



## The fables of consolidation

With the tax caps virtually assured, the remedy for cities is no sure thing

By **BRIAN A. HOWEY**

RISING SUN - Gov.

Daniels can probably expect a call from Greenwood Mayor Charlie Henderson in the not-so-distant future.

Henderson put in motion what Daniels wants in reaction to his 1-2-3 property tax caps that are expected to be voted into the Indiana Constitution in November. He steered Greenwood and adjoining White River Township onto a path toward consolidation. The Greenwood City Council and the township advisory



Gov. Daniels has essentially won the battle of the constitutional tax caps expected to pass in November. It will be up to mayors like Mishawaka's Jeff Rea (left) and Kokomo's Greg Goodnight to make it work, though consolidation is not an easy path. (HPI Photo by Brian A. Howey)

board approved the referendum. There will be November referendums in the city and township, and if both pass, Greenwood becomes one of Indiana's top 10 cities - dou-

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## Defeating Sen. Lugar?

By **BRIAN A. HOWEY**

NASHVILLE, Ind. - So, there are some Republicans on the fringe who are talking about taking on Sen. Dick Lugar in 2012. This would be akin to a Democrat challenging Sen. Ted Kennedy in Massachusetts back in the day. Or Robert Byrd in West Virginia.

There are a handful of politicians who in the mid to late span of their careers achieve what we call "statesman" status. Doc Bowen and Lee Hamilton were examples of this here in Indiana. A statesman establishes a political cred to the point where he stands above normal political activity. When Lugar won his



**“There had been a discussion that we weren't going to have those; the media was not going to be there.”**

**- State Rep. Gail Riecken, who asked recording devices be removed from a joint campaign forum**





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sixth term in 2006, he was unopposed by the Democrats - something that rarely happens above the Mason-Dixon line. "Let's be honest," said Indiana Democratic Chairman Dan Parker. "Richard Lugar is beloved not only by Republicans, but by Independents and Democrats."

**A statesman achieves** such status not by simply winning elections with landslide margins, but by achievement. In the case of the Nunn-Lugar Cooperative Threat Reduction Program, an Indiana senator achieved at the head-of-state level. For the first time in history of mankind, an arch rival is scrapping the arsenal - in this case nuclear, chemical and biological weapons - of another. The WMD of the Soviet Union was the most sinister in humanity.

And this work is not done.

Just last month, the Nunn-Lugar Act was responsible for six strategic nuclear warheads deactivated, two Intercontinental ballistic missiles (ICBMs) destroyed, six ICBM mobile launchers destroyed, four nuclear weapons transport train shipments secured, 48 metric tons of Russian chemical weapons agent neutralized.

The WMD stockpiles have been eliminated from countries like Ukraine, Kazakhstan and Albania.

There remain cesspools of other odious threats that if delivered into the hands of terrorists, could wipe out a city or a stadium, something Lugar articulated back in 1995.

**The fact that this** hasn't happened yet may be because of the work of Sen. Lugar. And on this count alone - along with his work on hunger or keeping democracy viable after corrupt Philippine elections 30 years ago - a seventh term for Sen. Lugar, even at age 78, makes sense.

Particularly to someone like myself who traveled with Lugar to five countries and as far out as Siberia three years ago. Despite having 25 years on me, the guy was infatigable. I was exhausted by the 4 a.m.

wake-ups calls, 19 hour days and late dinners. The day after Lugar returned, he was presiding over Foreign Relations Committee meetings with top generals flying in from Iraq.

The Republican ankle biters from the right were indignant when Lugar announced he would vote to confirm Elena Kagan to the Supreme Court. They were also upset that he voted for Justice Sonia Sotomayor.

State Sen. Mike Delph, who may be looking to challenge Lugar in the 2012 primary, chided "Sen. O'bama" on Lugar's support of Kagan. "Some have suggested that Senator Lugar's support of Elena Kagan is an act of statesmanship," Delph wrote on Facebook. "And that those of us expressing concern are partisan and lack an understanding of Separation of Powers and harbor sour grapes being on the losing side of a Presidential election. If that is true, then why didn't the media criticize Sen. Bayh or then Sen. O'Obama for voting against Chief Justice John Roberts or Associate Justice Alito?"

**Delph told the** Indianapolis Star, "Elena Kagan, like Ruth Bader Ginsburg and Sonia Sotomayor, are all very liberal. None of these individuals is worthy of Hoosier support as they are all out of step with Main Street Indiana. He needs to be mindful of how people in Indiana view these nominees."

Lugar pointed to his Sept. 12, 2005 statement during the Roberts confirmation: "The Founders were at pains to emphasize the difference between the political branches - the Executive and the Legislature - and the Judiciary. Their concern about the potential dangers of passionate, interest-driven political divisions, which Madison famously called the 'mischiefs of faction,' influenced their design of our entire governmental structure. But they were especially concerned that such mischiefs not permeate those who would sit on the bench. Otherwise, they warned, 'the pestilence





Sen. Lugar and Sam Nunn (at left) meet with Russian Foreign Minister Lavrov (lower right) in August 2007 at the Russian Foreign Ministry in Moscow. (HPI Photo by Brian A. Howey)

tial breath of faction may poison the fountains of justice,' and 'would stifle the voice both of law and of equity.'

"I believe that each of us in the Senate bears a special responsibility to prevent that from occurring," Lugar said.

As Lugar dusted off that statement, WIBC conservative talk radio show host Greg Garrison was blasting him for having the audacity to vote for Kagan, whom he sophomorically described as a "communist."

So Lugar might well be confronted with the "mischiefs" of politics in 2012.

Some on the right call him a "RINO" - Republican In Name Only. This comes in a year after which Lugar opposed President Obama's stimulus package, the health reforms, the Wall Street reforms and was skeptical of the handling of the General Motors and Chrysler bankruptcies. This has brought disappointment from the center and left who hoped Lugar would be the GOP bridge to Obama.

Lugar has - as a true internationalist - backed Obama's efforts in reaching out to Islam, particularly after the President's 2009 Cairo speech, and the START Treaty. The START treaty was a major whipping boy in the recent Republican Senate primary as the field tripped over themselves to appeal to the the other wing of traditional Hoosier politics - isolationist right - as opposed to internationalists like Lugar, Hamilton and Ambassador Tim Roemer.

Spencer Ackerman observed, "Lugar's brand of moderate internationalism is a dying one in an increasingly bellicose Senate GOP caucus. Take a look at the 2003 vote on the last nuclear reduction treaty with Moscow. Enough GOPers who voted for it are still in the Senate to provide for ratification — John McCain, Lindsey Graham, Lamar Alexander, Olympia Snowe, Susan Collins, Saxby Chambliss, Thad Cochran, Pat Roberts, I could go on — but Mitch McConnell, now the Senate GOP leader, didn't even vote on a Bush administration priority. And enough of the newer, )

smaller class of GOP senators are either further to the right or disinterested in bipartisan foreign policy when cobbled together by a Democratic president as to raise questions about to who goes along with Lugar's exhortations."

He added, "Lugar's backing will get the treaty out of the Foreign Relations Committee, something that was hardly certain as recently as last month. The administration also has the lever of Ronald Reagan's fulsome quotes about seeking a nuke-free world to use against recalcitrant GOP senators. ("[My central arms control objective has been to reduce substantially, and ultimately to eliminate, nuclear weapons and rid the world of the nuclear threat" is just one example among many.)"

"If not," Ackerman continues, "it won't just be an indictment of the Obama administration's legislative acumen. It'll be a statement about the collapse of what used to be a bipartisan international priority, most fervently advocated by the most sainted GOP president of all."

### **Can Lugar be defeated in a primary?**

Can Lugar be defeated in the Republican primary?

This would be a fool's errand or a Narcissistic plot to gin up statewide name ID for a future run.

Any challenger would come up against the Lugar political machine that pioneered voter lists, and an incumbent with a 60 to 70 percent approval. The Lugar apparatus has legions of loyal allies - Gov. Mitch Daniels the most influential - that any challenge would have to be viewed through an almost comical lens.

One challenge from the right virtually guarantees another and the two or three will hack at each other for that 25 percent (perhaps much less) of the John Price/Eric Miller wing of the party.

Thus is life in the factions of mischief.❖



## Consolidation, from page 1

bling in size. But if the referendum took place today, "There is a 60 to 65 percent chance of failure," Henderson told a panel at the Indiana Association of Cities and Towns Leadership Conference last week.

The folks in the unincorporated areas fear urban encroachment. The people in Greenwood fear a "bleed off of services" to the rural areas. Some believe the township folk will take over part of the government. "There will have to be money put in a marketing campaign and then we'll have to see," Henderson said.

Then Henderson, a Republican, added, "There is conversation about contacting the governor's office." And the message would be?

"Governor, this is what you wanted to see," Henderson said. "Come down and endorse this."

