



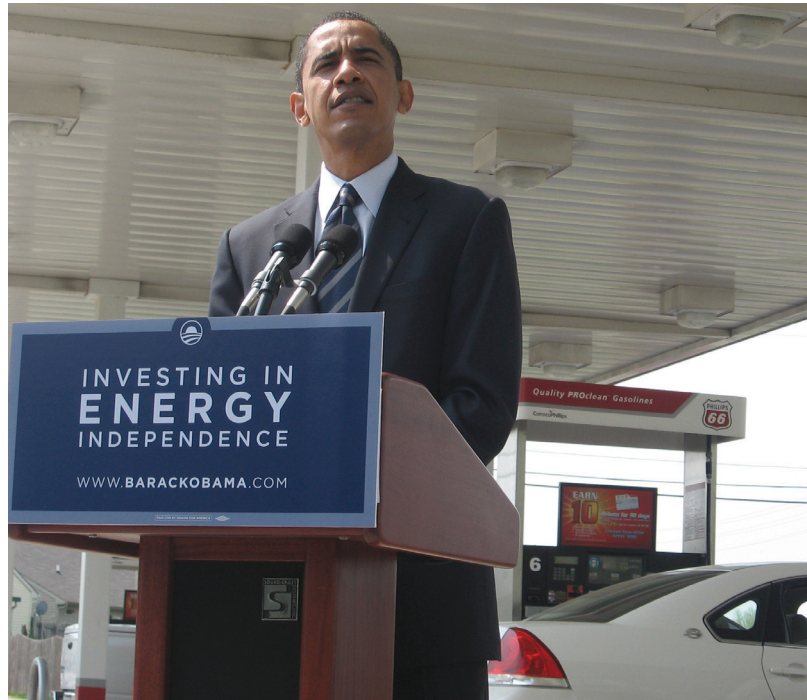
Obama's impact in Indiana profound

While health reforms dominate, the Indiana auto industry was remade

By **BRIAN A. HOWEY**

FRANKLIN - Just over a year ago - in the June 4, 2009 edition of Howey Politics Indiana - we led with this dire report: "General Motors and Chrysler are in bankruptcy. The Chinese are buying Hummer. An Indianapolis GM plant is closing. Indiana has gone through turbulence with the auto industry it helped forge before, with names like Stutz, Studebaker and Dusenbergs falling by the wayside in past rough patches. But there has never been a week like this."

With the jobless rate hovering around 10 percent, State Treasurer Richard Mourdock would unsuccessfully battle U.S. Solicitor General Elena Kagan in the U.S. Supreme Court over the Chrysler/Fiat merger, saying "Indiana retirees and Indiana taxpayers have suffered losses because of unprecedented and illegal acts of the federal



Candidate Barack Obama stood at Joe's Junction Phillips 66 station in Indianapolis in April 2008 and vowed to remake the U.S. auto industry. It is a vow that has played out significantly on Hoosier soil impacting scores of Indiana workers and towns. (HPI Photo by Brian A. Howey)

government."

HPI would report on the "peculiar silence" of Gov. Mitch Daniels and U.S. Sens. Evan Bayh and Dick Lugar as the Hoosier auto sector numbering between 111,000 and

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Frontrunning caucus vets

By **BRIAN A. HOWEY**

INDIANAPOLIS - The two frontrunners for Saturday's 3rd CD Republican caucus are products of similar caucuses. In 2001, Randy Borrer won a seven-candidate caucus on the first ballot "with 70 percent of the vote" after the death of State Rep. Gloria Goeglein.

In 2008 following the retirement of State Sen. Bob Meeks, Marlin Stutzman won a four-candidate race on a third ballot in a field that included State Rep. Matt Bell and former legislator Brad Fox. "I came up one vote short on the second ballot," Stutzman said of the



"In short it fixes the leaks in our energy system. There is no bidding process among states, regions, political alliances, industries and special interests."

- U.S. Sen. Dick Lugar





Howey Politics Indiana

is a non-partisan newsletter based in Indianapolis and published on the campus of Franklin College. It was founded in 1994 in Fort Wayne.

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Subscriptions

\$350 annually HPI Weekly
\$550 annually HPI Weekly and HPI Daily Wire.

☎ Call 317.627.6746

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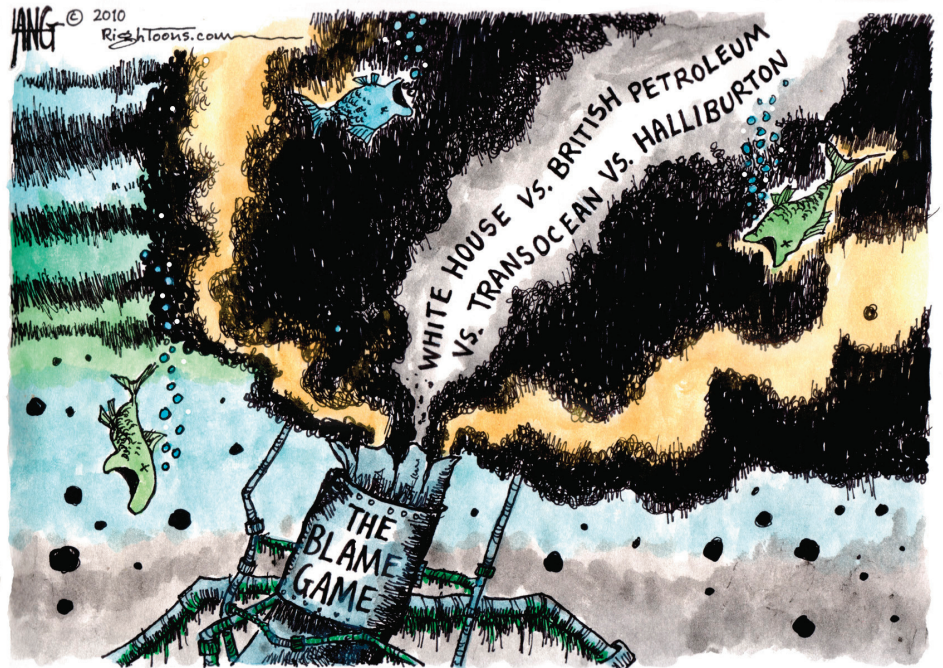
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"PLUG THE DAMN HOLE..."

caucus where 60 of 64 eligible precinct committeemen showed up.

On Saturday with 516 3rd CD precinct officials at Columbia City Joint High School, Borrer and Stutzman will be the perceived frontrunners in a field of 15 candidates.

Because the field is so large, almost every observer HPI has talked to believe it is impossible to tell who will win.

"We are incredibly optimistic," Borrer said, while acknowledging, "We don't have a hard vote count. People will tell you yes and mean no. Caucuses are very difficult to predict."

Borrer has put 2,000 miles on his car over the past week, calling every precinct committeeman and doing a door-to-door style campaign in four counties outside of his home base of Allen, where more than half of the voters live. He said he is "laser focused" on talking to precinct officials. Veteran lobbyist Gretchen Gutman is helping the Borrer campaign and he has captains from each of the eight counties.

Stutzman won a straw poll of Noble County precinct officials at Ligo-

nier on Monday night, 17-3 over Borrer just hours after Noble County Republican Chairman Randy Kirkpatrick and Prosecutor Steve Clouse revealed a bizarre Facebook email from former congressman Mark Souder, who predicted Stutzman would win, but at the same time alleged that Stutzman might have campaign finance problems related to air travel with Kosciusko County Commissioner Brad Jackson, husband of the congressman's mistress. That affair ignited the Souder resignation and this caucus.

"Yeah, that made a big splash for whatever reason," Stutzman of the Souder email. "Most of the reaction has been, 'Why would he do that?'"

Stutzman believes he has lined up solid support in LaGrange, Noble, Steuben and parts of Kosciusko counties, along with decided support in Allen County. An event in Fort Wayne brought out 300 including 86 precinct officials, 54 from Allen County. "Not all were fully committed," Stutzman said. "We feel real good about Allen County - better than anticipated."

Both Borrer and Stutzman



will be fighting for support in their perceived strongholds. State Rep. Wes Culver is carving off western support in Elkhart County. Borrer is battling for support against Fort Wayne Councilwoman Liz Brown, who Souder identified as a potential darkhorse, WPTA-TV anchorman Ryan Elijah, attorney Richard Thonert and other local candidates Lonnie Powell, Bob Morris and Joe Schomburg.

Others in the race include May primary participates Bob Thomas and Greg Dickman. Another primary candidate - Phil Troyer - dropped out to run for State Rep. Matt Bell's soon-to-be vacated House seat.

A number of GOP observers don't believe Thomas will attract much support from the party regulars as he is perceived as an "outsider" which in Indiana politics is a damning attribute.

Souder, who knows the district and is an adroit tactician, said in his bizarre Sunday evening e-mail to Kirkpatrick and Clouse, "I believe Marlin will win the caucus, possibly early ballot. Ryan Elijah is pressing him (and newness could bring upset, but also no experience is a disadvantage) Wes Culver is very qualified (but don't know where he goes for votes past Elkhart) and Randy Borrer is limited in potential to grow his vote. Liz Brown is a sleeper if all Allen got behind her, but don't know how she gets 10 percent."

