



Municipal tax revolution arrives

Cities, counties grapple with caps as Zionsville & townships talk merger

By **BRIAN A. HOWEY**

INDIANAPOLIS - With city and county budget hearings just beginning, Gov. Mitch Daniels enters one of the most fascinating and potentially explosive periods of his governorship coming about 13 weeks before he stands for re-election.

With the passage of HB1001 last March, Daniels and the Indiana General Assembly essentially threw down the gauntlet to cities and counties. This scenario, along with news today that the federal government is suspending FSSA's automated welfare system could impact the governor's re-election bid against Democrat Jill Long Thompson (see Horse Race, page 9).

In March, Howey Politics Indiana compared this emerging scenario as the most profound change in Indiana government finance since Gov. Oliver P. Morton's financial schemes of the Civil War, and perhaps



Then candidate Greg Ballard speaking into the teeth of a property tax revolt at Monument Circle in July 2007. He now faces a \$20 million budget deficit. (HPI Photo by Brian A. Howey)

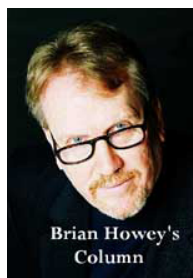
bypassing the organization efforts of Govs. Thomas R. Marshall and Paul McNutt. The Indiana Association of Cities & Towns called it an "unprecedented property tax reform."

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Quayle, Bayh & weeping

By **BRIAN A. HOWEY**

INDIANAPOLIS - As I worked the news desk at the Elkhart Truth on a Saturday night in August 1988, I penned the bold headline: "Quayle awaits GOP promotion." When I returned to the newsroom the following Monday, the ridicule machine was in high gear. Vice President Quayle? The owner, John Dille, stopped by and ribbed me. "You must be kidding?" he said.



Brian Howey's Column

During the Sunday sandwiched in between, Quayle appeared on ABC's "This Week with David Brinkley" at the invitation of George Will. Hooked in from Evansville, Quayle appeared on the program with Bob Dole and Jack Kemp, who would all eventually be winners of



"I'm going to want somebody who shares a vision of the country where we need to go, that we've got to fundamentally change."

- Barack Obama on his veep



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the veepstakes. In his book, "Standing Firm," Quayle explained, "The vice presidency isn't an office you can campaign for. In fact, any demonstration of eagerness for it is more likely to hurt than help."

Quayle said he tried "as subtly as I could to make it clear I was both qualified and available." He gave more speeches, made himself available to the press more than usual, and took stances on the INF Treaty and opposed Democrats on mandatory plant closing legislation.

Quayle's decision to do the Brinkley show was a "spur of the moment" decision because it violated his own "low-profile" strategy. But, ultimately, it paid off. Bush aide Bob Kimmitt showed Vice President George H.W. Bush (though nobody used the H.W. in those days) the tape of the show. "I'm sure it was a factor that helped to make up his mind," Quayle reflected.

It's easy to get the sense that U.S. Sen. Evan Bayh had read "The Short List" chapter in Quayle's book. Bayh laughs and says the speculation is "good for my ego." Appearing on MSNBC a couple weeks ago, he kidded with anchor Mika Brzezinski that, perhaps, she would win the veepstakes (hmmmm, photogenic, savvy female with good national security contacts).

Since the May primary when he helped Hillary Clinton win a narrow victory over Barack Obama here in Indiana, Bayh has played his cards close to the vest. He's been somewhat subterranean until he surfaced with Obama, Sam Nunn and other national security experts at Purdue University a couple weeks ago. To ask the Bayh apparatus any question about the

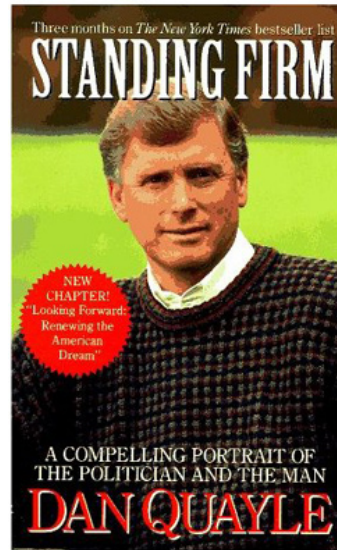
veepstakes is to be met with stony silence and looks like, "Why would you even ask? Shhhhhhh. Shhsh!"

