winning the seat in 1982. ❖

Criteria for economic development unclear

By **MORTON J. MARCUS**

INDIANAPOLIS - Economic developers want to bring high-paying jobs to their communities. The boards of the development agencies also want high-paying jobs. Their consultants have sophisticated models to identify which industries will provide such jobs.

Of course, everyone would be happiest if the firms with new high-paying jobs proved to be those already in the area. Then it would not be necessary to have "foreigners" taking advantage of government location incentives. Life would be much simpler if the best match between our town and new jobs rests with folks we know already.

We want industries that offer high-paying jobs. What are industries looking for? One idea is that industries want to be where they get high output per dollar spent on compensation for workers (wages, salaries, and benefits).

Recently I ran some numbers from the U.S. Bureau of Economic Analysis and found that Indiana offers \$1.72 in output per dollar of compensation. That's just two percent below the national figure for all types of non-agricultural activities. As for compensation per employee, we pay an average of \$37,345 which is 11 percent below the national level.

But those numbers vary greatly by industry. For example, in primary metal manufacturing (aluminum and steel), Indiana offers output per dollar of compensation that is 41% below the national average. In addition, our pay per employee in that industry is 17% above the figure for the entire country.

Undoubtedly, those more familiar with primary metals can tell us why these numbers seem to make Indiana uncompetitive for new investments in that industry. But that does not mean we don't want firms from that industry. After all, Indiana's average pay level in primary metals is 125% above the industry average for the state.

The situation is a little different in petroleum and coal products manufacturing. Indiana's output per dollar of compensation is \$2.93, or 47% below the nation. But our workers are paid just eight percent less than the average worker in that industry nationwide. Maybe that's one reason we see a major investment by BP in Lake County that should raise output per dollar of compensation closer to national levels.

At one time Indiana communities with a more-



Morton Marcus
Column



than-average educated population talked about bringing in publishing and software firms. Some might ridicule this idea since we are neither New York City nor Silicon Valley. Yet our output per dollar of compensation is only two percent below the national level while our pay is 42% below the U.S. average.

How can we increase the value of output in that industry so that wages can rise? Are wages low in publishing and software compared to the rest of the nation because there is not enough competition in the industry locally and employees (talented students and spouses?) are not mobile? This could be an industry we might encourage since average compensation is 16% above our state's average pay level.

Now that Hoosiers finally recognize Indiana as a manufacturing state, it is strange to find that we have almost the same average compensation and the same output per dollar of compensation as the nation. We're just average compared to our sister states. Nonetheless manufacturing employment provides a 74% premium in average pay compared to the average Hoosier job. That explains why communities persist in seeking expansion of their manufacturing sectors in preference to other opportunities.

Mr. Marcus is an independent economist, speaker, and writer formerly with IU's Kelley School of Business. Contact Marcus for speaking engagements at mortonjmarcus@yahoo.com or 317.626.8853 ❖



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Bosma announces House leadership, committees

INDIANAPOLIS - House Republican Leader Brian C. Bosma has announced leadership and committee appointments. Committee assignments are made biennially after each election year.



"I am very confident in the abilities of our entire team, and I know that all are eager to begin their work," said Rep. Bosma. "Our state faces unprecedented fiscal challenges, but the House Republican team will work with our legislative partners to move Indiana forward during these tough times."

Leadership: The Indiana House Republican caucus elected Bosma as Republican Leader, Rep. Bill Friend



BOSMA

(R- Macy) as Floor Leader, and Rep. Kathy Kreag Richardson (R-Noblesville) as Caucus Chairperson. Additional appointments are made by Rep. Bosma as the Leader of the House Republican Caucus. Other leadership positions are: Assistant Leader, Rep. P. Eric Turner (R- Cicero); Assistant Floor Leader, Rep. Jackie Walorski (R-Jimtown); Assistant Caucus Chair, Rep. Tom Saunders (R- Lewisville); Assistant Caucus Chair, Rep. Eric Koch (R- Bedford); Whip, Rep. David Frizzell (R-Indianapolis); Assistant Whip, Rep. Jerry Torr (R-Carmel); Assistant

Whip, Rep. Ed Soliday (R-Valparaiso)

Standing committees are an integral part of the legislative process in the House of Representatives. Committees with specific expertise work out the details of proposed legislation before it is heard on the House floor.