But a few paragraphs into his 14-point missive, Souder cracked on his former district director. "Though I am frustrated at Marlin, he's probably best qualified and basically a very good man for all his over aggressive ambition."

Stutzman told HPI Monday evening that Souder "did yell at me; he got mad at me" over the 2008 confrontation and added, "That's why he let Tracy go." Stutzman, who worked on Souder's staff, said that the congressman later "brought her back."

Both Stutzman and Borrer downplayed the significance of the Souder email. "I don't know if it's had any impact whatsoever," Borrer said. Prosecutor Clouse who released the email is backing Borrer.

Stutzman termed it as a "distraction."

Both Borrer and Stutzman will have floor teams on

Saturday. The vote will take place on machines and there will be about 20 minutes in between votes.

Borrer predicted that it might take "three, four, five ballots."

Allen County will have 260 of the 516 possible caucus votes. Other counties with significant votes are Kosciusko with 61, Elkhart with 58; and DeKalb with 39. Due to the size of the Allen County delegation, Borrer is seen to have an advantage, though Stutzman and multiple GOP sources tell HPI that the Howe senator has some strength within that delegation.



State Rep. Randy Borrer (top) and State Sen. Marlin Stutzman enter Saturday's 3rd CD caucus as the front-runners, but with a field of 15 candidates there is an unpredictable element. (HPI Photo by Steve Dickerson)

Allen County Republican Party Chairman Steve Shine told the Fort Wayne Journal Gazette that he expects some members – possibly about 100 – will be unable to attend because of vacations, illness and other reasons.

Whitley County GOP Chairman Jim Banks told the Journal Gazette in today's editions he thinks the race will be down to just five candidates after the first ballot: Stutzman, Borrer, Culver, Brown and Elijah. "I think the support is very consolidated between those five," he said. "Things will weed themselves out very quickly. It will be a fascinating exercise in government."

Borrer likened the dynamic to the 2002 Indiana Republican Convention secretary of state floor fight between Todd Rokita, Mike Delph, Richard Mourdock and John McGoff that went three ballots before Rokita won. That floor fight was marked by frantic

arm twisting in between votes.

The critical period will likely be heading into a second ballot when some precinct officials will be freed from their commitments to losing candidates who don't reach the 25 vote threshold. Others will look at jumping on the most conspicuous bandwagon."

Our take? The Souder email doesn't appear to have had a significant impact. Stutzman appears to have some support in the Allen delegation and so we give him an ever so slight advantage in what could be a very unpredictable caucus.

Horse Race Status: Tossup/Leans Stutzman



Obama Indiana, from page 1

140,000 workers stood at the brink. Daniels praised Japanese companies saying they "get it."

And we reported: "The gamble of Obama's presidency will play out on Hoosier soil and in neighboring Ohio and Michigan. All three states ended up in the blue column last November. For that reason, Obama faced ugly choices. If he let GM and Chrysler liquidate, he would become the man who 'lost' the American auto industry. The ripple effect on the U.S. economy would be severe and politically untenable."

And President Obama would say, "The GM of the future will be different than the GM of the past. I am absolutely confident that if well managed, a new GM will emerge that can provide a new generation of Americans with the chance to live out their dreams, that can out-compete automakers from around the world."

The president's optimism found skeptics from Gov. Daniels to New York Times columnist David Brooks, who warned of the "quagmire ahead" saying, "The end result is that GM will not become more like successful car companies, it will become less like them. The federal merger will not accelerate the company's viability. It will impede it. We've seen this before, albeit in a different context: An over-confident government throws itself into a dysfunctional culture it really doesn't understand. The result is a quagmire.

The costs escalate. There is no exit strategy."

In that June 4 edition of HPI, we concluded: "Hoosiers were treated to an epic campaign that Obama won. Now we have another front row policy seat."

A year later

Today, President Obama's approval rating in Indiana stands at 43 percent in a May Rasmussen Reports poll, with 62 percent of Hoosiers strongly favoring repeal of his signature initiative: the health care reforms.

The state's jobless rate stood at 9.9 percent in May. Perhaps the most controversial aspect of the Obama presidency from the Indiana perspective is the bailout continuum that actually began under Republican President George W. Bush. It began with the \$780 billion for Wall Street that extended to the \$800 billion stimulus package that Obama pressed for in his first presidential trip to Elkhart in February 2009 and \$80 billion to prop up the domestic auto industry. The \$1.2 trillion deficit he inherited from Presi-

dent Bush rose to \$1.6 trillion before it was scaled back to where it was when Obama took the oath in January 2009.

Indiana expects to receive about \$4.3 billion in stimulus formula funding. Here are categories with the largest amounts of projected funding: Medicaid, \$1.4 billion; education, \$1.3 billion; roads and bridges, \$650 million; nutrition, \$400 million; weatherization, \$100 million; water quality, \$100 million; housing, \$100 million; public transit, \$80 million; energy, \$70 million; employment services, \$70 million; child care, \$40 million; and justice, \$40 million.

In essence, the Obama stimulus money kept Indiana from instituting draconian budget and education cuts as well as a potential tax increase, given the fact that Indiana's current biennial budget is now \$1 billion short and the reserves are depleted.

The Congressional Budget Office noted that in the first quarter of calendar year 2010, ARRA's policies:

- * Raised the level of real (inflation-adjusted) gross domestic product (GDP) by between 1.7 percent and 4.2 percent,

- * Lowered the unemployment rate by between 0.7 percentage points and 1.5 percentage points,

- * Increased the number of people employed by between 1.2 million and 2.8 million,

- * Increased the number of full-time-equivalent (FTE) jobs by 1.8 million to 4.1 million compared with what those amounts would have been otherwise. (Increases in FTE jobs include shifts from part-time to full-time work or overtime and are thus generally larger than increases in the number of employed workers.)

The affects of the Congressional American Recovery and Reinvestment Act on output and employment are expected to increase further during calendar year 2010 but then diminish in 2011 and fade away by the end of 2012.

Health reforms

On the health reforms, Indiana taxpayers would take a worst-case scenario \$3.6 billion hit in the next decade if 1.5 million Hoosiers join the Medicaid rolls, according to a Milliman Inc. report to the State Budget Committee. Milliman said 522,000 Hoosiers would be added to the rolls, going from 16.7 percent to 24.4 percent of the population.

"The bottom line is, the estimates that Milliman produced are contradictory. If you're assuming 100 percent participation in Medicaid, you can't assume that the costs are going to be as high as the costs that the Healthy Indiana Plan experienced. It just doesn't hang together," said January Angeles, a health policy analyst for the Center on



Candidate Obama shoots hoops at Riverview Elementary School in Elkhart.



Budget and Policy Priorities (Bradner, Evansville Courier & Press).

The analysis includes some cost savings as well. The federal government will increase its share of the Children's Health Insurance Program, shifting \$195 million in costs from the state. The report did not analyze another avenue for cost savings. According to President Obama's Council of Economic Advisers, Indiana set aside \$126 million for indigent care last year. That number could decrease if the number of uninsured Hoosiers decreases.

A Kaiser Family Foundation study reported that the health reforms are a potential good deal for the state. It noted an increase of between 29 and 45 percent in Medicaid recipients but noted the federal government will pick up between 100 and 90 percent of the tab through 2019, and 90 percent thereafter. "For a relatively small investment of state dollars, states could see huge returns in terms of additional coverage for their lowest-income residents, with federal dollars covering the bulk of the bill," said Kaiser Vice President Diane Rowland.

Kaiser estimated the costs to Indiana would be \$478 million and up to \$899 million between 2014 and 2019. "In any scenario, the cost of federal health care reform will create an enormous new burden for the taxpayers of Indiana," Gov. Daniels observed.

What we don't know is how big budget deficits at urban hospitals like Wishard in downtown Indianapolis might be mitigated after running billion-dollar deficits in the past. It deals with episodic health crises with populations as much as 200 percent of poverty level.

In March, shortly after Obama signed the health reforms into law, Indiana Attorney General Greg Zoeller said he would sue to stop them. "I believe that it's in the best interest of all and that includes those people who support the new legislation that we raise the constitutional questions that are apparent to the United States Supreme Court," said Zoeller. The main question is: Does the federal government have the right to force states to participate in the program and make citizens purchase health insurance? "The sovereignty of state government is really in question here," said Zoeller.

So these are the political scorch points in Indiana for President Obama. Save for Census workers, the "recovery" has been jobless as Indiana's unemployment rate has been static, and the health reforms are unpopular. The Fort Wayne Journal Gazette reported this week that the

Manpower Employment Outlook Survey said companies in Indiana expect to hire at a "healthy pace" during the third quarter. "From July to September, 20 percent of the companies interviewed plan to hire more employees, while 9 percent expect to reduce their payrolls," said Mary Ann Lasky, a Manpower spokeswoman. "Another 68 percent expect to maintain their current staff levels, and 3 percent are not certain of their hiring plans. This yields a net employment outlook of 11 percent."