The Bayh folks express disdain over all the veepstakes coverage when, in fact, if news hounds weren't asking they would be alarmed. When HPI ran a photo of Bayh looking at his watch during the Obama event at Pur-

due, the Bayh apparatus gulped. They obviously had images of HW's infamous moment when he was caught glancing at his watch during one of his debates with Bill Clinton. But if Obama had done what HW had done in 1988 and watched the tape of the forum, Bayh came off ... superbly, or at least vice presidentially. He passed that screen test. As for his watch, he should take it off between now and The Announcement, and if he ascends, shouldn't put it on until

November 5. There will be plenty of aides to tell him what time it is.

These days, the Indiana political establishment is caught up in the Bayh moment. If Obama chooses Bayh, it could dramatically transform not only the presidential race, but Indiana gubernatorial, congressional and House races. Bayh has had long coattails in Indiana. At the end of last week, he was the hot topic, with the Washington Post's Chris Cillizza placing him on the veepstakes pole position. By Tuesday, Virginia Gov. Tim Kaine was the hot topic in the Post. Keep in mind the national punditry has gotten just about everything wrong prior to the crucial turns of this campaign. None of them really have no idea what the Obamas and veters like Caroline Kennedy are really thinking. When I asked a Bayh/Obama source if the pundits really know what they're talking about, the answer was a flat "no."





Both Obama and McCain have kept a lid on any knowledgeable speculation. One reliable Democratic source close to Bayh told HPI on Tuesday that the decision would be made "within 72 hours" and announced late next week. If Bayh in the mix? "Absolutely." Vettors are on the ground in Indiana probing his past.

With Kaine and Bayh, they have to be looking at the Electoral College maps, where Bayh could bring in 11 votes from Indiana, and Kaine 13 from Virginia. The pundits seem to be saying that Kaine could help bring in 15 more in North Carolina. The Bayh folks could point out that the Hoosier senator will translate well in the Great American Midwest, where modern elections are won and lost: in Ohio (20), Michigan (17), and Iowa (7) with his Midwestern roots as well as next door Kentucky (8). Bayh served two terms as governor (Kaine is in his first term) and as our analysis pointed out last week, his Senate career has found Bayh delving deep into Armed Services issues relating to combat troop safety.

In returning to Quayle's book, the other thing that jumped out at me are how the names of a generation ago are still popping off the news pages. Quayle defeated Sen. Birch Bayh in 1980, with Evan Bayh running that 1980 campaign. Current attorney general nominee Greg Zoeller could "smell it" when it came to speculation of Quayle's ascendancy. Throughout the narrative, the names Dick Lugar, Jill Long (who Quayle defeated in 1986), Tom Brokaw, John McCain, Sam Nunn, Diane Sawyer and Ted Kennedy flit in

and out like familiar family members.

As we all know from history, Dan and Marilyn Quayle's "subtle campaign" in the spring and summer of 1988 was politics executed with finesse. The moment he was ordered by James Baker to report to the Spanish Plaza in New Orleans, having to navigate through a sweaty Republican mob, in order to (surprise!) appear with HW, the Quayles lost control of their fate and became fodder for what Larry Sabato would term the "media feeding frenzy." On ABC's Good Morning America today, Quayle was now said to be a possible Dancing With the Stars contestant.

Back at the Truth newsroom, the day after Quayle's ascendancy, I got a call from a national reporter who literally asked, "Do you have any dirt on Dan Quayle?" I told him that I've never swept the floors in the Quayle house and if I had, it would have been placed in the dustbin of history.

The national press - possessing towering egos matched only by the politicians - hate to be fooled and surprised. Bayh's inclusion on the current "short list" should give them all ample time to learn of the Evan Bayh story (of which the HPI version was published last week).