Agriculture and Rural Development: RMM: Rep. Don Lehe (R-Brookston) Rep. Tom Knollman (R-Liberty), Rep. Jacque Clements (R-Frankfort), Rep. Matt Lehman (R-Berne), Rep. Bill Friend (R-Macy)

Commerce, Technology, Energy and Utilities: RMM: Rep. L. Jack Lutz (R-Anderson) Rep. Eric Koch (R-Bedford), Rep. Bob Behning (R-Indianapolis), Rep. Dave Frizzell (R-Indianapolis), Rep. Ed Soliday (R-Valparaiso)

Courts and Criminal Code: RMM: Rep. Eric Koch (R-Bedford) Rep. Ralph Foley (R-Martinsville), Rep. Greg Steuerwald (R-Danville), Rep. Randy Truitt (R-West Lafayette), Rep. Jacque Clements (R- Frankfort)



Education: RMM: Rep. Bob Behning (R-Indianapolis) Rep. Cindy Noe (R-Indianapolis), Rep. Milo Smith (R-Columbus), Rep. Jeff Thompson (R-Lizton), Rep. Ed Clere (R-New Albany)

Elections and Apportionment: RMM: Rep. Milo Smith (R-Columbus) Rep. Kathy Richardson (R-Noblesville), Rep. Woody Burton (R-Greenwood), Rep. Phil Hinkle (R-Indianapolis), Rep. David Yarde (R-Garrett)

Environmental Affairs: RMM: Rep. Dave Wolkins (R-Winona Lake) Rep. Tim Neese (R-Elkhart), Rep. Sean Eberhart (R-Shelbyville), Rep. L. Jack Lutz (R-Anderson), Rep. Bill Ruppel (R-North Manchester)

Family, Children and Human Affairs: RMM: Rep. Cindy Noe (R-Indianapolis) Rep. Jackie Walorski (R-Jimtown), Rep. Matt Bell (R-Avilla), Rep. Douglas Gutwein (R-Francesville), Rep. David Yarde (R-Garrett)

Financial Institutions: RMM: Rep. Woody Burton (R-Greenwood) Rep. Bill Ruppel (R-North Manchester), Rep. Suzanne Crouch (R-Evansville), Rep. Cleo Duncan (R-Greensburg), Rep. Mark Messmer (R-Jasper)

Government and Regulatory Reform: RMM: Rep. Phil Hinkle (R-Indianapolis) Rep. Dave Wolkins (R-Winona Lake), Rep. Greg Steuerwald (R-Danville), Rep. Milo Smith (R-Columbus), Rep. Tim Neese (R-Elkhart)

Insurance: RMM: Rep. Bruce Borders (R-Jasonville) Rep. Mike Murphy (R-Indianapolis), Rep. Woody Burton (R-Greenwood), Rep. Jerry Torr (R-Carmel), Rep. Matthew Lehman (R-Berne)

Judiciary: RMM: Rep. Ralph Foley (R-Martinsville) Rep. Eric Koch (R-Bedford), Rep. Wes Culver (R-Goshen), Rep. Dan Leonard (R-Huntington), Rep. Phyllis Pond (R-New Haven)

Labor and Employment: RMM; Rep. Dan Leonard (R-Huntington) Rep. Douglas Gutwein (R-Francesville), Rep. Matt Bell (R-Avilla), Rep. Jerry Torr (R-Carmel), Rep. Greg Steuerwald (R-Danville)

Local Government: RMM: Rep. Tim Neese (R-Elkhart) Rep. Randy Truitt (R-West Lafayette), Rep. Bruce Borders (R-Jasonville), Rep. Sean Eberhart (R-Shelbyville), Rep. Tom Saunders (R-Lewisville)

Natural Resources: RMM: Rep. Dick Dodge (R-Pleasant Lake) Rep. Dan Leonard (R-Huntington), Rep. Tim Brown (R-Crawfordsville), Rep. Bob Cherry (R-Greenfield), Rep. Sean Eberhart (R-Shelbyville)

Public Health: RMM: Rep. Tim Brown (R-Crawfordsville) Rep. Dick Dodge (R-Pleasant Lake), Rep. Dave Frizzell (R-Indianapolis), Rep. Don Lehe (R-Brookston), Rep.