Hope in the auto sector

If there is reason for optimism for President Obama and his political allies in Indiana, it comes with the auto sector.

Two months after the Hoosier auto industry stood on the brink, President Obama went to Wakarusa, which in Potawatomie Indian speak meant "knee deep in mud." Obama went "to announce \$2.4 billion in highly competitive grants to develop the next generation of fuel efficient cars and trucks powered by the next generation of battery technologies all made right here in the U. S. of A," as he put it.

Elkhart County's jobless rate stood at 16 percent then. It is 14.6 percent now. "A brighter future for Elkhart, a brighter future for Indiana and for the United States of America. That's what we're fightin' for," Obama said.

Since then, what could have been a cratered center piece in the Indiana economy appears to be on the rebound.

General Motors, which is 61 percent owned by the federal government in return for a \$50 billion bailout, has paid back 10 percent (\$6.7 billion) five years early. But the company has added 700 jobs and an entire third production shift at its Fort Wayne truck plant; 245 jobs and \$111 million in investment at the Bedford power train plant; and 300 jobs and \$364 million

at the Marion stamping plant. It will close a 650-employee stamping plant in Indianapolis, though the Indianapolis Star reports that a prospective buyer is negotiating to buy and reopen that plant. That is a net gain of 595 jobs, with a multiplier of three to four times that in the state's sprawling auto parts sector.

Chrysler has rehired 1,583 workers at its casting and transmission complex in Kokomo while making \$343 million in investments there. "Our two biggest employers will have announced nearly half a billion in new investment since the worst part of the recession began," Debra Cook, Kokomo's director of economic development, told the



President Obama announces \$2.4 billion in fuel efficiency grants in Wakarusa in August 2009. (WISH-TV Photo)



Kokomo Tribune.

So there are 2,178 GM and Chrysler jobs, and as many as 6,000 related jobs in the parts sector that exist in the state since Obama initiated the expedited bankruptcies.

While Cummins Engines in Columbus laid off 194 workers earlier this year, in January U.S. Energy Secretary Stephen Chu visited the Cummins Technical Center in Columbus and announced the selection of nine projects totaling more than \$187 million to improve fuel efficiency for heavy-duty trucks and passenger vehicles. The funding includes more than \$100 million from the American Recovery and Reinvestment Act, and with a private cost share of 50 percent will support nearly \$375 million in total research, development and demonstration projects across the country.

A year ago, there was rampant speculation that GM and Chrysler would liquidate, creating what economists at the Brookings Institute called a "depression" in the state. Clearly, Indiana dodged a bullet. Had this part of the auto sector collapsed, Indiana's jobless rate might have approached the 12 to 15 percent range.

The Mourdock suit

Perhaps the most surreal part of the auto crisis was Treasurer Mourdock's suit seeking to prevent the Fiat merger with Chrysler. Had it succeeded, Chrysler and some 5,000 jobs with a huge ripple going through the auto supplier network would have been liquidated.

In normal times, a state would have pulled out all stops to attract or preserve an auto plant - the crown jewel of economic development for the past two generations, as we saw with the Greensburg Honda plant in 2006.

But there had been hostility coming from Gov. Daniels with regards to the Big 3 Detroit automakers, with Daniels at one point saying they should take their cues from the Japanese automakers in the pre-Toyota braking controversy environment.

In a Wall Street Journal op-ed published last Friday, Daniels noted the "silent anniversary" of an "assault of free institutions."

Daniels wrote, "In order to provide preferential treatment to its cronies, the Obama administration confiscated the property of those creditors who had lent money to Chrysler in good faith, believing that their interest was legally secured and that they stood at the head of the line in the event of the auto company's failure. The shock wave

through the economic markets from this arbitrary redefinition of 'secured creditors' rights was profound. Could centuries of crystal-clear law really be overthrown by executive fiat? Apparently, yes." (See page 9 for complete article).

Mourdock, who is seeking reelection and is a possible 2012 gubernatorial candidate, now must defend his decision to contest the merger.

Mourdock explained to Human Events, "The Chrysler deal is a clear violation of the Fifth Amendment to the Constitution and more than 150 years of bankruptcy law." Private property cannot "be taken without due process of law. That clearly has not happened in this case. There has been no process of law consistent with long-standing precedent whatsoever."

Under the terms of the bankruptcy arrangement, the treasurer explained, "the secured creditors in Chrysler will get only 29 cents on the dollars for what they invested in the company. There was \$6.9 billion worth of secured credit in Chrysler at the time of the deal.

\$6.6 billion was owned by banks and the remaining \$300 million was owned by private pension funds, which covered thousands of retired state police officers and teachers.

"Twenty-nine cents on the dollar for people like that is not 'just compensation' at all, but the government says they have to abide by it," said Mourdock, spelling out the basis for Indiana's lawsuit, "This is the first time in the history of American bankruptcy law when secured creditors received less than unsecured creditors. And that ain't right!"

Mourdock lost his case before the U.S. Supreme Court. The Supreme Court, in a brief order, said that the funds had not "carried the burden" of proving that their grievances merited the court's attention. The Wall Street Journal reported that the Supreme Court issued a stay of the Fiat deal a few days prior to its June 9, 2009 decision to have more time to decide whether to hear the case. In the end, the high court pulled back from the matter. "Our assessment of the stay factors here is based on the record and proceedings in this case alone," the Supreme Court said.

Mourdock's Democratic challenger, Peter Buttigieg of South Bend, took issue with the legal challenge and Gov. Daniels characterization of it this week. "One year ago this week, Indiana State Treasurer Richard Mourdock almost single-handedly destroyed thousands of Hoosier jobs in a politically motivated lawsuit intended to take down



President Obama listens to unemployed Monaco worker Ed Neuffer at Concord HS in Elkhart during his first trip as president. (HPI Photo by A. Walker Shaw)



the American automotive industry while making a name for himself," Buttigieg said in an op-ed article distributed to Indiana newspapers this week. "In an opinion article published in newspapers around the country this weekend, Gov. Mitch Daniels is marking that anniversary by attempting to re-write history in order to justify this costly misadventure."

Buttigieg said, "The governor's selective and misleading account distorts or ignores all of the important facts -- including the poor investment decisions that led to the lawsuit, the reasons it was resoundingly and quickly rejected by the courts, and the fact that if the lawsuit had been successful, it would have actually lost money for the pensions. Worse, he completely ignores the economic devastation this would have caused for the thousands of Hoosier families and communities that depend on those jobs."

Buttigieg noted that "Mourdock invested Indiana pensions in Chrysler debt, Chrysler bonds were already rated as junk. This is the true reason for their low price -- 43 cents on the dollar -- and pension holders, the very people Daniels and Mourdock use as props to defend this action, ought to ask why the state put their money into such a risky investment in the first place."

The Democrat noted that "If successful, the lawsuit would have shut down Chrysler. Chrysler directly employs about 5,000 people in the city of Kokomo alone, and is responsible for tens of millions of dollars in annual tax revenue for the state, as well as over \$3 billion in supplier business. The lawsuit would have destroyed these jobs and this revenue at the worst possible moment: in mid-2009, Howard County unemployment was approaching 20 percent. One think tank estimated that 100,000 jobs in Indiana alone depended on quick and orderly proceedings for GM and Chrysler."

And Buttigieg added, "Had the treasurer won the lawsuit, then Indiana would have actually received less money than in the agreement he was protesting. In the rescue negotiated between the government and the other 99 percent of the bondholders, Indiana pensions were to receive 29 cents on the dollar. The federal court found that in liquidation, the pensions would have recovered far less. Indeed, one likely reason the suit was rejected was that in

bankruptcy court, a plaintiff is not entitled to bring a case actually demanding less money than he is already receiving. For this reason, the lawsuit itself would seem to conflict with Mourdock's fiduciary responsibility as treasurer."

"So, to recap," Buttigieg wrote, "Indiana's govern-

ment bought junk bonds for its pensioners, acted surprised when they lost value, ignored the judgment of fellow bondholders, and used taxpayer money to undercut fiduciary trust by appearing in court to effectively demand that money actually be taken away from the pensions - nearly eliminating one of Indiana's

biggest employers in the process, and potentially obliterating hundreds of thousands of jobs nationwide at the peak of America's worst economic crisis since the Great Depression."



Treasurer Richard Mourdock (center) and Attorney General Greg Zoeller (right) have sued to prevent Obama auto mergers and health reforms. Zoeller is shown here at Obama's February 2009 appearance at Concord HS in Elkhart. (HPI Photo by A.

Indiana: The Electric Car State

But the real job bonanza stands to come in the electric sector that Obama ignited in Wakarusa. A revived Indiana RV/Electric Vehicle industry has received \$400 million in federal grants, including \$39.2 million for the Navistar eStar venture in Wakarusa. New York-based Ener1 Inc. on Tuesday announced a \$65 million infusion into EnerDel by Ener1 Group, with facilities and 300 employees in Indianapolis, Greenfield and Noblesville. EnerDel will supply Think City electric cars with lithium-ion batteries at vehicle assembly plants in Finland and Elkhart, where it announced a new plant last winter.