And, with all apologies to Ken Bode, when people ask me if Evan Bayh will be The Chosen One, my standard answer is that there is a logical rationale that amply supports such an ascension, but to tell you the truth, how in the hell would I know? ❖

Municipal, from page 1

It estimates that local governments will face a "shortfall of revenues" at \$524 million statewide. In Fort Wayne, Allen County commissioners have decided to no longer maintain city bridges and the city is expected to float a \$30 million bond to repair streets. In Kokomo, Mayor Greg Goodnight announced six layoffs as he begins to streamline his budget by \$2.2 million over the next two years. In Muncie, Mayor Sharon McShurley announced there would be no pay raises for municipal employees and has talked of opting for a volunteer fire department as she looks to cut \$2 million. At Richmond, there will be no pay hikes for firefighters and layoffs are a possibility.

In Indianapolis, Mayor

Greg Ballard is facing a \$26 million budget shortfall. South Bend is cutting 200 employees - or 15 percent of its staff - including 53 firefighters, 40 police officers and parks personnel by 2010. South Bend will collect \$21.3 million less, according to the South Bend Tribune.



Gov. Daniels with South Bend Mayor Luecke in 2005. (South Bend Tribune Photo)

Vanderburgh County is preparing to slice \$10 million from its \$73 million budget. Lake County is seeking to cut \$15 million and instituted a 10-day hiring freeze aimed at Surveyor George Van Til to keep him from hiring eight new employees.

OMB Director Ryan Kitchell warns that some of the figures being thrown around do not match up with caps analyzed by the Legislative Services Agency. "We sympathize with the locals who are going to have to make some challenging choices," Kitchell said, noting that over the last three quarters, the state has kept its revenue growth to less than 2 percent. "It's never easy and it won't be



this time, but local units will see more revenue growth than we will at the state."

There's another side of this story. Of the 51 counties that have reported, the average property tax decrease has been 38 percent, according to Kitchell. He noted that the town of Zionsville and two adjoining townships, Eagle and Union, are now in talks to combine into one municipality. "I'm not sure a town and two townships have done this before," Kitchell told HPI Wednesday. "This has spurred some new creativity." Two more township fire departments are now talking about merging with the Indianapolis Fire Department in Marion County after two did so last year.

Kitchell said the Daniels administration is working with the IACT and the Association of Indiana Counties to relay "good ideas and get them spread to other places. You can go to any part of the state and see these discussions starting. Units are finding ways to work together." He is particularly eager to see how the county councils' non-binding review of all non-school taxing will "facilitate these various units working together." In Clark County, the schools, cities and county governments are meeting to look at "wholistic" ways of combined purchasing.

Kokomo property owners will see 50 percent reductions in their tax bills. In Fort Wayne, most taxpayers will see reductions in their property tax bills of 23 to 29 percent, according to the Fort Wayne Journal Gazette. Not only did Daniels hail it as a "tax cut," it is literally the stick portion coming before the carrot. During the previous two years, Daniels warned city and county officials to "reform yourselves" before the state does it for them.

Well, the state did it for them last March with HB1001.

Few municipalities heeded the warning. "I'm not spending too much time pouring over the fine points of the rhetoric" he said of local officials who warned of police and fire layoffs as the Indiana General Assembly pondered

HB1001. "This is completely predictable." In the governor's mind, local officials are viewing the caps through the status quo prism. What Daniels is attempting to do is to get them to break the mold and profoundly restructure their municipalities in the ways many corporations have over the past several decades. The Kernan-Shepard Commission's 27 recommendations provide a blueprint that he hopes will collapse some of Indiana's 2,600 taxing districts and almost 12,000 elected officials.

"I do think we have not yet seen the necessary transition of mindset from business as usual to a more taxpayer friendly world," Daniels said. "By those transitions, I mean we have to fit spending to what the taxpayer can afford. The question can no longer be what the government wants to spend and then divide up the bill of what the taxpayer can reasonably be expected to pay. If we can establish true protection for taxpayers and force government

to adjust to taxpayer affordability and not the other way around, I think it is very likely that many people will examine options that they would otherwise never look at."