There was a similar story - at an earlier stage - when Kokomo Mayor Greg Goodnight initiated consolidation talks between his city of 46,000 people - another 10,000 are likely to come in via annexation in the next several years - and Howard County with a total population of 85,000.

County government, which Democrat Goodnight describes as "some 20 years behind" on the municipal evolution scale, "hijacked the process" by forming the Citizens Committee for Consolidation (CCC).

The ad hoc committee of 12 that was formed included four representatives from both Kokomo and Howard County and two each from the towns of Greentown and Russiaville, each with about 1,500 population. "So the city actually got minority representation," Goodnight said. "City residents pay taxes for services they never receive. The city of Kokomo pays about 55 percent of the assessed valuation of the county. If I live in the city, I get to pay for the county dispatch and 100 percent of ours."

The first significant part of the consolidation centered on police and fire dispatch. The CCC recommended billing people where 911 calls originate from instead of population. CCC Vice Chairman Dick Davis said that if a county resident is in Kokomo and made an emergency call, it would be charged to the city.

By Monday, Goodnight decided to throw his support behind the dispatch merger that would save Kokomo taxpayers an estimated \$500,000 annually. He acknowledged to the Kokomo Tribune that a proposed 70/30 split between city and county residents "gave me grief" but

focused most of his remarks on what he liked about the proposal. "I think we should accept their recommendation," Goodnight said Monday. "I think we all could have done a little better job representing city taxpayers."

HB1362 was created in 2006 to give municipalities the option to consolidate. It has happened once so far - with Zionsville merging with Union and Eagle Townships. When it was officially consummated on Jan. 1 this year, the ceremony was described by State Sen. Mike Delph as something akin to what the American Founding Fathers did more than two centuries ago. It was the beginning of a new era.

Indianapolis had been Exhibit A for Indiana consolidation. But Indiana Democratic Chairman Dan Parker sees it as unfinished work and a testament to the political realities and turf protection that inevitably arise. "They still haven't finished the job," Parker said of Unigov that passed in 1970, followed by the police merger two years ago and four fire mergers.

"I live in Indy. We still have 11 school districts in Indianapolis. We still have several fire departments that refuse to come into the Indianapolis Fire Department. There are four cities that aren't part of Indianapolis. The one place where everyone talks about consolidation - that place still hasn't gotten it right. I

think we have a long way to go,"

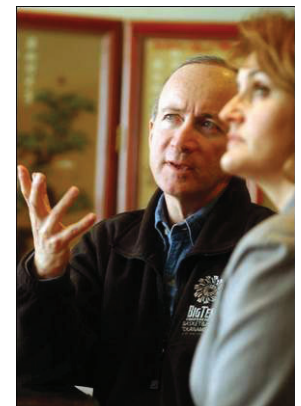
## Exception rather than rule

But Zionsville is more of a modern anomaly than rule thus far. With the property tax caps now fully kicking in and other financial duress facing cities - like the change-over of radios to an 800 Mhz system and the Great Recession of 2009-10 draining away coming excise allotments - there is a growing realization that the governor's anvil will emerge in the forefront. The caps are the anvil. Consolidation is the iron in the fire from which a new path will be forged by hammer, with sparks and great noise. Most Hoosier taxpayers have no idea that once math is enshrined in the Constitution their government will have to change or go broke.

Muncie Mayor Sharon McShurley made this blunt observation in June after it was learned her city would lose \$8.1 million due to property tax caps next year - more than initially forecast. "This will force consolidation," she said. McShurley told



**Greenwood Mayor Charlie Henderson is watching consolidation with White River Township slip away. Below, Muncie Mayor Sharon McShurley says the caps will force consolidation in Delaware County.**







the Muncie Star Press that her city departments "can't get any smaller" and "we're not keeping up as it is." Delaware County Commissioner Todd Donati acknowledged, "We are operating on a shoestring."

The dilemma is that any process will be messy and contentious. As State Rep. Win Moses put it, "Most people like their own inefficiencies." It will force Democrat mayors like Goodnight and Evansville's Jonathan Weinzapfel to deal with Republican county commissioners.

It will force mayors like Henderson to watch committees dart off into "restructuring" government when he thought it would be just addition. That was the case in the Evansville/Vanderburgh County merger when a major sticking point came on what to do with the police department and the sheriff. In June the committee decided to put the elected sheriff in charge, with the mayor no longer where the crime buck stops. That consolidation referendum has been delayed until 2011 or 2012. In Indianapolis, when IPD merged with the sheriff to form the Indianapolis Metropolitan Police Department, it was decided to put the mayoral appointed police chief in charge while the elected sheriff handles the jail and warrants.

Henderson observed, "This thing started out without any negatives and has developed a lot of negatives. There was a seven-member committee - three by the township, three by the city and one by the mayor. That's where the problems started. They literally started working on how government would be structured. I get around the coffee shops and cafes and on the city side, people say we're going to lose services. Populationwise, the city will almost double. The city folks say they (from the township) will come in and take over."

Moses, the former two-term Fort Wayne mayor who has served on the House Local Government Committee, acknowledged, "It is not easy. It's meant to be a negotiated compromise."

### **Freight train of change**

During the IACT panel, I noted that with the caps polling in the 60th to 70th percentile, the cities, the Indiana Chamber, and the Indiana Farm Bureau had decided to take a pass on mounting a campaign of opposition in the months before the November referendum. "We did have some lively discussions," Mayor Henderson said of IACT.

"We looked at putting \$40,000 in a campaign before the legislature voted to put it on the ballot. Most people are smart enough to get off the track when a locomotive is coming at you. I've seen polls that have showed 72 percent of the people wanted the caps. If 72 percent of the people want it, then fine. Let's do it that way."

But ....

"But the legislature should give us some options," Henderson said. "We're pretty creative at this level. County government is pretty antiquated. If the legislature would give us some options and let us be creative we can be creative and we can make things work. Give us some options on public works projects. What we have to go through on

public works projects is 30 percent more than the private sector. That's where we need common sense coming out of the Statehouse."

Versailles City Councilwoman Dee Dee Benkie, who is also a Republican national committeewoman, acknowledged the coming pain. "We'll survive," she said. "It's a little scary. We're not sure how this is going to impact. We're trying to figure it out on our council. The governor's nickname is 'The Blade' and that's just how

he operates. Everyone operates on a lean budget and it's not just local government. Anything he's touched he wants to be lean and mean and every penny utilized and to be frugal. We'll see if it works. I trust the governor. Let's see how it goes."

Benkie added, "If for some reason it doesn't work it can be changed and reconfigured. But at the very least he is giving us some discipline. It's tough. We're going to feel the brunt of it."

And Mayor Goodnight added, "The property tax caps have already started and it's only going to get worse over the years. People will be forced to adapt. There are some cities and towns that are going to struggle. There could be some Akron, Ohios, and Flint, Michigans. The job I took was not the job I signed up for. Some of the efficiencies were probably needed. I can live with the property tax caps if I can do those types of things (like annexation). Give us the ability to spread costs out over more people.

"My biggest concerns are decisions made down in Indianapolis - not just property tax caps. It can be very regressive. The Indiana legislature is where all good ideas



**IACT panelists included (from left) Democratic Chairman Dan Parker, Kokomo Mayor Goodnight and Versailles Councilwoman Dee Dee Benkie. (HPI Photo by Brian A. Howey)**



go to die.”

Indeed, just last February House Minority Leader Brian Bosma and Michigan City Democratic State Rep. Scott Pelath felt the pain of the cities when they appeared at an IACT legislative luncheon, but as far as enhanced home rule and other options, well it ain't happening. Certainly not in 2010. And for 2011, Moses describes the coming session as probably the toughest fiscal situation since 1982 when Gov. Robert Orr had to summon the legislature in a December special session to keep the state from tanking. "It may be the most cantankerous in history," Moses said. "The mayors are going to want help. The screams to save education are going to be loud."

Parker notes that his school district - Perry Township MSD - has laid off 83 teachers and faces a \$12 million shortfall next year. "It's unsustainable," Parker said as a resident, and not as a party position.

And this is when the pain of the cities will become acute.

## **When the locals get to the legislature**

Mayor Henderson observed of the General Assembly, "We don't have leadership in either party who is going to bless us and help us. Every time we need something we talk to our local representative and we get a song and dance. And then they come back and say 'we had caucus and leadership said no.' Well, they voted on leadership. We need to make noise about that in our party. We want leadership to be open to our needs."

Benkie added, "We need to have people from cities and towns in the legislature. We don't have a big enough voice. That's something that needs to happen."