Carbon Motors, an Atlanta based police car manufacturer, plans to bring 1,500 jobs to Connersville in an announcement made in July 2009. Carbon Motors CEO William Santana Li explained in 2009, "If the White House is listening, Mr. President there are a few thousand people here in Connersville that just declared the official turnaround of the United States of America."

And earlier this year, Anderson-based Bright Automotive announced it was awarded a United States Postal Service (USPS) contract to develop and test an electric postal delivery vehicle. Under the contract, Bright Automotive's eSolutions team will retrofit a standard USPS Long Life Vehicle (LLV) with its integrated electric drive train, and place the vehicle in real-world service for one year in the Washington area.

"We are thrilled to be working with the USPS to demonstrate how systems thinking can achieve economic solutions that reduce the cost to own and operate the



USPS fleet," said John E. Waters, CEO and president of Bright Automotive. "The adaptation of the electric drive system from our production vehicle uniquely distinguishes Bright Automotive's LLV conversion in terms of technology, durability and cost. In addition, our analysis and experience in vehicle electrification, vehicle ownership and financing, fleet maintenance, service, and infrastructure development, have shown that an electrified fleet will save the USPS millions of dollars annually, eliminate tons of emissions, and reduce dependence on oil."

It is unclear how many jobs will be created in this sector. If the Carbon Motors deal comes through, it would be in the 2,500 to 5,000 range, with industry multiplier impact in the related supplier sector. There were probably skeptics a century ago that foresaw the tens of thousands of jobs that were created in former bicycle and wagonworks shops across Indiana just as the horseless carriage entered the public square.

Epilogue

If you are an Obama ally like U.S. Reps. Brad Ellsworth, Joe Donnelly and Baron Hill, there is no question this is a tough environment with all sorts of uncertainty swirling around, ranging from the Greek debt crisis igniting a "V" recession into a "W" double dip.

Chrysler is certainly not out of the woods, with its new Fiat product line still 18 months away from reality.

Many believe that before Obama stands for reelection, he must divest the U.S. government of GM stock.

The Wall Street Journal posed it this way: The bigger issue is what's not being returned and that's the \$52 billion in equity, which is 90 percent of what the taxpayers shelled out and allowed the government to take a 61 percent stake in the company. Putting the company back on the stock ticker would require an initial public offering (IPO), something GM CEO Ed Whitacre says is "a real possibility" because "the stock could be worth a lot."

Others are less optimistic. Paul Ingrassia, author of "Crash Course: The American Automobile Industry's Road from Glory to Disaster," says, "It won't be easy for an IPO to raise \$52 billion for the government shares. That's more than Ford Motor's current market capitalization, some \$48 billion. And Ford, the only U.S. car company to avoid bankruptcy, already is profitable, which GM isn't. For GM to show sustained profits means doing business in a new way and breathing new life into long-moribund brands."

The health reforms are a huge unknown. It doesn't help Obama allies that the state's most popular and out-

spoken politician - Gov. Daniels - is a consistent critic of the massive overhaul that even its proponents are not entirely sure what halos and demons lie in the details.

The Columbus Dispatch in Ohio detailed what could be a ticking time bomb: "Last month, the nation's most prominent small-business association joined in a lawsuit against the health-care overhaul signed into law earlier this year by President Barack Obama. The National Federation of Independent Business concluded that the law will be harmful to small businesses and to prospects for small-business job creation. Small business is the economy's employment powerhouse, because new jobs are created disproportionately by this sector. Others have pointed out that the law requires any employer with 50 or more employees either to provide health coverage or

to pay a penalty. This could deter small employers from increasing their work forces and could induce some who are just over the 50-employee threshold to cut workers in order to get under it. All of which adds to the evidence that this was not a rational attempt to solve the nation's health-care problems but a bill forced through Congress for political reasons and justified with fraudulent accounting and false promises. It is poised to

unleash massive harm on the nation's economy."

If that is, indeed, a likely scenario, Obama will follow a political trajectory more akin to one-termer President Carter who found himself mired in the Iran hostage crisis that reminds people of the BP oil spill today than President Clinton, who weathered a health reform defeat and loss of Congress before winning a second term against a lackluster GOP challenger.

Gov. Daniels' own national political aspirations - refueled by an epic Weekly Standard cover story this week - will impact Obama and Democratic prospects here in Indiana over the next two years. The most likely scenario is a Daniels vice presidential bid, which will return Indiana to the red column for certain.

Having said that, it is important to know that before Daniels' own reelection bid in 2008, his approval and reelection numbers hovered in the high 30s and low 40s, giving his pollsters indigestion in 2006. The fact that Indiana is such a traditional Republican state makes this particular scenario for Democrats even more daunting.

And while there is an emotional and sometimes irrational reaction to what Obama has done in the most trying environment since the Great Depression, there is little doubt that his actions within the auto sector and with the stimulus saved Hoosiers from what could have been the most dire scenario in 80 years. ❖





Hoosiers vs. crony capitalism

By MITCH DANIELS

INDIANAPOLIS - June 10 will be a silent anniversary, but one worth noting by those alarmed at the past year's assault on free institutions. It was last June 10 when the federal government tossed aside the option of proven, workable bankruptcy procedures in order to nationalize Chrysler on behalf of its union allies.



In order to provide preferential treatment to its cronies, the Obama administration confiscated the property of those creditors who had lent money to Chrysler in good faith, believing that their interest was legally secured and that they stood at the head of the line in the event of the auto company's failure.

The shock wave through the economic markets from this arbitrary redefinition of

"secured creditors" rights was profound. Could centuries of crystal-clear law really be overthrown by executive fiat? Apparently, yes. The Supreme Court declined to intervene in the takeover. The cost of corporate borrowing was clearly headed upward as the U.S. for the first time imitated those Third World despotisms where economic rules can be changed without warning at the ruler's whim and convenience.

Equally profound was the message sent to the legal community, which quickly began to cite the "Chrysler precedent" as the now-acceptable judicial model for stripping secured creditors' rights in the name of expediency. Just days after the decision, the Phoenix Coyotes of the National Hockey League invoked the Chrysler case in an attempt to undermine secured creditors' rights and hasten bankruptcy.

Those brave few who protested the brute force taking of their money were attacked by administration apparatchiks for the sin of doing their fiduciary duty to their investors and shareholders. Calls went out from the White House, encouraging submission and warning of the consequences of opposition. One by one, potential plaintiffs

surrendered.

The one effort to stop the Chrysler cramdown was launched by three Indiana pension funds. Believing they were making both a wise investment and a gesture supportive of a longtime state employer, Hoosier retired teachers and state policemen had purchased some \$19 million in Chrysler's secured debt. The market consensus at the time was that, at 43 cents to par, the bonds were well below their value if bankruptcy ultimately came.

Bankruptcy came, all right, but in a new, extra-legal form run by the federal government. The United Auto Workers, who owned no interest in the company, were simply handed a 55 percent interest, a gift valued then at \$4.5 billion. When no one else wanted to buy the firm, Fiat was given a 20 percent stake for free to take it over. After this looting, the legitimate creditors were told to be happy with the remnants. For Indiana's retired teachers and state policemen, this amounted to 29 cents on the dollar, a loss of \$6 million versus the purchase price and millions more below the expected value in a standard Chapter 11 proceeding.

When, alone among the victims, Indiana retirees went to court, they caused a lot of discomfort but no change in the outcome. The Second District U.S. Court of Appeals declined to overturn the cramdown, but the judges refused to go within a mile of the merits. How could they? The law calls certain instruments "secured" credit for a reason, and there was absolutely zero precedent for the Chrysler confiscation.

In an article by Zach Lowe published last fall in the Am Law Daily and the American Lawyer magazine, UCLA Law School Prof. Lynn LoPucki said of the cramdown: "What happened . . . was so outrageous and illegal that until March of this year [2009], nobody even conceptualized it." The Second Circuit opinion, like the Supreme Court's refusal to stay the nationalization, went out of its way to state that the ruling did not reach the substantive issues raised.

Aided by incensed counsel donating much of their time pro bono, Indiana returned to the Supreme Court with a slim hope of recovering its pensioners' assets, reinstating traditional American property rights and making secured credit secure once more. It seemed to some an exercise in futility: The judge in the Coyotes case commented from the bench that the "poor pension manager from Indiana . . . was kind of like the gentlemen in Tiananmen Square when the tanks came rolling."

On Dec. 14, 2009, in the under-reported news story of the year, the Supreme Court granted the request of Indiana pensioners and took the case. The Court immediately ruled from the bench to strike down the decision of the Second Circuit Court of Appeals, eliminating it as a pos-



sible precedent in any future proceeding. Our retirees are still out the \$6 million but enjoyed the small vindication of being awarded the court clerk's costs at Chrysler's expense.