Gov. Daniels is not the only one talking about consolidation. Former Gov. Joe Kernan told the Indianapolis Star, "In many communities across the state, there is a crisis that will become more acute over the course of the next couple of years, and change is going to be required. This is one way for local governments to be able to address some of the shortfalls they otherwise are going to experience."

The governor's response in the coming weeks will be that he is watching out for the taxpayer. Cities, counties and townships need to look at their duplications and collapse their units into those that correspond with the caps. Or as Daniels put it, "When someone says, 'Our community will lose a million dollars,' I always politely say taxpayers will keep a million dollars. The community still has money. It's in peoples' pockets."



Muncie Mayor Sharon McShurley shakes hands with Gov. Daniels after his Republican nomination acceptance speech in June. Due to the governor's cap and cut tax reforms, McShurley and the Muncie City Council are cutting and talking merger. (HPI Photo by Brian A. Howey)



South Bend Mayor Stephen Luecke said that by the time cities and counties cut budgets, in the end it will simply be a staff shift. "No aspect of city government will escape the pain of reduced revenue as a result of the state's tax shifts," Luecke said at a South Bend Council meeting Wednesday night (South Bend Tribune).

Exacerbating this scenario are the surging gasoline prices, on top of higher health insurance costs, that would have stretched some city budgets thin without the HB1001 caps. Kitchell said the state is on the verge of setting up bulk purchasing that local units of government can join to save money.

Jill Long Thompson, who ducked the tax crisis/tax reform debates that raged from July 2007 through March 2008 when HB1001 passed, said at a Statehouse press conference on Wednesday, "I think that 1001 was the best compromise that Speaker Bauer could have gotten. It was important to get signed into law some kind of tax relief for homeowners. But as a member of Congress, I never once voted to raise taxes, and I'm bothered by the fact that it does raise the sales tax, and that impacts families that can least afford to pay. It falls way short of the overall tax reform of our structure that is needed. And local governments are hurting and local schools as a result."

Thompson pushed for reform of the "overall tax structure." She explained, "Our tax structure is designed for a 19th century economy and we're in the 21st century. I think you have way too many funding streams for some programs, it's too complex, and I think we should be more strategic with our tax policy."

Kitchell responded, "We think early indications are that was a great bill for taxpayers. The assessor transition has gone well. We're very encouraged we're going to get higher quality assessments. I'm not sure which part she thought is a problem."

As for Daniels' ultimate goal, which is to get cities and counties to do what Delaware County and Muncie are beginning to do by consolidating redundant functions, Thompson has come out against all but one of the Kernan-Shepard 27 recommendations. She supports the recommendation that only elected officials should be able to raise taxes.

During the HB1001 debate, Hammond Fire Chief Dave Hamm warned "there will be deaths" due to first responder layoffs in cities. Daniels told HPI in March, "Public safety ought to be the very last place that Hammond looks as opposed to the first place. Another entirely predictable instinct of government is to threaten the least responsible changes to cut first. I would expect there will be a period of adjustment of governments which avoid looking at cooperation, consolidations, elimination of overhead and spending and trimming expenses. Politicians will have the instincts to protect their own jobs even if it means they have to threaten somebody else's." ❖



Jill Long Thompson and runningmate Dennie Oxley II answer questions after presenting the campaign's most detailed policy initiative on green jobs Wednesday afternoon. (HPI Photo by Ryan Nees)

Thompson never caught the jobs irony

By RYAN NEES

INDIANAPOLIS - At a Wednesday presser in the basement of the Statehouse, Jill Thompson and running mate Dennie Oxley II announced a series of proposals to create "green jobs" in the state. By directing tens of millions of dollars to environment research grants and millions more in tax incentives for renewable energy companies, Thompson estimated her administration could create some 30,000 new jobs in the solar and wind industries.