But there are key legislators with municipal backgrounds. Most of Senate leadership has local government experience, with Senate President Pro Tempore David Long was on the Fort Wayne City Council and Senate Minority Leader Vi Simpson a Monroe County auditor. Sen. Luke Kenley was a Noblesville city judge. Sen. Beverly Gard was Greenfield Council president. Most House leadership doesn't, with the exception of Rep. Bill Friend and Rep. Nancy Dembowski (see pages 7 and 8).

Rep. Moses, the former Fort Wayne mayor and two-term councilman, acknowledges that loyalties and perspectives shift when a person journeys from city and county to the General Assembly. "The responsibilities of the state legislature are much different than being an executive. It's the legislature's place to spend state dollars as efficiently as we can. Therein lies the dispute. Cities want us to shift dollars, but they compete with schools. Schools now represent 65 percent of the budget."

As for criticism that the current legislature is closing cities away from more money, Moses added, "You could go back and read headlines from 1901 and read the same

thing."

When mayors call for taxing options, Moses explained, they compete with the pie the state draws on for education funding. The deal on the 1-2-3 caps also included a 1 percent increase on state sales tax. "The legislature wants to keep the sales tax to themselves," Moses said. "The likelihood of that happening this coming session is not good at all." And, Moses reminded the mayors, the state has given them the option to raise income taxes. And there is HB1362, which paves the way for consolidation.

## **A call to arms**

Chairman Parker, who sat on the IACT panel, said police and firefighters did not act despite a three-year process that culminated with the referendum this past session. That was by design, so voters could begin to see the impact of the caps. "I was surprised there weren't police officers and firefighters and people who were going to be impacted and they didn't show up," he said. "I looked at my friends in the firefighters union and said, 'Where's your members? Do they care?' Now they are going to have to live with it."

Benkie urged IACT members to begin a dialogue with legislative candidates and members. She recently met with HD67 Republican unopposed candidate Randy Frye (who is also an Indianapolis FD and former Washington Township FD member who went through consolidation). "A lot of the time legislators don't get it," Benkie said. "They just don't get it. This is the time for us to do that. I would just encourage you to talk to the people running right now. When you get elected this is the issue you need to be working on. I'm going to hold your feet to the fire. I had a two-hour meeting with my coming representative, Randy Frye. I told him I'm not going to support you unless we see eye to eye. And after they get there, if they forget, vote 'em out."

## **Vote 'em out ...**

That is something mayors know quite a bit about. In 2007, some 40 percent of incumbent mayors were tossed out of office. Less than 3 percent of legislators lose reelection bids in any given year.

The voters may not really know what will hit them. They will vote for the property tax caps - probably by an overwhelming margin. In Vanderburgh County, the consolidation was bumped off the 2010 ballot due to its complexity. It will be fascinating to see if Greenwood and White River Township voters pass the caps, but reject the consolidation, which seems like a good bet now.

And there is Zionsville, an isolated beacon today, which more and more officials and good citizens will explore when voters finally realize what's really happened. ❖



## Legislators with local government backgrounds

INDIANAPOLIS - Here is a list of Indiana General Assembly members with local government experience:

### Senate Democrats

**Jim Arnold:** LaPorte County sheriff

**John Broden:**

Deputy City Attorney for the City of South Bend, South Bend Common Council, City Attorney.

**Bob Deig:** Posey County Commission, Posey County Council

**Sue Errington:**

Delaware County Council, Mayor's Affirmative Action Task Force, Mayor's Advisory Committee on Health Education, the City-County Commission Against Domestic Violence, the Delaware County Community Corrections Board, Muncie Housing Authority, Muncie Action Plan (MAP)

**James Lewis:**

Charlestown City Council, Clark County Councilman

**Frank Mrvan:**

Hammond City Council (Including several years as the council's president)

**Lonnie M. Randolph:**

East Chicago City Court Judge

**Earline Rogers:** Gary Common Council president

**Vi Simpson:** Monroe County Auditor

**Tim Skinner:** Vigo County Council

**Karen Tallian:** Counsel to the Porter County Planning Commission, Board of Zoning Appeals, the Portage Township Trustees and the Portage Fire Department Merit Board

**Richard D. Young Jr.** Crawford County Auditor

### Senate Republicans

**Ron Alting:** Lafayette City Council

**Richard Bray:** Morgan County Prosecutor

**Gary Dillon:** President of Whitley County School Board

**Beverly Gard:** Greenfield City Council

**Travis Holdman:** Wells County Council, Deputy Prosecutor Wells County

**Luke Kenley:** Noblesville City Court Judge

**Dennis Kruse:** Township Trustee

**Connie Lawson:** Clerk of the Hendricks Circuit Court

**David Long:** Fort Wayne City Councilman, Fort Wayne Plan Commission, Fort Wayne Urban Enterprise Zone Board

**Johnny Nugent:** Dearborn County Commissioner

**Scott Schneider:** Indianapolis City-County Council, Marion County Sheriff's Merit Board

**Brent Steele:** Lawrence County Sheriff Merit Board, Bedford City Plan Commission

**Brent Waltz:** Johnson County Council president

**John Waterman:** Sullivan County Sheriff

**Thomas Wyss:** Allen County Council

**Michael Young:** Marion County Board of Zoning Appeals



While Senate leadership including Senate President Pro Tempore David Long and Minority Leader Vi Simpson have local government experience, most of the House leadership does not and most reform legislation dies in the House. (HPI Photo by Steve Dickerson)

### House

#### Democrats

**Linda Lawson:** Captain of the Hammond Police Department, Hammond School Board

**Nancy Michael:** Putnam Circuit Court Clerk, as a member of the Putnam County Council, and to three terms as mayor of Greencastle

**Chuck Moseley:** President of the Portage Township School Board, Member of the Portage Planning Commission, Portage Park Board and the Portage Port Authority

**Win Moses:** Mayor of Fort Wayne, Fort Wayne City Council

**David L. Niezgodski:** Portage Township Advisory Board, St. Joseph County Council, St. Joseph County Board of Commissioners, chairman of NICTD (South Shore) Board

**Dennie Oxley:** Patoka Township trustee

**Charlie Brown:** Mayor's Assistant on Youth Activities, Affirmative Action Officer, Gary Risk Manager

**Matt Pierce:** Bloomington City Council





**Dave Cheatham:** North Vernon City Council  
**Cherrish Pryor:** Legislative and Public Affairs  
Director for the Indianapolis City-County Council

**Scott Reske:**  
Paid and Volunteer Fire-  
fighter

**Gail Riecken:**  
Evansville Common  
Council, Executive Direc-  
tor Evansville Parks and  
Recreation

**Ed DeLaney:**  
Indianapolis Police Merit  
Board

**Nancy Dem-  
bowski:** Mayor of Knox,  
Starke County Economic  
Development Board

**Vernon Smith:**  
Gary City Council

**Steven R. Stemler:** Southern Indi-  
ana Economic Develop-  
ment Council, Jefferson-  
ville Strategic Planning  
Committee, Chairman  
of the Southern Indiana  
Chamber of Commerce's Business Development Division

**Ron Herrell:** Kokomo firefighter

**Trent Van Haaften:** Posey County Prosecutor

**Clyde Kersey:** Vigo County Council

## House Republicans

**Bruce Borders:** Mayor of Jasonville

**Bob Cherry:** Hancock County Councilman, Han-  
cock County Planning Commission, Greenfield Board of  
Zoning Appeals, Chairman of the Agricultural Advisory  
Council

**Jacqueline Clements:** Clinton County Recorder,  
Clinton County Auditor, District President and Legislative  
Chairman for the Association of Indiana Counties

**Suzanne Crouch:** Vanderburgh County Commis-  
sioner

**Richard Dodge:** Steuben County Commissioner,  
Steuben Township Advisory Board, Steuben Township  
Trustee, Steuben County Council, President of Indiana As-  
sociation of County Councils, President of Association of  
Indiana Counties Northeast District, Member of Association  
of Indiana Counties Board of Directors

**Cleo Duncan:** Greensburg City Council, Greens-  
burg City Plan Commission

**Sean Eberhart:** Shelby County Council

**Jeff Espich:** Uniondale Volunteer Fire Department

**Ralph M. Foley:** Chair Morgan County Election  
Board, Morgan County Sheriff's Merit Board

**William C. Friend:** Allen Township Trustee and  
Assessor, Miami County  
Auditor, Vice President of  
the Miami County Council,  
Peru-Miami County Eco-  
nomic Development Corpo-  
ration, Grissom Redevlop-  
ment Authority Treasurer,  
Solid Waste District Fiscal  
Officer

**Doug Gutwein:** President  
of Francesville Town Board

**Phillip D. Hinkle:** Re-  
search Director for the  
Indianapolis City-County  
Council, Wayne Township  
Assessor, Coordinator of  
Community Partnerships  
with MSD of Wayne Town-  
ship, Indianapolis City-  
County Council Member

**Jack Lutz:** Mayor's  
Committee on Community  
Awareness, Madison County  
Environmental Board

**Richard W. McClain:** Jefferson Township Trustee,  
Logansport City Engineer

**Tim Neese:** Elkhart City Council

**Kathy K. Richardson:** Election Administrator for  
Hamilton County

**William J. Ruppel:** North Manchester Volunteer  
Fire Department

**Thomas E. Saunders:** President County Asses-  
sor Association, Henry County Assessor, Franklin Township  
Trustee

**Edmond Soliday:** Valparaiso Board of Parks and  
Recreation, Valparaiso Planning Commission

**Greg Steuerwald:** Hendricks County Commis-  
sioners, Hendricks County Plan Commission and Board of  
Zoning Appeals, Hendricks County Health Department,  
Hendricks Regional Health, Hendricks County Solid Waste  
Management District

**Jeff Thompson:** Hendricks County Extension  
Board

**Randy Truitt:** West Lafayette City Council

**David A. Wolkins:** Winona Lake Town Board  
(served as President and Vice President)

**David Yarde:** DeKalb County Council, Greater  
Garrett Plan Commission, Board of Zoning Appeals, and  
Keyser Township Advisory Board ❖



State Rep Win Moses with President Reagan and Gov. Orr during the 1983 floods in Fort Wayne when Moses was mayor. Moses is one of four former mayors who serve in the Indiana General Assembly.