The nation is not safe from crony capitalism. In the past year we've experienced the nationalization of the student loan industry and the passage of national health-care and financial-services regulation, each of which is rife with new opportunities for government favoritism and preferential handouts to favored corporations like Chrysler.

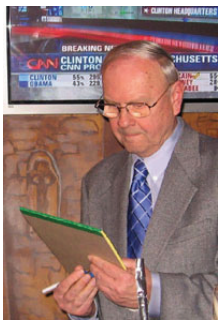
But thanks to a quiet correction by the Supreme Court — and a little Hoosier stubbornness — the rule of law has been re-established. The greatest benefits will accrue not to lenders and borrowers but to all those whose jobs are created because investors once again can trust that the money they've risked is safe from seizure by the state. ❖

The op-ed article by Gov. Daniels appeared in the Wall Street Journal on June 4.

Obama's biggest success was saving Detroit Big 3

By JACK COLWELL

SOUTH BEND - Hauling the American auto industry from the ditch and enabling General Motors and Chrysler to get back on the road, when failure could have sent the nation into the abyss of a second Great Depression, is President Barack Obama's biggest success.



Obama haters, of course, acknowledge no success on anything anywhere. And even many of his supporters, expecting an instant return to prosperity, grouse about a slow recovery from recession rather than celebrating that there is some recovery, not that abyss.

Just a year ago, with Obama forcing General Motors and Chrysler to accept bankruptcy and leaner operations in return for government loans, nobody

was predicting the auto industry turnaround that has occurred.

Back then, politicians from the South with little concern for the Midwest economy — and some Hoosier politicians, too — sought to scuttle the bankruptcy agreement and let Chrysler face liquidation. Now Chrysler, though still troubled, announces more investment and jobs in Kokomo and elsewhere.

If Chrysler had been liquidated, with all the automotive-related jobs gone, Kokomo and other parts of Indiana would indeed have experienced unemployment reminiscent of depression.

In May, the four major GM brands — Chevrolet, Buick, GMC and Cadillac — posted a double-digit sales gain for the fifth consecutive month. Combined sales were up 32 percent over the prior May.

GM repaid \$8.1 billion in loans it got from the U.S.

and Canadian governments five years ahead of schedule. Critics scoff at the significance, but they are critics that said nothing ever would be repaid.

Rick Wagoner, the hapless CEO of GM who was in effect fired by Obama, had been saying bankruptcy was not an option because nobody would buy a car from a bankrupt corporation. He was as wrong about that as he was about reliance on gas guzzlers.

While management has improved, so has labor. The United Auto Workers, once hailed for obtaining wages and benefits that spurred a middle class prosperity for "the Greatest Generation," became a target of criticism for obtaining so much that American automakers were not competitive.

The UAW, however, made a turnaround possible with unprecedented concessions on everything from plant closings to no-strike pledges, from freezing wages to sur-rendering retirement and health care benefits.

If GM had gone belly-up, the ripple effect of the massive job losses in production and in automotive-related sectors, from suppliers to dealers, would have had catastrophic effect on the staggering economy, especially in the Midwest, but nationally, too, with that abyss a likely result.

The highly successful Cash for Clunkers, also scoffed at by critics when it was enacted, brought more sales than even its supporters anticipated, helping at a critical time.

But Obama's popularity sinks as oil rises in the Gulf. His landmark health care reform is unpopular with many Americans. While Democratic progressives say the president dawdled and compromised on health care as he sought naively to reach bipartisan ground with Republicans, Republican critics say he went too far and never considered their objections.

Unhappiness with the direction of the country is shown in all the polls, with Obama's job approval slipping, though not quite plummeting as has esteem for Congress.

Whether it is fair to blame Obama for the BP gusher, for being "too cool," for his siding with "drill, baby, drill," for the health care wrangling and wheeling and dealing in Congress, for lack of bank bailout requirements or for lack of success in areas such as illegal immigration are mat-



ters of legitimate debate.

He certainly has made mistakes. One of the worst politically was his team's unrealistic prediction that unemployment would max out at 8 percent with a stimulus package, but hit 9 percent without stimulus. Most economists saw double-digit unemployment even with the stimulus effort, but with economic chaos without some government stimulus effort.

It is unfair, however, to argue that the effort to haul the American auto industry out the ditch and stave off

economic ruin for much of the Midwest was unsuccessful or unneeded.

Obama's problem with this is that nobody can prove that letting Chrysler and General Motors crash would have brought a national economic crash. Remember, though, that economists a year ago still warned of an awaiting abyss. ❖

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

Osili, McKenna aren't ready to declare they have enough delegates

By **BRITTANY BROWNRIGG**

FRANKLIN - Tom McKenna and Vop Osili could face a floor fight for the Democratic nomination for secretary of state at the June 26 Democratic Convention. Neither candidate would disclose a delegate count, which means a floor fight could occur.

The Indiana Republican Convention faced a floor fight over the secretary of state position in 2002 with Todd Rokita walking away with the nomination. He won the nomination after an intense convention and campaign against Richard Mourdock, Mike Delph and Dr. John McGoff.

Although neither candidate would provide solid delegate numbers, Osili and McKenna said they are looking forward to the upcoming convention. Osili and McKenna have been working throughout the state to gain support.

"We hit a goal, which was to get to all 92 counties," Osili said. "Each county is unique."

According to Osili, the two major concerns that people had throughout the state were the need for jobs and the concern for election management. Osili's website addresses these two issues and says that he will do all he can to provide jobs within the state. The website also says Osili, would listen to the people and meet the needs of voters. Another portion of the website says that Osili will help inform voters on how to make wise financial decisions.

Osili said that the most important part of his campaign strategy right now is focusing on delegates. "It has been an amazing year and I am incredibly excited about the convention coming up," he said. "There is this general

excitement that we can do some great things."

McKenna, like Osili, has been traveling and making phone calls across the state to gain support for his campaign.

"I feel very good," McKenna said. "I'd characterize my feeling as quietly optimistic. It's been a long and enjoyable campaign, and we're very excited about June 26."

McKenna said that he believes the key to success is getting his messages out.

"It's all about communicating with the delegates," he said.

McKenna said district leaders and county chairs also are important contacts to communicate with throughout the campaign. He said he remains focused on making sure that those people know who he is and the issues that he is concerned with.

"We've been out there (traveling) literally for months ... and people are very excited about the fall," McKenna said.

McKenna's website focuses on the act of voting, saying he will stand up for the right to vote and support citizens who take the opportunity to exercise that right. His website also mentions that he has worked for three different Democratic governors throughout his career. ❖



Democratic Secretary of State candidate Vop Osili has visited all 92 Indiana counties (and Mount Rushmore).





Ellsworth's time is scarce, and so is his public schedule

By BRITTANY BROWNRIGG

FRANKLIN - With both the Indiana Democratic and Republican Conventions coming up U.S. Rep. Brad Ellsworth seems to be keeping a sparse schedule while Dan

Coats is moving across the state at an active pace.

Ellsworth's job in Congress has kept him tied up throughout the campaign thus far.

Although Ellsworth's itinerary is busy with congressional duties his schedule has been

light even in times when Congress was not in session. The week following Memorial Day Congress did not meet. In spite of this opening, the only Ellsworth event HPI could find scheduled was the Floyd County Democratic Dinner on June 4.

A similar situation occurred in 2000 when U.S. Rep. David McIntosh ran for governor but while trying to fulfill his responsibilities in Congress. When McIntosh missed votes in Congress, the Democrats under Chairman Robin Winston unleashed a daily chronical. McIntosh found himself trailing Gov. Frank O'Bannon by double digits that summer and he never recovered.

Not only has Ellsworth kept a light schedule throughout his campaign thus far but he has also been the target of the Committee for Truth in Politics television ads.

The Truth in Politics ad characterizes Ellsworth as a tool of House Speaker Nancy Pelosi. In addition, Howey Politics Indiana has not received an Ellsworth campaign press release since May 18.

In spite of the lack of appearances, Ellsworth's campaign gained the support of more than 40 Indiana law enforcement officials last week. The campaign just didn't put out a press release on the endorsements and didn't get much play beyond a story in the Times of Northwest Indiana.

The Democratic Convention, coming up on June 26, is something that Ellsworth thinks is a prospective way to meet people.

"The convention is an opportunity for Brad to continue getting to know Hoosiers throughout the state and to talk about his ideas for moving Indiana forward," said Elizabeth Farrar, communications director for Ellsworth.

Ellsworth's problem is that time will get scarce and he trails badly in early polls with a national environment shaping up decidedly for Republicans. A Rasmussen Reports poll released last Friday showed Coats leading 47-34 percent. The good news for Ellsworth is that Coats slipped from 51 percent in an April Rasmussen poll. This latest drop comes after Coats released the list of lobbying groups that support him and his campaign.

The Coats campaign released its long-awaited lobbying report last weekend, revealing that his clients did not include radioactive rogues like BP, Halliburton, Goldman Sachs, Yemen or Hugo Chavez.