Thompson isn't announcing any new spending on the environmental economic development initiatives, though she calls them "sweeping"; the state is far too strapped for that.

Instead, as House Speaker Pat Bauer conspicuously withholds his public support, Thompson is sticking by her proposal to spend down the state's budget surplus on a suspension of the state's sales tax on gasoline - a move that would cost the state \$120 million annually. And make the state more dependent on oil.

We'll need those green jobs.

Thompson's proposal has emerged from a campaign that has been relatively issues-light, or, in this case, issues-confused. And this week she continued to blast House Bill 1001, the legislation that bipartisan majorities in



both the House and Senate passed last winter to cap property tax bills. "I think that 1001 was the best compromise that Speaker Bauer could have gotten," she said Wednesday. "It was important to get signed into law some kind of tax relief for homeowners. But as a member of Congress, I never once voted to raise taxes, and I'm bothered by the fact that it does raise the sales tax, and that impacts families that can least afford to pay. It falls way short of the overall tax reform of our structure that is needed. And local governments and local schools are hurting as a result."

She told the Greene County Daily World that the bill was "another example of Gov. Daniels pushing state problems onto local governments."

"I want to completely reform the tax structure, which will also include funding streams for local as well as state programs. We need reform of the overall tax structure," she said.

Last winter she and her Democratic primary opponent Jim Schellinger took a pass as the governor and General Assembly worked to overhaul Indiana's taxing structure, ultimately instituting Daniels-proposed property tax caps with Oxley's help in the House. Thompson said at the time that Daniels' "property tax plan is nothing more than a well-orchestrated shell game designed to shift the blame and the burden of collecting taxes to local government - not to reduce property taxes or government spending." Not only did she misstate Daniels' proposals - which fundamentally come down to shifting taxing authority away from local government, even eliminating facets of it - but she offered no alternative proposal of her own.

Complete reform, of course, is something of a Thompson euphemism for no reform at all.

Asked what she meant by the phrase, Thompson told HPI simply, "I think that the overall tax structure needs to be reformed. I think our tax structure is designed for a 19th Century economy and we're in the 21st Century. I think you have way too many funding streams for some programs, it's too complex, and I think we should be more strategic with our tax policy."

Her platform doesn't invoke the phrase "property taxes," and it only hints at tax reform are a series of modest tax incentive proposals. She would offer incentives - itself a vague term - "to businesses that provide health care coverage to their employees, [improve] efficiency by acquiring new technology . . . [or reduce] their impact on the environment." And she would offer more tax deductions for individuals to offset the cost of healthcare and continuing education.

Thompson often points to her MBA and Ph.D. in business, saying in her convention video that after graduating from Indiana University, she thought to herself, "I think I understand economics better than a lot of politicians." But Thompson's tax policy - the one of "complete reform" - ends, depressingly, right there, with standard Democratic

boilerplate.

The green jobs proposal is about as modest. It draws on the campaign's seemingly contrived economic development plan that proposes to divide the state into three sections, "[categorizing] the state's 92 counties into three different economic tiers based on a variety of factors and then allocate different tax incentives as a way to create jobs all across the state, focusing on areas in greatest need of economic revitalization." It shuttles state incentives not to where companies want to build, but to counties that satisfy a need-based formula including unemployment rate, median household income, population growth and assessed property value per capita. Thompson announced that if "green" companies - what a green job is, she admits, she hasn't defined - decided to build in counties with the requisite tier designation, they could receive additional tax breaks.

Thompson's other proposals include reducing school testing requirements, but not by modifying the state's ISTEP testing. Instead, according to campaign manager Travis Lowe, Thompson will exercise "regional and national leadership" to reform the federal No Child Left Behind law - a hollow proposal far more concerned with politics than policy. Others are as gauzy as her pledge to "work to encourage Indiana businesses to hire returning [military] service personnel."