## Skillman staff shift with an eye on 2012

By **BRIAN A. HOWEY**

FRANKLIN - While all eyes on the 2012 gubernatorial race are fixated on U.S. Sen. Evan Bayh and U.S. Rep. Mike Pence (a similar story line from last January), Lt. Gov. Becky Skillman just announced a staff shakeup that has interesting implications for 2012.

Danielle Chrysler replaces Chris Crabtree as chief of staff while David Terrell becomes deputy chief of staff. "The more important thing here is that Danielle Chrysler was on the ground floor of Mitch's 2004 run and knows how to potentially build up a campaign," said Skillman spokesman Jay Kenworthy. "David Terrell has proven himself as a guy who can get things done while at OCRA, and he'll be a great addition to the office." Terrell headed the Office of Community and Rural Affairs.

"We are in a period of significant challenges that also present opportunities for positive change. I have always enjoyed bringing state government out of these limestone walls and into the communities where Hoosiers live," Skillman said. "Danielle's natural leadership and David's bond with local leaders will help us further that goal."

Chrysler has worked in various capacities for the Daniels Administration since January 2005, including Legislative Director for Gov. Mitch Daniels. She had previously worked as a policy analyst for the Indiana House Republican Caucus and the campaigns of Mitch Daniels in 2004 and former Congressman Ed Pease. She holds a Bachelor's degree from Butler University and an MBA from Indiana Wesleyan University. She also serves as a Second Lieutenant in the Indiana National Guard. "Gov. Daniels and Lt. Gov. Skillman have one of the best working relationships of any two officials in the country. We will do everything we

can to compliment the governor in this critical time for Indiana's success as a state," Chrysler said.

So while many Republicans wait for Pence to signal where his political goals are after the November election, Skillman is poised to build a campaign with vivid ties to her two statewide campaigns with the governor.

Watching Pence has been fascinating. He is expected to be part of the GOP message that will debut in early September; his timing mirrors 1994 when the GOP's Contract With America emerged. Pence also joined the Tea Party Caucus initiated by Minnesota Rep. Michele Bachmann this past week. House Minority Leader John Boehner declined to join that caucus and there are rumblings that he may be in for a leadership challenge if Republicans don't retake the House in November.

If that were to occur, Pence might have new opportunities to take a stab at leadership, something he tried and failed to do after the 2006 elections. Boehner subsequently elevated him to head the House GOP Conference a year ago. If Republicans do take control of the House, Pence finds himself in leadership of the Majority, which is a completely different dynamic than where he operates now. The critical question either way is, how bad does he want to be president? Many think the path through the Indiana Statehouse makes the most sense.

As for Sen. Bayh and the 2012 gubernatorial race, not much new to report on that front. However, Bayh will be attending the Indiana Democratic Editorial Association convention on Aug. 27 at French Lick. Some might view that as the passing of the baton to Brad Ellsworth. Others might see it as renewing ties should he emerge as a gubernatorial contender.

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### Senate: Dems begin to define Coats

Indiana Democrats - in an early attempt to close a double-digit polling gap between Republican Dan Coats and Democratic Senate nominee Brad Ellsworth - issued a web video but not on paid TV this week defining Coats as a lobbyist. The ad ties Coats' lobbying efforts at King & Spaulding to Bank of America, Exxon-Mobil and Cooper Industries. Indiana Democrats say that Coats' campaign has received \$42,000 in funds from the corporations which took Wall Street bailout money and stimulus funds. Coats has been critical of both the bailouts and stimulus package. Bank of America, for instance, took \$15 billion in bailout money. The Democrats say Coats' lobbying firm made \$120,000 on the effort. The ad also ties Coats to lobbying for legislation allowing off shore oil drilling for Exxon-Mobil, with the lobbying firm King



Lt. Gov. Becky Skillman, shown here at the Indiana Republican Convention in June, is looking more and more like a gubernatorial candidate. (HPI Photo by Steve Dickerson)



& Spaulding making \$130,000. "It never ceases to amaze. We now find out from Dan Coats' campaign finance report several of his lobbying clients are funding his political campaign," said Adam Elkington, spokesman for the Indiana Democratic Party. "Whatever the reason for his continued hypocrisy on the campaign trail, some things are clear: Coats was paid millions of dollars to represent special interests, and now his campaign is being funded by those very same clients. Hoosiers can't trust whether Coats will answer to Indiana families or the special interest clients that are bankrolling his campaign." The Coats campaign responded with a question. "When will Democrats release a video highlighting the fact that more than half of incumbent Congressman Brad Ellsworth's campaign - 55 percent to be exact - is financed by special interests?" asked Coats press secretary Pete Seat. In a Rasmussen Reports poll earlier this month, Coats had opened a 51-30 percent margin over Ellsworth.

On Wednesday, Ellsworth urged the Senate to pass critical campaign finance reforms to prevent foreign interests from influencing U.S. elections. Senate Republicans are blocking the DISCLOSE Act, a bill that will prevent foreign corporations from influencing our elections and bring much needed transparency and accountability to campaign finance. "This legislation is a common sense way to restore every Hoosier's right to know who is trying to influence their elections."

The Washington Post moved this race from Tossup to Leans Republican on Wednesday, the same designation as HPI has had for months. **Horse Race Status:** Leans Coats

### **2ndCD: Walorski pushes for 6 debates**

There was some talk that the DCCC's designating U.S. Rep. Joe Donnelly in the first wave of its "reservations" \$45 million TV ad campaign was a sign of weakness. But Democratic sources tell HPI they like Donnelly's numbers and campaign thus far, and simply don't want to let Walorski close the gap, There has been no public polling released in the 2nd CD. Walorski, meanwhile, called for six debates with Donnelly. Walorski said the candidates should debate no fewer than six times. The 2nd District stretches some 60 miles from Elkhart to west of Michigan City and 90 miles from the Michigan state line to Kokomo. Two debates, Walorski reasoned, is not enough for every voter in the district to have a real opportunity to see the candidates head to head. Walorski's campaign manager, Matt Kirby,



said LaPorte, Kokomo and Cass County, for example, are not in the South Bend media market. Donnelly's campaign manager, Mike Schmuhl, said the two debates will enable hundreds of thousands of voters to hear the candidates discuss the issues. He added that Donnelly will travel the district extensively in August and after Congress adjourns in October to talk with voters.

**Horse Race Status:** Leans Donnelly

### **3rd CD: Issues against Stutzman**

Democrat Tom Hayhurst has an uphill battle for the open 3rd CD, but he has some issues. Watch for the Democrat to try and tie to Stutzman the Indiana Toll Road lease deal, and Stutzman's opposition to the General Motors bailout and fast-tracked bankruptcy. Since GM emerged from bankruptcy, it's added 900 jobs and a third shift to its Fort Wayne assembly plant. Democrats will obviously try to roll up big margins in Fort Wayne. Democrats also see Stutzman without a college degree and the fact that he has no significant legislative achievements since serving in the House and Senate since 2002. **Horse Race Status:** Leans Stutzman

### **8thCD: DCCC ads Van Haaften**

The Democratic Congressional Campaign Committee is expanding its list of ad reservations to 60 seats, bringing the total amount of money it plans to spend on races this fall to more than \$49 million, according to a senior Democratic official (Politico). The DCCC is broadening its list of Democratic-held seats it plans to spend to protect. Trent Van Haaften faces Republican Dr. Larry Bucshon in the 8th CD. The DCCC had U.S. Rep. Joe Donnelly on the list earlier this month. **Horse Race Status:** Tossup

### **9thCD: Hill would let Bush cuts expire**

It was quite a week for U.S. Rep. Baron Hill. He had a tele-town hall in which he made headlines for calling for the scaling back of the Bush tax cuts. "There's a possibility we may vote to extend those cuts this week even," Hill said. "I am in favor of extending most of those tax cuts and will vote to do that." But on the energy front, there was a feeling that Hill has been exposed by his vote on Cap-and-Trade in 2009 now that the Senate is unlikely to move on any significant legislation. The Washington Post observed: Thirteen months after that tough House cap-and-trade vote, dozens of House Democrats along the Rust Belt are not at all happy with the way things have turned





out. The White House and House Speaker Nancy Pelosi (D-Calif.) had assured reluctant members that the Senate would take up the measure. Although Senate passage wasn't a sure thing, House Democrats hoped to go back home to voters with a great story to tell -- about reducing dependence on foreign oil, slowing climate change and creating jobs. One exasperated Obama administration official on Thursday lambasted the environmentalists - led by the Environmental Defense Fund - for failing to effectively lobby GOP senators.