Eric Turner (R-Cicero)

Public Policy: RMM: Rep. Matt Bell (R-Avilla) Rep. L. Jack Lutz (R-Anderson), Rep. Jackie Walorski (R-Jimtown), Rep. Tom Knollman (R-Liberty), Rep. Wes Culver (R-Goshen)

Roads and Transportation: RMM: Rep. Cleo Duncan (R-Greensburg) Rep. Ed Soliday (R-Valparaiso), Rep. Tom Saunders (R-Lewisville), Rep. Bill Davis (R-Portland), Rep. Jacque Clements (R-Frankfort)

Rules and Legislative Procedures: RMM: Ralph Foley (R-Martinsville) Rep. Eric Turner (R-Cicero), Rep. Jerry Torr (R-Carmel), Rep. Bob Cherry (R-Greenfield)

Small Business and Economic Development: RMM: Rep. Mike Murphy (R-Indianapolis) Rep. Mark Messmer (R-Jasper), Rep. Ed Clere (R-New Albany), Rep. David Yarde (R-Garrett), Rep. Tom Dermody (R-LaPorte)



State Rep. Jeff Espich returns as ranking member of Ways & Means.

Veterans Affairs and Public Safety: RMM: Rep. Bill Ruppel (R-North Manchester) Rep. Dave Wolkins (R-Winona Lake), Rep. Ed Soliday (R-Valparaiso), Rep. Mike Murphy (R-Indianapolis), Rep. Randy Borrer (R-Fort Wayne)

Ways and Means: RMM: Rep. Jeff Espich (R-Uniondale) Rep. Eric Turner (R-Cicero), Rep. Randy Borrer (R-Fort Wayne), Rep. Jeff Thompson (R-Lizton), Rep. Rich McClain (R-Logansport), Rep. Bill Davis (R-Portland), Rep. Phyllis Pond (R-New Haven), Rep. Bob Cherry (R-Greenfield), Rep. Tom Dermody (R-LaPorte), Rep. Suzanne Crouch (R-Evansville)

Statutory Committee on Ethics: RMM: Rep. Tim Brown (R-Crawfordsville) Rep. Dave Frizzell (R-Indianapolis), Rep. Rich McClain (R-Logansport)

Statutory Committee on Interstate and International Cooperation: RMM: Rep. Tom Knollman (R-Liberty) Rep. Doug Gutwein (R-Francesville), Rep. Rich McClain (R-Logansport), Rep. Randy Truitt (R-West Lafayette), Rep. Bruce Borders (R-Jasonville)

Committee on Joint Rules: RMM: Leader Brian C. Bosma (R-Indianapolis) Rep. Ralph Foley (R-Martinsville)



Biggest Hoosier social event in Chicago

By **DAVE KITCHELL**

LOGANSPORT - Fifty years ago last weekend, legendary Indiana entertainer Herb Shriver was in Chicago to perform before 1,200 fellow Hoosiers.

It was a function held by the Indiana Society of Chicago, a tight-knit group steeped in the tradition of heralding the impact of the Hoosier state at least once a year in a black-tie dinner.

That tradition was renewed again last weekend in Chicago. I didn't attend, but many did. The Indiana Society dinner arguably is the most significant social event of the year for Indiana, even if it is held outside the state.

For those who remember the late columnist Mike Royko and his jibes about Hoosiers who named a domed stadium for their nickname, the Indiana Society is a dose of Chicago good will that cleans the slate of any slams that Indiana is still stuck in 1962, as



Royko once claimed.

In 2005, the society celebrated its centennial with another black-tie affair, complete with entertainment by the Smothers Brothers. Gov. Mitch Daniels was there, along with Miss Indiana. The Culver Academies Color Guard presented the flag and scholarships funded by the society were announced.

In the middle of the evening, we all stood to sing "Back Home Again in Indiana" in the Land of Lincoln. It was kind of ironic, but what can you expect in a city where the Big Ten's 11 member schools have their home office and network?

That gathering was unique in one respect. It was the last where smoking was allowed as if it was an old-fashioned Chicago smoke-filled political gathering. Smoking has been banned in the city since then.

What the Indiana Society of Chicago does is polish the lustrous varnish of our social grain. Names such as George Ade, one of the charter members, are recalled. It's a way for Indiana natives to get in touch - or keep in touch

- with the Hoosier side. Each year, one of the state's educational institutions is honored for its contributions during the year. The guest list is littered with Hoosier names, some of whom came from Indiana to Chicago and never left, and some who come from Indiana to Chicago even for just a few hours a year for the event.

One of the Indiana political figures who showed up when I attended three years ago was former Indiana House Speaker Nelson Becker, who joined all his sons in celebrating an evening to put aside all the partisan things that define issues in the state and to celebrate what we collectively are.