Indiana Democrats led by Chairman Dan Parker scheduled a press conference today to discuss what he called the "so-called disclosure provides Hoosiers with absolutely no new information." Parker has been the most consistent and conspicuous campaign spokesman for Ellsworth.

Pete Seat, press secretary for Coats, said that the Republican's campaign is excited for the Republican Convention, scheduled for June 19, and the campaigns travels throughout the state.

"Dan looks forward to having the opportunity to speak to the Republican delegates," Seat said.

Coats continues to travel across the state, including recent trips to Columbus, Seymour and Lafayette, hearing from Hoosiers on issues that

matter to them. A recent trip took Coats and his campaign to a meeting with Hoosier doctors on the discussion of health care.

"We're listening," Seat said.

The Coats' campaign believes that the double-digit lead is good information but that their work continues.

"It's encouraging news but it doesn't mean we won't keep going full speed ahead ... reaching out to as many folks as we can," Seat said. ❖





Lugar offers cap & trade alternative on energy

By MARK SCHOEFF JR.

WASHINGTON - With the nation riveted on the burgeoning oil spill in the Gulf of Mexico and the Senate poised to take up energy legislation this summer, U.S. Sen. Richard Lugar has offered an alternative to measures that seek to curb carbon emissions while allowing companies to trade pollution permits.

Lugar's idea got a boost with support from a Republican who had been working with Democrats on cap-and-trade bills, Sen. Lindsey Graham, R-South Carolina. Graham abandoned the Democratic efforts and signed on as a co-sponsor of Lugar's bill the night before Lugar introduced it.

In a Wednesday Capitol Hill press conference, Lugar said that House and Senate bills based on the cap-and-trade idea are out of touch with American sentiment because they would raise business costs and sacrifice jobs.

"They could add significant – and perhaps debilitating – expense to our already fragile economy and they would be an invitation to special interest protectionism," Lugar said. "By placing carbon reductions ahead of solving energy vulnerabilities, the cap and trade bills situate the energy debate on the most controversial and unsustainable political ground."

Lugar's proposal, the Practical Energy and Climate Plan, focuses on increasing energy efficiency in vehicles, buildings, appliances and industrial processes. For instance, it calls for an annual 4 percent improvement in fuel mileage for passenger vehicles. It also would require minimum targets for the use of energy-savings materials in buildings.

The \$3.75 billion, five-year plan also would boost the use of bio-based fuels, encourage electric power diversification, retire the oldest and dirtiest coal plants and expand loan guarantees for nuclear power.

Lugar said his plan would by 2030 cut U.S. dependence on foreign oil by more than 40 percent, decrease national energy consumption by 11 percent, cut greenhouse gas emissions by more than 20 percent and reduce average household electrical bills by 15 percent. The statistics are based on models developed by Climate Works, a group comprised of Stanford University scientists.

"In short, it fixes the leaks in our energy system," Lugar said of his proposal. "The plan allows a flexible

and predictable framework for use of energy sources and technologies. There is no bidding process among states, regions, political alliances industries and special interests. It would accomplish nearly half the president's 2020 greenhouse gas emissions goal – while saving money and boosting the economy."

The proposal comes at a time when the BP oil spill is stoking already raw partisan conflict on Capitol Hill, with members of Congress seeking ways to punish BP while taking advantage of the opening the Gulf disaster provides to push climate legislation.

Senate Majority Leader Harry Reid, D-Nevada, has said he wants to put an energy bill on the floor this summer. The Senate Democratic caucus has scheduled a meeting on energy issues for next week.



Political tension, which has defined most congressional activity since the beginning of the Obama administration, has put a premium on Republicans who are willing to cross party lines to support Democratic initiatives. With the addition of Sen. Scott Brown, R-Massachusetts, in January, the GOP caucus totals 41 – exactly the number required to sustain a parliamentary maneuver to block a bill.

Many had looked to Graham as the potential 60th vote to help energy legislation overcome a filibuster. Graham said Lugar's bill now offers the best hope for Senate approval.

Graham said Lugar's bill now offers the best hope for Senate approval.

"This has a chance of getting 60 votes better than any proposal I've seen," Graham said. "Senator Lugar has found a way forward that will be attractive to the business community, Democrats and Republicans alike. If you really care about the pollution caused by carbon, this is a practical approach that helps get us started."

The importance of Graham's endorsement was evident following the press conference. He was engulfed by a press scrum while Lugar held court with seven reporters.

Lugar has succeeded in previous attempts to forge bipartisan consensus on an issue facing a difficult political atmosphere – most notably when he and then-Sen. Sam Nunn, D-Georgia, shepherded a landmark nuclear reduction bill through a Senate in 1991 that was preoccupied with a special election in Pennsylvania that revolved around health care.

He acknowledged, though, that anger over the Gulf oil spill undermines the prospects for cooperation on energy policy. "All of us pray every night, but none of us knows when the BP situation will end," Lugar said. "Even if (his energy bill) is more of a long shot, it seems to me to be responsible to raise it." ❖



FSSA debacle a result of all government is bad philosophy

By **SHAW R. FRIEDMAN**

LaPORTE - Blind faith in a discredited ideology. What else can one say about a Governor who ignored all the warnings and the failed efforts at welfare privatization in states like Texas and who took Indiana deep into a mine – past the dead canary – where there was no escape, no light, no air and no possible means of recovery?



Recent news that the state is seeking over a billion dollars in damages in a lawsuit against IBM and that IBM raced to the courthouse to file its own suit against the state have confirmed the worst fears of those who warned that welfare privatization was bound to fail.

The Indianapolis Star reminded readers that Gov. Daniels “came to office in 2005 as a champion of putting public business in private hands whenever it seemed to make economic sense.” Yet huge problems arose when IBM took face-to-face contact out of the equation forcing Medicaid and food stamp recipients to use distant call centers, computerized intake and faxing of key applications. Documents ended up lost, benefits were denied and in the end no cost savings resulted nor did the system do anything to increase fraud prosecutions. It was an abysmal failure.

Even the state’s lawsuit admits that under IBM, the “as-is” parts of the state were consistently outperforming the so-called “modernized” parts of the state that used IBM-run call centers for faxing, scanning (and many times losing) key documents. Truth is, turning over our state’s public benefits system – relied on by 1.1 million Hoosiers – was never the answer to fixing what was wrong or building on what was right.

Common sense Democrats and moderate Republicans need to do a better job of highlighting when government is doing things right. Ideologues like Mitch Daniels tried to justify welfare privatization by saying Indiana’s welfare system was “corrupt” and “inefficient” yet federal statistics showed FSSA employees actually performed better than the national average in 2005. Employees also cut the error rates in half and our state welfare system earned bonus awards from the federal government each fiscal year from 1999-2004 receiving \$9 million in 1999 and \$10.3 million in 2004.

Mitch Daniels came to office pledging to “Buy Indiana” and telling state employees “help was on the way.” Turns out he de-certified state employee unions on his second day in office, privatized a variety of state services and sold off (yes, a 75-year lease is a sale!) our Toll Road to Spanish and Australian conglomerates, before awarding the billion dollar FSSA contract to Armonk, New York-based IBM. So much for “Buying Indiana”!

We need elected officials in both parties who are interested in standing up for the little guy and who are not beholden to corporate interests or seeking employment or lobbying jobs with those same corporate interests after their stints in public office. Elected officials who understand that there are certain functions that government – if run efficiently and transparently – must deliver for the “common good” as opposed to leasing off or selling public assets to the corporate sector whose very mission is serving the “private good” and delivering a dividend to shareholders.

Fortunately, most Hoosiers know that we must be vigilant when private, corporate power is substituted for the public interest. Beware the opportunist campaigning for office who tries to campaign against “government” while giving a wink-and-a-nod to corporate interests and inviting them to mind the store. Mitch Daniels has cynically used the recession and lower state revenues as an excuse to go after local government targeting already struggling school corporations, strapped cities and counties and downsized law enforcement agencies and trying to make demons out of local government officials as he seeks to remake government as nothing but a servant and handmaiden for corporate interests. (Notice that our Governor never once talks about stopping corporate tax cheats from evading their state tax obligations, which could bring in hundreds of millions of dollars in badly needed tax revenues to state coffers.)

Mitch Daniels and his ideological brethren have been in thrall to Wall Street, the oil companies, and insurance industry for years and see tactical advantage in simply “beating up” on government or selling it off or leasing it to the corporate sector.

Common sense Democrats and moderate Republicans have to make the case that government – when properly funded, well managed, and kept efficient and accountable - is key to building bridges, roads, sidewalks and sewers, to providing decent schools and parks and helping to protect the aged, the infirm and disabled. Government must also be the cop on the beat to insure that while business thrives and helps produce jobs, those same corporations must also pay their fair share of taxes and products must be made safety, employees protected, savings and pensions guarded and Hoosier communities must be able to count on clean air and clean water.



There's a proper balance to be struck and right now, our largest, most powerful corporations have too many friends in government like Mitch Daniels who believe in turning over the levers of power to Wall Street rather than making sure that folks on Main Street get a fair shake.