"They didn't deliver a single Republican," the official told POLITICO. "They spent like \$100 million and they weren't able to get a single Republican convert on the bill." Also this week, Republican Todd Young challenged Hill to make seven joint appearances this fall instead of debates. "It's important for us to meet with Hoosiers where they live so they can hear our views, and even more importantly, so that we can listen to their views and take their questions," Young said in a statement. Hill's campaign did not accept Young's proposal, but said Hill will be accessible to voters, particularly during the August Congressional recess when the Democrat plans to begin walking door-to-door in every county in the district. Hill's campaign spokesman, Daniel Altman, said Hill also "believes debates are an important part of the democratic process. Baron looks forward to debating both (Libertarian) Greg Knott and Todd Young and the campaign is in the process of scheduling debates."

**Horse Race Status:** Tossup

### **HD37: Reske blasts Pacer deal**

Last week it was HD45 Democrat Jesse James who used the CIB bailout of the Indiana Pacers in his campaign against State Rep. Bruce Borders. This past week, State Rep. Scott Reske says the taxpayers of Madison County should not have to foot the bill for the CIB assistance to the Indiana Pacers. In an interview with the Anderson Herald Bulletin Reske said, "The city of Indianapolis has pledged \$33 million that they don't have. I've been around long enough to know they're going to show up at the state legislature wanting funding." Reske is obviously building an anti-Indianapolis campaign to try and fend off Republican Kyle Hupfer. **Horse Race Status:** Tossup

### **HD68: A complicating factor**

The HPI Horse Race has Jud McMillin's challenge to State Rep. Bob Bischoff in the tossup zone. But what we learned in Rising Sun last week was that McMillin's campaign manager, Lindsay Patterson, had challenged State Sen. Johnny Nugent in the May primary and lost by more than 6,000 votes. We're not saying that's a game changer, but that's not a particularly good way to build party unity. And while IceMiller held a reception for IACT members, the Bischoff campaign had folks going door-to-door in the neighborhood. If that wasn't a coincidence, then it was

some damn good campaign window dressing (since we're talking about it here). **Horse Race Status:** Tossup

### **HD72: Gibson is no Cochran**

We get the sense that Jeffersonville Mayor Tom Galligan is preparing to play an increased role in Shane Gibson's challenge to State Rep. Ed Clere. District and House sources tell HPI that while Cochran sat on powerful committees, he didn't deliver much for the district and his health problems limited his ability to campaign. Both Gibson and Clere are waging energetic campaigns and it will be interesting to see if the mayor's support can help the Democrat win this time. Clere defeated Cochran by just 108 votes. In Clere's favor is the supposed Republican year brewing. **Horse Race Status:** Tossup (from Leans R)

### **HD77: Riecken pulls a Baron Hill**

State Rep. Gail Riecken thought a deal was in place (Bradner, Evansville Courier and Press). When the Democratic legislator walked into her first joint appearance with Republican challenger Cheryl Musgrave on Tuesday night, she thought there was an agreement that no one would be allowed to record their remarks. Riecken acknowledged Wednesday that before she began speaking, she asked a Republican Party camera operator at the back of the room to identify himself. Later she asked him to shut down the camera. "There had been a discussion that we weren't going to have those; the media was not going to be there," Riecken said the day after her appearance with Musgrave at the University South Neighborhood Association's monthly meeting. Later in the day, Riecken added that her real concern is not reporters but Republican campaign workers, whom she says have distorted her remarks after recording them in the past. Musgrave said she did not sign off on an agreement to restrict anyone's recording privileges Tuesday night. Still unclear Wednesday was the question of whether Riecken's campaign requested before the meeting that reporters not be allowed in the room. Barbara Embry, president of the neighborhood association, said early in the day that a Riecken campaign aide had asked that reporters be barred from the meeting. "When Gail Riecken got there, she said, 'Were there any media (present),' and I said I didn't believe so," Embry said. Musgrave pounced on Riecken's request not to be recorded, sending a news release stating that Riecken "appears to think that transparency is only good when it's useful to her." Musgrave's news release also stated: "I told audience members to film whatever they liked, that this was all part of the process. Candidates have rights to privacy — but not at a public forum." Riecken said her campaign is transparent. "Everything is out on the (campaign) website, and I'd be happy to talk with anyone," she said. Our take? Barring anyone from a public meeting is a blunder by a nervous candidate. **Horse Race Status:** Tossup ❖



## Democrats Republicans

52 48

### Republican Pickups

HD46: (Open, Tincher) Bionca Gambill (D) vs. Bob Heaton (R)

### Tossups

HD15: Timothy Downs (D) vs. Rep. Don Lehe (R)	HD17: Rep. Nancy Dembowski (D) vs. Frances Elert(R)
HD30: Rep. Ron Herrell (D) vs. Mike Karickhoff (R)	HD31: Rep. Joe Pearson (D) vs. Kevin Mahan(R)
HD37: Rep. Scott Reske (D) vs. Kyle Hupfer (R)	HD44: Rep. Nancy Michael (D) vs. Jim Baird (R)
HD68: Rep. Bob Bischoff (D) vs. Jud McMillin (R)	<b>HD72: Shane Gibson (D) vs. Rep. Ed Clere (R)*</b>
HD76: Sen. Bob Dieg (D) vs. Wendy McNamara (R)	HD77: Rep. Gail Riecken (D) vs. Cheryl Musgrave
HD89: Rep. John Barnes (D) vs. Cindy Kirchhofer (R)	

### Leans D

HD19: Dan Klein v. State Rep. Shelli VanDensBurgh	HD36: State Rep. Terri Austin vs. Kim Builta
HD62: Rep. Sandra Blanton v. Matt Ubelhoer	HD70: Rep. Paul Robertson vs. Rhonda Rhoads
HD73: (Open, Oxley) Ryan Bowers v. Steve Davisson (R)	HD75: (Open, Avery) Mike Goebel (D) vs. Warrick Coroner Ron Bacon (R)

### Leans R

HD4: Judge Thomas Webber vs. State Rep. Ed Soliday	HD26: Paul Roales (D) vs. Rep. Larry Truitt (R)
HD51: Cody Ross (D) vs. Rep. Dick Dodge (R)	HD92: Brett Voorhies (D) vs. Rep. Phil Hinkle (R)

### Likely D

HD42: Rep. Dale Grubb vs. Clerk Sharon Negele	HD43: Rep. Clyde Kersey (D) vs. Al Morrison (R)
HD66: Rep. Terry Goodin vs. Jim Lucas	HD74: Rep. Russ Stilwell vs. Susan Ellspermann
HD86: Rep. Ed DeLaney vs. Kurt Webber	HD97: Rep. Mary Ann Sullivan vs. Wes Robinson

### Likely R

HD21: (Open, Walorski) Dwight Fish (D) vs. Timothy Wesco (R)

### Safe

**Democrats:** Fry, Lawson, Harris, C. Brown, Bauer, Cheatham, Niezgodski, Dvorak, Pelath, Stevenson, Rear-don, Dobis, V. Smith, Bardon, Klinker, Tyler, Moseley, Pflum, Pierce, Welch, Battles, Stemler, Stilwell, Gia-Quinta, Moses, Pryor, Bartlett, Porter, Crawford, Summers, Day.

**Republicans:** Open-Borror (vacant), Open-Bell (Heuer), Open-Ruppel (Kubacki), Open-Clements (Van Natter), Open-Duncan (Frye), Open-Murphy (Speedy), Yarde, Dermody, Messmer, Neese, Gutwein, Wolkins, Friend, McClain, J. Thompson, Richardson, Turner, Davis, Lutz, Torr, Steuerwald, T. Brown, Borders, Foley, Culver, Leonard, Cherry, Saunders, Knollman, Eberhart, Burton, M.Smith, Koch, Crouch, Lehman, Espich, Pond, Noe, Bosma, Behning, Frizzell. ❖

\* Status Changes are bold faced





## It is time for Obama, Congress to act on immigration

By **BRIAN A. HOWEY**

FRANKLIN - I can guarantee that if armed thugs and hordes of brigands were descending on Indiana from surrounding states and countries, there would be vivid calls for action and a myriad of legislation in the Indiana General Assembly.