Of course, there are times when being a Hoosier in Chicago can be schizophrenic. Two years ago, I interviewed the society president as the Indianapolis Colts prepared to take on the Chicago Bears in the Super Bowl. His choice for the team to root for was, uh, duh Bears.

But gatherings such as the Indiana Society of Chicago dinner bring people from two states together in a way that can promote better relations in the years to come. It can't hurt for the states' officials to work more closely together in promoting Chicago's bid for the 2016 Olympics, the construction of a third Chicago airport, or applications for research grants that could partner Argonne National Laboratory with Indiana's major research universities.

The two states already share a mutual owner for the Indiana Toll Road and Chicago Skyway. Northwest Indiana stands as a potential economic launching pad as the rust belt industries that transformed the corner of the state when Gary was founded in 1806 give way to floating casinos, a minor league baseball team and the thriving retail economy and bedroom communities of Merrillville, Valparaiso, Chesterton, Portage and Whiting. There are other places near the lake that could bode well for Indiana's economy, from the Great Lakes port of Michigan



City to Burns Harbor.

But let's not speculate. Let's just say that if you haven't been to at least one Indiana Society of Chicago annual dinner, you don't really know how it can make a Hoosier feel like an American in Paris. ❖

Dave Kitchell is a veteran Indiana political writer who teaches journalism at Ball State University



Thomas Friedman, *New York Times*:

Our bailout of Detroit will be remembered as the equivalent of pouring billions of dollars of taxpayer money into the mail-order-catalogue business on the eve of the birth of eBay. It will be remembered as pouring billions of dollars into the CD music business on the eve of the birth of the iPod and iTunes. It will be remembered as pouring billions of dollars into a book-store chain on the eve of the birth of Amazon.com and the Kindle. It will be remembered as pouring billions of dollars into improving typewriters on the eve of the birth of the PC and the Internet. What business model am I talking about? It is Shai Agassi's electric car network company, called Better Place. Just last week, the company, based in Palo Alto, Calif., announced a partnership with the state of Hawaii to road test its business plan there after already inking similar deals with Israel, Australia, the San Francisco Bay area and, yes, Denmark. The Better Place electric car charging system involves generating electrons from as much renewable energy — such as wind and solar — as possible and then feeding those clean electrons into a national electric car charging infrastructure. This consists of electricity charging spots with plug-in outlets — the first pilots were opened in Israel this week — plus battery-exchange stations all over the respective country. The whole system is then coordinated by a service control center that integrates and does the billing. Under the Better Place model, consumers can either buy or lease an electric car from the French automaker Renault or Japanese companies like Nissan (General Motors snubbed Agassi) and then buy miles on their electric car batteries from Better Place the way you now buy an Apple cellphone and minutes from AT&T. That way Better Place, or any car company that partners with it, benefits from each mile you drive. GM sells cars. Better Place is selling mobility miles. Do not expect this innovation to come out of Detroit. Remember, in 1908, the Ford Model-T got better mileage — 25 miles per gallon — than many Ford, GM and Chrysler models made in 2008. But don't be surprised when it comes out of somewhere else. It can be done. It will be done. If we miss the chance to win the race for Car 2.0 because we keep mindlessly bailing out Car 1.0, there will be no one to blame more than Detroit's new shareholders: we the taxpayers. [private]

Sylvia Smith, Fort Wayne Journal Gazette: There's always something good that emerges from a really bad situation. In the case of the lousy economy, one positive outcome would be enactment of some sensible immigration legislation. Specifically, a bill to give the kids of illegal immigrants a path to citizenship. Sen. Richard Lugar has been a longtime and consistent supporter of

such an approach, but intense — and often ugly — emotions have blocked it. But as the U.S. economy contracts, there are fewer jobs and less of a lure for people to cross the border illegally. With fewer undocumented immigrants, the boil-level fury in some quarters is likely to cool a bit. If

anti-immigration sentiments are less stoked, it's possible the legislative climate on Capitol Hill would be more receptive to this common-sense approach to a situation that is not of these youngsters' making. And that would be good for everyone. Lugar supports this approach for much the same reason that he worked against congressional Republicans' attempt a few years ago to turn the school lunch program into a block grant for the

states. (The upshot of that would have been to reduce the school lunch program.) His rationale: Children can't control what their parents do, where they move, how much money mom and dad make, whether they follow immigration laws. And because they don't have a controlling vote in these adult decisions, Lugar believes, kids shouldn't be punished for their parents' actions or circumstances.