Shaw R. Friedman is a regular contributor to HPI. He practices law in LaPorte and filed suit in August, 2008 on behalf of eight LaPorte County public benefits recipients seeking to block the rollout of welfare privatization to northwest Indiana.

Appropriate English needed for success

By MORTON J. MARCUS

INDIANAPOLIS - Recently a friend sent me a thoughtful article entitled "Heads I Win, Tales You Lose". I skimmed the piece; I could not read it with the seriousness it deserved because of the spelling error in the title.

If you did not see that error (tales for tails), you MUST continue to read this column.

You may choose to call me a snob or an obsessive perfectionist. You may disagree with my insistence that appropriate spelling and good grammar are vital components of effective communications. Yet, unless you have extraordinary assets, your communication skills will go a long way to determining your social and economic standing.



Morton Marcus
Column

There are many ways to express an idea or an emotion. However, good communication is not sloppy or careless. A favorite story in my family concerned a rainy day when my

parents were to meet at a certain corner pharmacy. From there they would take the bus home together.

Because of the heavy rain, each took refuge in a pharmacy doorway. My mother was in the eastern doorway and my father in the northern entrance. They did not see each other. Each stood there, fuming about the other being late. Then, in that era before cell phones, they began to worry about each other. Finally, after two buses had gone by, my father emerged from his north side shelter and ran to the next bus as it stopped on the east side of the building. Seeing him, my mother, greatly relieved, ran through the rain and joined him on the bus.

Neither of them saw this as humorous at the time. As the years passed forgiveness set in, but the story remained a morality tale for us as children. Be precise, specific, and accurate!

English is a language with many traps. Words may sound alike yet their meanings may depend on their spellings. Or they may be spelled the same and mean very different things. Take that word: mean. Three definitions come to mind immediately (to signify, to be cruel, and to be an average). Context is important, if a person is willing to make the effort to understand your speech or writing.

Even if I am willing and do try, your accent, your jargon, your lingo, your slang. your ignorant or sloppy indifference to the conventions of communication can be impermeable barriers to understanding. Yet, in today's world, we are excessively permissive about the use of language.

At home, in school, and in the work place we tolerate violations of simple rules of English usage. Sometimes we think these errors are cute or trendy. Sometimes we think them unfortunate or too personal and that it is impolite for us to comment and correct. Often we don't know what is correct. Some anarchists spinelessly accept anything as "language change".

Why is this topic important in a column devoted to Indiana's economy? When we go ourselves or send our children into the world with our/their garbled speech and fractured writing, we reduce our/their chances for social and economic success. Good language skills have no color, no religion, and no ethnicity; they do have a payoff.

How do we improve? When you hear errors in the conversation of children, correct them. If you find errors by adults, ask if you can give some advice. If they consent, correct them. Do not let errors in this newspaper or on radio/TV go unnoticed. You will not be popular, but you will be doing something good for yourself and Indiana.

However, do not correct a spouse too frequently or you will require the services of a skilled surgeon and an eloquent attorney. ❖

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



Remembering Speaker Burrous

By **BRIAN A. HOWEY**

MEXICO, Ind. - They worked to lower property taxes and expedite the building of major interstates here in the Crossroads of America.

While this might sound like a familiar scenario today, this was the team of Gov. Otis "Doc" Bowen and House Speaker Kermit Burrous who a generation ago helped transform Indiana as one of the most powerful executive/legislative tandems in modern Hoosier history.

Burrous died on May 26 after a long battle with Parkinson's Disease. His funeral at the United Methodist Church across U.S. 31 from the land he once planted corn and soy beans brought close to 200 people on June 1, including the 93-year-old Bowen.

Burrous was remembered as a fun-loving father, a devout Methodist, and a consensus-builder during eight years as Republican speaker.

"He was Facebook and Linked In before they ever existed," said Randy Krise, a long-time friend who helped Burrous grapple with the disease that ultimately ravaged his body but not his spirit.

Krise recalled asking Burrous if he knew of a good seafood restaurant. Burrous produced his "list" of numbers, dialed up his friend "John" and handed the phone to Krise, who found himself talking with John Livengood of the Indiana Restaurant Association, who was able to recommend a good meal.

As speaker, Burrous helped Bowen forge the property tax reforms in 1973, which passed the House by a narrow margin. Ray Rizzo, Bowen's legislative director, said the goal was to produce legislation that was "substantial, visible and long-lasting" and added, "We just didn't know what it looked like statutorially."

"Kermit Burrous was the most significant legislative leader of that era," Rizzo said. "He was both a conciliator and great negotiator."

His son, Rick, explained, "He relished nothing more than building bridges between factions, finding common ground that would allow friends and neighbors across the state to share a brighter future."

Rizzo said that Burrous and Ways & Means Chairman John Hart were able to get the four property tax bills passed with what Bowen would describe as with "votes to spare" in the House. Bowen was able to attract two Demo-

cratic votes in the Senate on a critical conference committee vote and Lt. Gov. Bob Orr cast the deciding vote.

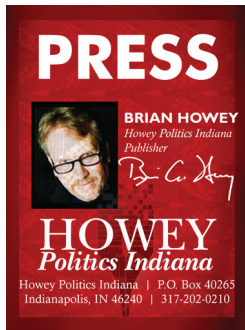
Rizzo said that Burrous also played a key role in "condensing" the time it took to build the I-465 beltway around Indianapolis. "It was a lot like Major Moves these days," said Rizzo.

Miami County farmer Harold Wilson added that Burrous played a critical role in the development of a state-wide soil survey.

Burrous ran for lieutenant governor in 1980 and lost to State Sen. John Mutz, who carried only nine counties but had the backing of the big county chairmen like L. Keith Bulen, Orvas Beers, Joe Kotso, Virgil Scheidt, Don Cox and Buena Chaney.

Burrous farmed in Miami County for decades, his land and farmhouse visible from U.S. 31. Burrous was legendary for planting perfectly straight furrows.

At the service, the Burrous family quoted NASA pioneer Dr. Werner Von Braun, who said, "Nature does not know extinction, all it knows is transformation. If God applies this fundamental principle to the most minute and insignificant parts of the Universe, doesn't it make sense to assume He applies it, also, to the masterpiece of His creation - the human soul? Nothing disappears without a trace." ❖





Rich James, Post-Tribune: The Lake County Democratic Party may not know it, but it's got a problem. And it's going to take a lot more than Dr. Phil to fix it. Could the party be on the verge of losing its first countywide election since the Republicans snatched away the prosecutor's office for one term in the late 1940s? Could be. The problem is Carol Ann Seaton, who was a surprise winner in the Democratic primary for county assessor. But shortly after winning, she began to implode. The question seemed to be whether she was a resident of Gary or lives just over the state line in Union Pier, Mich. Creating the confusion is the fact that she holds driver's licenses from both states. And she has titled more than one car -- including the one she now drives -- in Michigan. It was fairly quickly resolved that she does, in fact, live in Gary. That's got to be the case since the address she gave the Michigan Bureau of Motor Vehicles apparently is a vacant lot. And to make matters worse, she doesn't even own the lot. And the woman who does own it never has heard of Seaton. What a tangled web she weaves. This all begs the question as to why she would need a Michigan license if she lives in Indiana. And why would she fib about where she said she lived in Michigan. Granted, Michigan is a nice state, but this is going too far. Seaton renewed her Michigan license in February. Indiana BMV officials have said Seaton may have committed perjury by completing license renewal applications that ask if the applicant has a license issued by another state. But Seaton's attorney, Trent McCain, rose to her defense in true lawyer style. McCain said Seaton couldn't have committed perjury in her most recent Indiana license application because she didn't enter a response to some questions on the application, including one that asked whether she had a license in another state. In other words, how could she have done anything wrong if she avoided the question? Now, that's justice. ❖

David Brooks, New York Times: Studying the humanities will give you a wealth of analogies. People think by comparison — Iraq is either like Vietnam or Bosnia; your boss is like Narcissus or Solon. People who have a wealth of analogies in their minds can think more precisely than those with few analogies. If you go through college without reading Thucydides, Herodotus and Gibbon, you'll have been cheated out of a great repertoire of comparisons. Finally, and most importantly, studying the humanities helps you befriend The Big Shaggy. Let me try to explain. Over the past century or so, people have built various systems to help them understand human behavior: economics, political science, game theory and evolutionary psychology. These systems are useful in many circumstances. But none com-

pletely explain behavior because deep down people have passions and drives that don't lend themselves to systemic modeling. They have yearnings and fears that reside in an inner beast you could call The Big Shaggy. You can see The Big Shaggy at work when a governor of South Carolina suddenly chucks it all for a love voyage south of the equator, or when a smart, philosophical congressman from Indiana risks everything for an in-office affair. You can see The Big Shaggy at work when self-destructive overconfidence overtakes oil engineers in the gulf, when go-go enthusiasm intoxicates investment bankers or when bone-chilling distrust grips politics. Those are the destructive sides of The Big Shaggy. But this tender beast is also responsible for the mysterious but fierce determination that drives Kobe Bryant, the graceful bemusement the Detroit Tigers pitcher Armando Galarraga showed when his perfect game slipped away, the selfless courage soldiers in Afghanistan show when they risk death for buddies or a family they may never see again. The observant person goes through life asking: Where did that come from? Why did he or she act that way? The answers are hard to come by because the behavior emanates from somewhere deep inside The Big Shaggy. ❖