In a sense, we did this when meth-amphetamine labs began springing up across the state.

I view the Arizona immigration law struck down by U.S. District Court Judge Susan Bolton on Wednesday as reaction to a vivid danger.

News accounts now say that the ruling "shifts the immigration debate to the courts and sets up a lengthy

legal battle that may not be decided until the Supreme Court weighs in." Arizona Gov. Jan Brewer vowed to "battle all the way to the Supreme Court, if necessary."

But what really must happen is for Congress and President Obama to deal with it, political consequences be damned.

Promptly.

What is happening along the Mexican border is a threat to U.S. security and should be dealt with swiftly. Putting 1,000 National Guard troops along a 1,500 mile border is a passive response.

**Congress needs to** emphatically do whatever it takes to secure the border, whether it is with troops, electronic security, working with the Mexican federal and state governments, or reforming U.S. drug laws that are responsible for a lot of the criminal activity on both sides of the border. Current drug laws have created an underground economy with as much as 20 percent off the books, fueling the criminal gangs.

The legislation initiated several years ago by U.S. Rep. Mike Pence to create "Ellis Island

Centers" that would allow illegal aliens to return to their native countries, get proper documentation and then return with a path toward U.S. citizenship. still strikes me as the most common sense response on the immigration front.

**Exhibit A on stopping** the armed intrusions into Texas, New Mexico, Arizona and California is what President Woodrow Wilson did in 1916 after the Pancho Villa Expedition invaded Columbus, N.M., killing 10 civilians and eight U.S. soldiers. This was an offshoot of a political crisis - the Mexican Revolution - in which the Villa faction was spurned by the U.S. government.

On March 15, on Wilson's orders, Gen. John J. Pershing led an expeditionary force of 4,800 men into Mexico to capture Villa.

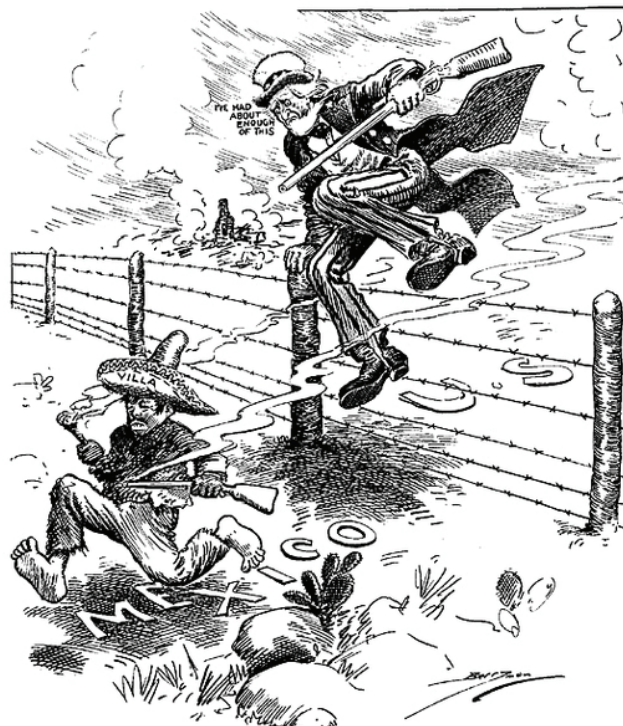
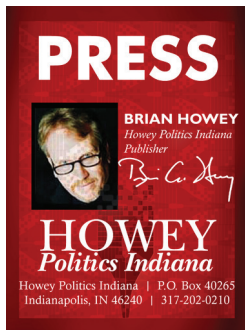
It was a strong start, but ended with Pershing complaining after his 1917 withdrawal that the U.S. was "outwitted and out-bluffed at every turn. When the true history is written, it will not be a very inspiring chapter for school children, or even grownups to contemplate. Having dashed into Mexico with the intention of eating the Mexicans raw, we turned back at the first repulse and are now sneaking home under cover, like a whipped cur with its tail between its legs." (It also resulted in the death of Indiana born author and journalist Ambrose Bierce).

So a military response is not likely to be an enduring solution. It must also be economic and include the reform of drug laws.

**In her 36-page ruling,** Bolton wrote, "The Court by no means disregards Arizona's interests in controlling illegal immigration." But she said that the sections that target immigrants impose a burden on federal law enforcement and are "pre-empted" by federal law. The expected increase in requests for immigration status checks by Arizona authorities would "divert resources from the federal government's other responsibilities and priorities."

This is our Catch 22. The judge bars Arizona from acting because it preempts federal law and resources. But Arizona acted because the federal government has failed to act and protect its citizens.

The Arizona law is a cry for help. ❖

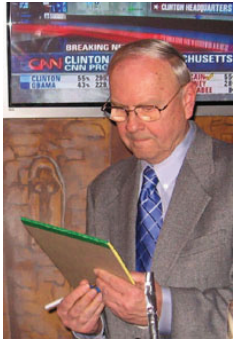




## American democracy doesn't work everywhere

By JACK COLWELL

SOUTH BEND -Our democracy, with frequent elections, an open society and market-based economy, is good. Good for us. Good for everybody? Not necessarily, especially not when we seek to push our ways on others.



Iraq and the Palestinian territories offer vivid examples of "not necessarily."

And now Afghanistan?

Sen. Richard G. Lugar, ranking Republican on the Senate Foreign Relations Committee, asked at recent hearings on Afghanistan if the United States was pushing our "grand ambitions" in a quest for the impossible.

Lugar now warns the Obama administration on Afghanistan, just as he warned the Bush administration on Iraq.

Said the Indiana Republican: "At some moments it appears as if we are trying to remake the economic, political and security culture of Afghanistan. We should know by now that such grand ambitions are beyond our resources and powers."

Bush wouldn't listen to calls for better planning and understanding of the nation building ahead. And Defense Secretary Donald Rumsfeld blundered along without a clue for what to do after troops routed Saddam Hussein's military and reached Baghdad. Naively, Bush administration officials expected Iraqis to extend widespread welcome to our troops as liberators, put aside that little Sunni vs. Shiite stuff, unify in joy over free elections and quickly establish a capitalist system to bring wealth and stability from ample oil reserves.

**They sought to establish** a stock market like ours before it was safe to establish a business or even travel to work. Grand ambitions for the impossible.

Years of terrible cost, in American and Iraqi deaths and in expenditures exploding our national debt were to fallow. Lack of a plan, lack of sufficient troops initially to provide order and prevent civil war, lack of electricity for the economic development that was promoted and lack of respect for the society our democracy seemed to offer all were factors. The open society we savor was not embraced by the many Iraqis who feared it would mean their daughters would dress and act like Britney Spears. Elections that were forced too early brought more violence rather than more unity.

Afghanistan?

Will President Obama listen and find a better definition of success, realizing that an Afghanistan meeting our definition of democracy cannot be created under orders from us?

The questioning about goals is bipartisan. Sen. John Kerry, chairman of the Foreign Relations Committee, said at the hearings: "Ultimately, we need a better understanding of exactly what the definition of success is in Afghanistan."

**Neither Kerry nor Lugar** is in any way calling for abandoning Afghanistan to a return of a Taliban regime that once more would permit terrorist camps.

But what is realistic?

Was it realistic to expect immediately an election free of fraud, an end to bribes that are a part of society, an abrupt abandonment of a drug economy and effective enforcement by an expanded police force on which most of the new members can't read or write?

Hamid Karzai is the only president we have to work with in Afghanistan. Because his side cheated on an election that he would have won anyway, should the Obama administration keep criticizing and undercutting him? Is there even a remote possibility of balloting meeting our standards and electing somebody who embraces our style of democracy?

We get hung up on thinking the elections we push are a solution.

The Bush administration pushed elections in the Palestinian territories, despite warnings from Israel and the Palestinian government. Result? Victory for the Hamas terrorists.

**Demand for elections as** we know them in places where our type of democracy has never been practiced, where there is limited access to information and education and where religious and/or ethnic hatreds overshadow governmental concerns can result in victors we do not welcome.

We should of course encourage greater freedom where there is oppression. But we can't push our ways, our views on elections, on open society and on capitalism on others. What's good for us is not necessarily good for everybody. Also, we need to know that our democracy and openness is not viewed universally as perfect.