Doug Ross, *Times of Northwest Indiana*:

When I ran into Porter County Council member Karen Conover at dinner Wednesday, she asked me what the council should do about the property tax mess. Bills that should have gone out months ago are just now about to be mailed. In fact, the bills haven't gone out on time in years, so the council agreed to spend up to \$400,000 for consultants to figure out how to get the bills out on time. Is it the assessor's fault? The auditor's? The treasurer's? Who should be blamed? Who needs a kick in the seat of the pants to get this straightened out once and for all? Ask one of the officials who is responsible for the lateness, and the answer always is someone else. The property tax revenue is supposed to fund government operations, but in 2008 a whole year of government service will have been provided by the time the actual bills are due. So what's to be done about these late tax bills, Conover asked. Here's the long-term solution I offered her. Make all those elected positions appointed ones instead. I don't see the point of electing those officials in the first place. The auditor, treasurer and assessor don't make policy; they implement it. Make these appointed officials responsible to a single elected county executive. Then the county executive is the one to whom the voters can express their rage if the tax bills aren't sent out until Christmas time. If his minions consistently can't get the job done right and on time, the executive needs to fire them and get people in those jobs who can fulfill the job requirements. These recommendations are included in the Indiana Commission on Local Government Reform's report issued almost exactly a year go.





Souder, Donnelly seek aid for RV industry

WASHINGTON - U.S. Reps. Joe Donnelly and Mark Souder sent a letter to Treasury Secretary Henry Paulson and Chairman of the Federal Reserve Ben Bernanke asking them to take specific steps that could help the recreational vehicle industry as it responds to steep sales declines brought on by the ongoing financial crisis and a freeze in consumer and business lending. Specifically, the congressmen requested that the government's recently-created program to encourage business and consumer lending be modified to include loans to RV buyers and sellers. They also asked that banks and financial companies that receive TARP funds from the government be required to use that money to make loans to consumers and businesses.



More auto layoffs

AUBURN - Call it Dismal December. Wednesday brought news that hundreds more manufacturing jobs are being lost to the northeast Indiana economy (Fort Wayne Journal Gazette). The Dalton Corp. foundry in Kendallville, the Multiplex plant in Howe and the Vibracoustic N.A. plant in Ligonier will close, their owners said. In all, at least 400 jobs will be lost in two counties with unemployment rates already among the most severe in Indiana. The three plants that are closing make parts for the automotive sector, which has seen dramatic drops in sales in recent months. The announcements come on the heels of news Tuesday that Alcoa laid off 30 from its Auburn automotive plant and a Fremont enclosure maker is moving, taking 114 jobs with it.



U.S. Sen. Dick Lugar visited with Secretary of State designate Hillary Clinton in Lugar's Senate office on Wednesday. (Lugar Senate Photo)

Slump impacts Major Moves Funds

INDIANAPOLIS - Indiana could lose as much as \$418 million for state road projects because investment income from the \$3.8 billion lease of the Indiana Toll Road has been lower than expected and a decline in the state's gas tax revenues is likely to continue (Indianapolis Star). Both sources pay for Major Moves road construction projects, though state officials Wednesday downplayed the notion that the slump in revenue would mean an immediate delay for any of the projects.

Daschle to HHS

CHICAGO - President-elect Barack Obama has chosen former Senate Majority Leader Tom Daschle to be his secretary of Health and Human Services (Associated Press). It's a choice that was known for some time, but it was made official in a Thursday morning news conference in Chicago. Obama described the former South Dakota senator as "one of America's foremost health care experts." Daschle describes fixing health care as "our largest domestic policy challenge." He says it's an issue close to his heart.

Daschle will also be overseeing a new White House Office of Health Reform.

Bennett, Burk face big legal fees

TERRE HAUTE - As the courtroom battle for the Terre Haute mayor's office continues, Mayor Duke Bennett and former Mayor Kevin Burke are facing the challenge of mounting legal fees (Terre Haute Tribune-Star). Although Burke lost the November 2007 election to Bennett by 110 votes, the ongoing legal challenge to Bennett's candidacy is costing both sides tens of thousands of dollars. So far, Burke says his legal fees have topped \$50,000 while Bennett expects his are going to be at least \$40,000. Both sides are spending their own money — or money they can raise through contributions — to pay their legal costs. "I've found that a former mayor doesn't raise money near as well as a current mayor," Burke said. If his court challenge against Bennett is successful and Burke, a Democrat, returns to the mayor's office, he said he will likely be able to raise money to help meet the legal costs. "If we're not successful, as I like to say, I've bought a Corvette that I'll never get to drive."