Russ Pulliam, Indianapolis Star: Legacy candidates from both political parties could make the 2012 race for governor a historic battle. There's a pull on both U.S. Rep. Mike Pence and Sen. Evan Bayh to at least consider a race for the top spot in state government. If Bayh were to re-enter politics after he leaves the Senate this year, a return to the governor's office would fit well. "Bayh is more prone to be an executive than a legislator. He likes to call the shots," says state Rep. Phil Hinkle, R-Indianapolis. "The governor's race is the perfect place for him to step back in." Bayh, however, may not want back in. After two four-year terms as governor and two six-year terms in the Senate, Bayh says he's tired of the hardball nature of national politics. His party also doesn't appreciate his moderate perspective on most issues. And he's already been passed over twice as a vice presidential candidate and faltered in one presidential attempt. Pence has a more complex dilemma. If he aspires to make a serious run for president one day, he may need to prove his executive skills as governor first. His rise to national prominence has had more to do with his skill in offering a conservative perspective than any testing of his administrative ability. Although Pence might have a shot at speaker of the U.S. House, no House speaker ever moved directly to the presidency. James K. Polk was speaker and then served as governor of Tennessee before he became president in 1845. ❖



Daniels, Quinn celebrate Illiana

LANSING, Ill. - LANSING, Illinois (June 9, 2010) – Governor Mitch Daniels and Illinois Governor Pat Quinn today committed to moving forward with the proposed Illiana Expressway now that laws have been approved in both states to pursue public-private financing options to build it. The governors signed a Memorandum of Understanding that says the states agree to work together to construct the Expressway, which would connect Interstate 65 in Lake County with Interstate 55, in Will County, Illinois. "In Indiana, we believe great infrastructure means more jobs. We're in the middle of the biggest road building boom in Indiana history and the Illiana project is its next natural extension," said Daniels. "Safer roads, less congestion and countless new jobs make this a huge step forward for the entire region." Studies show the Illiana Expressway would bring significant economic development, safety and mobility benefits to the region. It is estimated the Illiana would prevent 350 to 400 vehicle crashes annually. Quinn also signed new Illinois legislation, similar to Indiana's Senate Enrolled Act 382, approving private financing for the project. "Today is a milestone in our efforts to build the Illiana Expressway," said Governor Quinn. "The new expressway will open an era of bi-state collaboration and provide a crucial economic boost for both states. This is a significant achievement for northeast Illinois, which will create thousands of jobs and bring economic development benefits to this area." The next step will be completion of environmental studies that ultimately will result in a recommendation for a



Indiana Gov. Mitch Daniels and Illinois Gov. Pat Quinn celebrate the coming construction of the Illiana Expressway between I-65 and I-55. (Times of Northwest Indiana Photo)

specific route for the Expressway. Daniels also said the states will simultaneously begin to explore marketplace interest in creative financing for the project that the two bills make possible. The environmental studies should be completed in two to three years.

Cline replaces Reed at INDOT

INDIANAPOLIS - Gov. Mitch Daniels said today that he has accepted the resignation of Indiana Department of Transportation (INDOT) Commissioner Mike Reed. Reed intends to return to employment in the private sector. Daniels has named Michael B. Cline, INDOT's deputy commissioner of operations, as the new INDOT commissioner. Reed has been INDOT commissioner since February 2009. He also served as executive director of the Indiana Utility Regulatory Commission (IURC) from 2006 to 2009. Cline joined INDOT in 2007 and has 21 years of management and engineering experience in the surface transportation industry. In his current role, he is responsible for 3,200 employees and manages a \$290

million annual operating budget and \$500 million annual capital budget. He was an engineering consultant from 1999 to 2006, worked for the City of Indianapolis for nine years, including service as the city's traffic administrator from 1997 to 1999, and was the assistant city engineer in Terre Haute for two years. Cline earned his undergraduate degree in civil engineering from Purdue University. He is a registered professional engineer in Indiana and a board certified professional traffic operations engineer. The INDOT transition will occur on June 13.

Skillman delegation finish China trip

BEIJING - Lt. Governor Skillman and the Indiana agriculture, jobs and investment delegation is headed home after a successful trade mission to China. This morning, Lt. Gov. Skillman and select members of the delegation concluded their official business with a meeting with the Chinese Minister of Agriculture. After the meeting, all delegates departed Beijing to Newark, NJ, where they will make a connecting flight back to Indianapolis.



The delegation is scheduled to arrive at Indianapolis International Airport shortly after 10:00 p.m. today. "Hoosier farmers deserve our respect for putting food on the table and providing innumerable goods for us to use in Indiana," Lt. Governor Skillman said. "But they also work to meet needs around the world. China is growing at an incredible pace and we know that Hoosiers can help fulfill their growing needs." This is Lt. Gov. Skillman's fourth international trade mission since assuming office in 2005. Her trips to Central America in 2005, Taiwan and Vietnam in 2006, and Mexico in 2008 led to business deals for multiple agriculture industries. This mission has been paid for entirely through private donations.

Pabey trial to start on June 28

EAST CHICAGO - The federal fraud trial for East Chicago Mayor George Pabey and Jose Camacho will remain set for June 28 (Times of Northwest Indiana). Federal Judge James Moody, who recently took over the case, this week denied a motion by Camacho to delay the trial because he had just retained new counsel. Moody denied the request by Camacho attorney Nick Thiros, saying, "it could set a precedent by which defendants could repeatedly ask to continue trial dates by adding on additional, periphery co-counsel." The Camacho and Pabey trial recently was moved up from July 12 to June 28 and was reassigned to Moody. They are charged with conspiring to embezzle city money and illegally using city workers to remodel a house Pabey bought in Gary's Miller neighborhood in December 2008. Camacho, a former engineering supervisor who now works at the city's marina, also is charged with trying to persuade other city workers to lie to federal investigators.

Quirk to head Delaware Dems

MUNCIE - n remarks made Wednesday shortly before he was elected as Delaware County's new Democratic Party chairman, Mike Quirk was evocative of President Obama in his call to "get more people involved" and "engage young people" in the political process. For a brief moment, the at-times outspoken Muncie attorney was also evocative of the late comedian Moe Howard of Three Stooges fame, calling Republican Mayor Sharon McShurley "the knucklehead we have over in city hall." As expected, the 32-year-old Quirk had little problem winning the support of Democratic precinct officials to succeed Margie Landers as chairman, winning his party caucus race with challenger James Lutton 83 votes to 27. A third candidate for chairman, Jerome Williams Sr., withdrew at the outset of the caucus, and asked his supporters to back Lutton.

Smith to head civil rights panel

INDIANAPOLIS - Indiana Gov. Mitch Daniels has named Jamal Smith of Indianapolis to be the new leader of the state's Civil Rights Commission. He succeeds Commissioner Tony Kirkland, an Evansville native who resigned to take a job in business. Smith has been Daniels' senior advisor on minority affairs. He joined Daniels' staff two years ago and has been responsible for minority outreach and served as the governor's liaison to Indiana Black Expo, the Indiana Minority Health Coalition and other community organizations. He began his new duties this week. Smith previously was the director of membership services for the Black Coaches Association for three years and was a graduate recruiter of diversity for Purdue University.

Police bust Indy foodstamp scam

INDIANAPOLIS - Indianapolis police say five people face theft, fraud and other preliminary charges for an alleged food stamp fraud scam that netted up to \$10,000 a month (Associated Press). Police said Wednesday the arrests followed a two-year probe that began as an investigation of cigarette bootlegging but uncovered food stamp fraud and the sale of counterfeit merchandise. When Indianapolis police searched several businesses on Tuesday, officers say they found more than \$100,000 in cash. The U.S. Department of Agriculture helped in the probe because of allegations of benefits fraud involving the electronic debit cards now used in the federal food stamp program. The five suspects are expected to appear in court Thursday for initial hearings. Police say a sixth suspect who's still being sought may have fled to Yemen.

Kokomo GOP lose Bill Sahn

KOKOMO - When Bill Sahn moved to the Kokomo community in 1956 as an employee of Delco Electronics, he took an active role in bettering the community. He died Monday at St. Joseph Hospital. He was 75. He was active with the Howard County Republican Party, Elks Lodge 1910, the John Purdue Club and numerous local organizations, including Meals on Wheels and The Salvation Army. Craig Dunn, chairman of the Howard County Republican Party, said Sahn worked behind the scenes and served on a committee in recent years to restructure the party organization. "He was a true professional and reliable person," Dunn said. "If Bill said he would help, you could count on his showing up."