Not when what is viewed is the trial of Rod Blagojevich and cable TV news obsession with Lindsey Lohan and Mel Gibson. ❖





## Economy as diverse as pierogis in Whiting

By **MORTON J. MARCUS**

INDIANAPOLIS - "The economy is terrible and it's getting worse," Simon Schlep insists as he buries a pierogi in ketchup.

"No!" I shout, too late. "No one puts ketchup on a pierogi; not here in Whiting, not anywhere that civilization thrives."



Morton Marcus  
Column

Simon looks around before asserting, "Who says? There aren't any rules for this festival. I like ketchup, I eat ketchup."

It's too hot, too muggy for me to object. The crowds are immense for this narrow street jammed with food and curiosity stands. The polka music is delighting toe-tapping elderly people who have turned off their hearing aids.

"Let's sit over here," I say, pointing to one of the few open

benches. After I devour my stuffed cabbage, but before I attack the sauerkraut and sausage, I ask, "What's this about the economy?"

"It's horrible. Too many people unemployed for too long. No jobs. Nothing happening," Simon says.

"You're right, but you're wrong," I say. "The economy is growing again; slowly, yes, but growing. Indiana's unemployment rate is down from 10.8 percent a year ago to 10.1 percent; the number of persons unemployed in the state is down by 8.6 percent.

"The simple fact is that we are having a recession on top of the continuing restructuring of the economy that has been going on since the 1980s. In the past ten years we've added the equivalent of ten million full time jobs while losing four million in manufacturing."

**Simon keeps eating;** I can't look at what he has done adding inappropriate condiments to his plate.

"The financial boom/bust has devastated one of Indiana's signature industries," I add.

"Hmm?" Simon says.

"Manufactured housing," I say, savoring a cheese pierogi. "Everyone points to the auto and RV industries, but manufactured housing has been particularly hard hit over a long period of time. When the financial markets decided to support almost any kind of housing mortgage, they didn't include manufactured housing. It was the conventional

site-built home that got all the money. Manufactured housing units produced in the U.S. fell from 373,000 in 1998 to 147,000 in 2005. Then, once the conventional housing market failed, manufactured housing fell to fewer than 50,000 units last year.

"**Indiana's production in 2009,**" I continue, "was down to eight percent of what it was in '98 when we accounted for ten percent of the all U.S. production. Recently, we've been only six percent of a severely shrunken U.S. output."

"But it will all bounce back according to your rosy view of the economy," Simon snarls.

"Maybe and maybe not," I say with certainty. "There are so many homes on the market at very favorable prices that manufactured housing is not as competitive as previously. Plus, lenders are still reluctant to put money into the market for any loan that doesn't appear to be a sure thing. Yet...."

"Ah, here comes the famous other hand," Simon says.

"Precisely," I say, "hard times may push more people toward manufactured housing, but it's a difficult call. There's been a major decrease in plants producing manufactured housing, but that does not mean only the least efficient have been eliminated from the market."

"And it all means what?" Simon asks.

"**Continued confusion,**" I say. "Parts of the economy will pull out ahead leaving others in the dust. Consumers are ready to spend; just look at this eager crowd. But a recovery does not put you back where you were. Just as not all firms or industries are restored to some former glory, not all pierogis are created equal. Let's go find some more." ❖

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

**HOWEY**  
*Politics Indiana*

When Chris Cillizza of the *Washington Post* posed the question to readers across the nation - "Who's the most influential political journalist in your state?" - the answer in Indiana was this: Brian A. Howey of *Howey Politics Indiana*. Since 1994, *Howey Politics Indiana* has provided news, analysis and commentary from throughout Indiana and Washington D.C. Howey reaches the most influential insiders with his newsletters and the masses with his weekly newspaper column and [www.howeypolitics.com](http://www.howeypolitics.com).

*The Washington Post*  
SATURDAY, DECEMBER 26, 2007

"The Best Indiana Political Reporter: *Howey Politics Indiana* editor Brian Howey."

Photo: Howey with Richard Lugar and Sam Nunn in Russia.



**Matt Tully, Indianapolis Star:** Sen. Richard Lugar's statement about the latest U.S. Supreme Court nominee landed in my inbox midafternoon Wednesday. Lugar being Lugar, the statement not only was filled with common sense but also lacked the partisan silliness that has overtaken politics of late. He wrote that Elena Kagan was "clearly qualified to serve on the Supreme Court" and "is well regarded by the legal community and her peers." He said he'd studied her testimony, her background and the response to her nomination from Indiana voters. And then he became just the second Republican senator to announce his support for Kagan's nomination. These days, even two senators crossing over on any big vote in D.C. counts as an example of bipartisanship. Of course, it's no surprise that Lugar is one of the few willing to put politics aside and not obsess over how each vote might affect the next election. A record of doing just that explains why even many people who don't agree with his positions hold him in the type of lofty regard that eludes most politicians. But Lugar has taken a few licks from so-called defenders of the conservative philosophy over his position on the nomination, a position that in more rational times wouldn't cause the slightest uproar. The brouhaha isn't surprising. Some on the far right of the political spectrum in Indiana have had a beef with Lugar for not living up to their rigid view of how a senator should vote. They apparently don't realize they live in a nation made up of more than a collection of people who see the world exactly as they do. A conservative such as Lugar annoys them because he occasionally strays from the party line. State Sen. Mike Delph, R-Carmel, was one of the first to criticize Lugar for supporting a nominee who is "very liberal" and "out of step with Main Street Indiana." The comment made me wonder why some conservatives -- as well as some liberals -- think the courts should be free of people who disagree with them. It's a big country, Sen. Delph. And there are a lot of Main Streets in Indiana. There isn't one collective opinion. A blog run by a group of Indiana conservative political operatives, meanwhile, called on someone to challenge Lugar in the 2012 primary. They're hoping for an outcome similar to those that have resulted in a few Democratic and Republican members of Congress being tossed out in favor of candidates further to the left or the right. Yeah, that's just what we need -- fewer senators in the mold of Lugar, and more partisan die-hards who see the world in black and white, with little gray.



**Mark Kiesling, Times of Northwest Indiana:** Last week, I wrote that whenever Lake County Democratic Party Chairman Tom McDermott Jr. says he is "doing the right thing," he is usually doing the right thing for Tom McDermott Jr. Then I went on to say that his decision to slash

as many as 60 precincts out of the county as a budgetary move was in fact the right thing and is also supported by his GOP counterparts. Well, it is. It would save tens of thousands of dollars in pay to poll workers, voting machine moving and maintenance, and it would streamline election night. But there's also an aspect here in which doing the right thing is also doing the right thing for McDermott, which as I said should come as no surprise. When and if precincts are reduced, this will change the boundaries of four or more precincts around those that are eliminated, creating new precincts. As new precincts, some old committeemen will be history, and new committeemen will have to be appointed. Who appoints these folks to the freshly configured precincts? If you said McDermott, give yourself a gold star. So what will happen is sort of a win-win situation. The taxpayer will save money, and McDermott gets to put his people in place -- unless you don't happen to be one of his people, in which case the situation

is a loser all the way around. One place to watch closely is East Chicago because if Mayor George Pabey goes down with the ship on his federal corruption charges, committeemen will appoint the new mayor. If McDermott can get his people in there before Pabey is convicted (assuming he is, because he's presumed innocent) then McDermott will have pretty much engineered the election of the next East Chicago mayor. It's not without precedent, actually. Former East Chicago Mayor Bob Pastrick did the same thing, and there are highly placed Democratic sources who say McDermott is listening to Pastrick's son, Kevin, as an adviser. "He can literally pick the next mayor of East Chicago," that source said, again assuming a Pabey conviction. "He has total power. It's not about cutting precincts. It's about (McDermott) taking total, total control. Every town (Democratic) chairman will have to come to him, hat in hand."

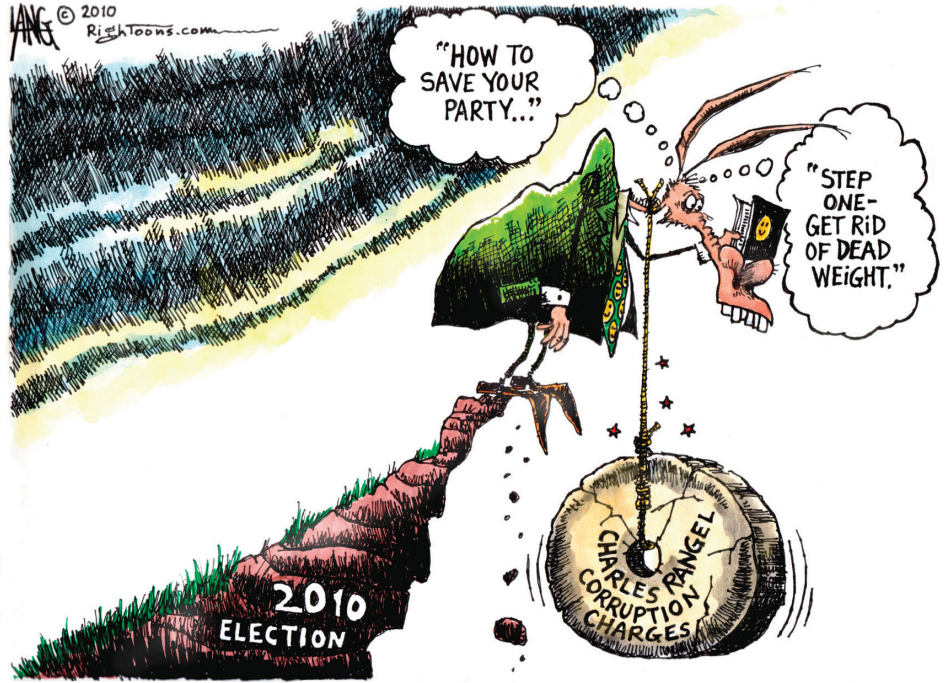
**Dale Moss, Louisville Courier-Journal:** Southern Indiana continues to grow faster than Louisville. Why wouldn't it? Better to live near the big city than in it. That's what I believe, and what many who live just north of the Ohio River seem to believe. We go on and on about having the best of both worlds, about using Louisville without being abused by it. We talk like we must be smarter than people in Louisville. Maybe we are. Or maybe Southern Indiana is more lucky than good. Does it win population by default, or by design? Having lower home prices and fewer murders does beat the alternative, of course. If only people flocked to Southern Indiana more for its schools, its parks and its libraries. How about if it was our shops and restaurants, our health care and our culture, that were the magnets. Now that would be something. ❖





## GM assessing Kokomo site

KOKOMO - Managers of a General Motors plant in Kokomo are "assessing" the plant's "business model" due to "recent business developments," said a spokesman for the automaker (Indianapolis Star). Spokesman Kevin Nadrowski declined to elaborate in responding to press inquiries following a meeting between management and the plant's 375 workers and would not say if layoffs were imminent. Asked if GM was considering closing the Kokomo Integrated Circuit Fab plant, Nadrowski said: "I can't comment on that. I can't speculate." The plant manufactures integrated circuits and electronics primarily for the auto industry. Nadrowski said that plant managers met with workers Wednesday to discuss strategy, as they do "regularly," but that "there's been no decisions related to the Kokomo Fab plant." Representatives of the UAW, the union that represents the plant's workers, did not return phone calls. In recent years, Kokomo has been hit hard by cutbacks in automotive-related jobs. A year ago the Howard County city's unemployment rate was 19.2 percent. Today, according to the latest statistics from the Bureau of Labor Statistics, it's 12 percent. Kokomo Mayor Greg Goodnight said he keeps in close touch with GM officials and has heard nothing from them lately about the Fab plant. He said he doubts the plant is in any immediate jeopardy. Earlier in the day, a local news outlet quoted a UAW official as saying Delphi Automotive Systems would close its Kokomo operation in 2010. The union official did not return a Star reporter's phone calls, and Delphi, which has 1,300 workers in Kokomo, flatly denied the report.



## Fed judge strikes down Arizona law

PHOENIX - A federal judge dealt a serious rebuke to Arizona's toughest-in-the-nation immigration law on Wednesday when she put most of the crackdown on hold just hours before it was to take effect (Associated Press). The ruling by U.S. District Judge Susan Bolton shifts the immigration debate to the courts and sets up a lengthy legal battle that may not be decided until the Supreme Court weighs in. Republican Gov. Jan Brewer said the state will likely appeal the ruling and seek to get the judge's order overturned. But for now, opponents of the law have prevailed: The provisions that most angered opponents will not take effect, including sections that required officers to check a person's immigration status while enforcing other laws. The judge also delayed parts of the law that required immigrants to carry their papers at all times, and made it illegal for undocumented workers to solicit employment in public places — a move aimed at

day laborers. In addition, the judge blocked officers from making warrantless arrests of suspected illegal immigrants. "Requiring Arizona law enforcement officials and agencies to determine the immigration status of every person who is arrested burdens lawfully-present aliens because their liberty will be restricted while their status is checked," Bolton, a Clinton appointee, said in her decision. She said the controversial sections should be put on hold until the courts resolve the issues.

## Delph assessing Arizona ruling

CARMEL - State Sen. Mike Delph said on his Facebook page today that he will "have more to say very soon after I review the court opinion." Delph carried a statement by Arizona Gov. Jan Brewer on the site. Delph has been critical of the U.S. government's challenge to the law and has urged Indiana's Congressional delegation to deal with the crisis along the U.S.-Mexican border.





## **Confidence erodes by consumers**

WASHINGTON - Americans' confidence in the economy eroded further in July amid worries about a still-stagnant job market. The report raised concerns about the economic recovery and the back-to-school shopping season (Associated Press). The Conference Board, a private research group, said Tuesday that its Consumer Confidence Index slipped to 50.4 in July, down from the revised 54.3 in June. Economists surveyed by Thomson Reuters expected a reading of 51.0. The decline follows last month's nearly 10-point drop, from 62.7 in May, which marked the biggest since February, when the measure also fell 10 points. The survey was taken July 1-21, beginning just as the Standard & Poor's 500 index was falling to a nine-month low of 1,022.58 on July 2. It had risen 4.5 percent by July 21 and has since climbed an additional 4 percent as upbeat earnings reports from manufacturers like 3M Co. and Caterpillar Inc. have made investors more convinced that the economic recovery isn't stalling as much as they had originally thought. However, stocks traded in a tight range Tuesday as investors again try to balance conflicting economic and upbeat earnings reports to figure out the pace of a global recovery. Still, a sustainable recovery can't happen without the American consumer. And the second straight month of declining confidence following three months of increases is worrisome, economists say. One component of the index, which measures how shoppers feel now about the economy, declined to 26.1, from 26.8. The other barometer, which measures shoppers' outlook over the next six months, declined to 66.6, from 72.7. Economists watch the number closely because consumer spending accounts for about 70 percent of U.S. economic activity and is critical to a strong recovery. A reading

above 90 indicates the economy is on solid footing.

## **Senate struggles on banking bill**

WASHINGTON - Senators struggled to reach agreement Wednesday on a bill that would create a \$30 billion government fund to help community banks increase lending to small businesses (Associated Press). Democrats say banks should be able to use the lending fund to leverage up to \$300 billion in loans to small businesses, helping to loosen tight credit markets. The fund would be available to banks with less than \$10 billion in assets. Some Republicans likened the fund to the unpopular bailout of the financial industry. Democrats and Republicans were negotiating a handful of amendments with the goal of scheduling a vote on the bill. If Senate leaders don't reach agreement on the amendments, Senate Majority Leader Harry Reid, D-Nev., has scheduled a vote to end debate for Thursday morning. The underlying bill would combine about \$12 billion in tax breaks aimed at small businesses with \$1.5 billion for states to support small business lending programs. Much of the bill would be paid for by allowing taxpayers to convert 401(k) and government retirement accounts into Roth accounts, in which they pay taxes up front on the money they contribute, enabling them to withdraw it tax-free after they retire. Taxpayers who convert accounts this year would pay the taxes in 2011 and 2012, generating an estimated \$5.1 billion.

## **Indiana begins to extend benefits**

INDIANAPOLIS - Indiana officials says some people eligible for extended unemployment benefits can

apply now, rather than wait as had been expected (Associated Press). The state said Wednesday the computer programming work took less time than expected. The Indiana Department of Workforce Development says it has started posting vouchers for those who are eligible, with about a third ready Thursday. It says all vouchers will be posted by Tuesday. The system is updated once a day. The department says it will open its 27 full-service WorkOne Centers from 9 a.m.-1 p.m. Saturday and from 8 a.m.-8 p.m. Monday through Aug. 6. The department says about 80,000 people are entitled to about 250,000 weeks of payments combined.

## **Some expect Rangel to resign today**

WASHINGTON - A subdued Charles Rangel started to tell colleagues Wednesday that he expects them to be with him only as long as they can. It's a favorite phrase of the ethics-embattled New York Democrat that means one politician shouldn't sink his or her own political fortunes to help another. "I know you love me," Rangel quipped to one junior Democrat (Politico). "But love yourself more." Not even his colleagues know what Rangel will do Thursday, when the House ethics committee reveals what is expected to be a scathing slate of allegations of wrongdoing to open the congressional version of a trial. Rangel declined to comment on the specifics of his case, but his remarks suggest that he knows more calls for his resignation may be coming. Despite that possibility, he was prepared for a fight, according to some fellow black Democrats. There's a lot riding on Rangel's decisions — for him, his party and the integrity of the institution he has served in since 1971. "I think he's going to have to go, maybe tomorrow," said a member of the Congressional Black Caucus.