A government reform initiative calls for a "sweeping" overhaul of campaign finance in Indiana, proposing that the political campaign contributions of limited liability companies be capped at \$5,000 annually. Last quarter, Gov. Daniels' campaign took in \$115,442.33 from LLCs, compared to the \$31,970 Thompson's campaign received. Thompson's plan makes no mention of contributions from labor unions, despite - or perhaps because of - the \$700,000 she received from a single source, the Service Employees International Union, last quarter.

At the green jobs press conference, Thompson continued to emphasize her reliance on incentives. "These are not just goals," she said. "This is a clear plan of action."

Thompson communications director Jeff Harris said the state "needs to be smarter about how we spend tax dollars. If we can reprioritize some of the existing assets, both of these proposals focus on helping individual working families and their bottom lines."

But none of this smacks of the kind of big ideas needed to truly transform Indiana's economy. Half of the 21st Century Research & Technology Fund will be diverted to fund the green proposal, sapping \$18 million primarily from the state's burgeoning life sciences industry.

All of this to pay for a gas tax suspension universally panned as hyper populist, gimmicky, and economically empty? Even Thompson's occasionally meaningful proposals have a way of being stained by the meaningless political ones. ❖



Missing elements of leadership: Obama & the New York elites

By KEVIN SHAW KELLEMS

CANAAN, Ind. - The venerable New Yorker Magazine made a mistake recently - a big mistake - in marketing its exceptional piece about Barack Obama's rapid rise through the landmine-laden terrain of Illinois politics.



New Yorker editors inadvertently diverted attention from their own informative reporting on Sen. Obama by publishing a sophomoric and indefensible political cartoon on the July 21 cover. The New York Times also made a mis-

take in editorial judgment last week, in its race to vindicate Obama's Iraq stance(s), in space no less valuable than the top of its front page - real estate traditionally reserved for premiere "news" offerings of the day.

One could say that the New Yorker erred to the right (figuratively); the Times to the left (literally), of course.

Combined, the two elite publications captured the state of play during a critical juncture in the presidential campaign on two key elements: Obama's ever-evolving Iraq "policy" and the mainstream media's embarrassing infatuation with the very junior senator from Chicago.

The Times chose not to use its top space on July 22 to provide straight, factual coverage of his trip or a balanced article about results of the surge and the way ahead - the what next of policy execution on the ground in Iraq. Instead, their endorsement of Sen. Obama came in the form of a "news analysis" above the fold on Page 1, immediately below a 4-column color photo of the senator flying over Baghdad with an architect of the surge, U.S. Army Gen. David H. Petraeus.

The New Yorker's editorial leadership made a strategic error with dubious placement of a satiric cartoon on the magazine's cover which distracted attention from its content: specifically the expert reporting and accessible writing of Ryan Lizza. The talk of the town was all about the cover art (a drawing of the Obamas in full militant

Islam costume), not about the revealing written portrait of an ambitious young pol on the climb.

Lizza's contribution ("Making It: How Chicago Shaped Obama") is a detailed peek behind the historical curtain, revealing how a young Harvard law graduate with a funny name and no local ties boldly moved to Chicago and quickly scaled the tricky ladder of Illinois politics. How adept Obama was at embracing Chicago's established political order, expertly leveraging the ultimate old school politics environment, without being consumed by it. How careful Obama was to keep his machine-style tactics behind the curtain. And how confident Obama was of his own greatness, from the start.

The New York Times July 22 contribution carried the header: "For Obama, a First Step Is Not a Misstep," and included such commentary as: "The Iraqi government on Monday left little doubt that it favors a withdrawal plan for American combat troops similar to what Senator Barack Obama has proposed, providing Mr. Obama with a potentially powerful political boost". Obama seemed to have navigated one of the riskiest portions of a weeklong international trip without a noticeable hitch and to have gained a new opportunity to blunt attacks on his national security credentials."

Never mind that the potential for a gradual and calibrated reduction of forces (as opposed to Obama's previously preferred withdrawal by date certain) may now be possible precisely because the stay-and-fight surge he opposed turned out to be the right policy. This is the policy that was steadfastly supported by his opponent, Sen. McCain, as well as promoted and executed by Gen. Petraeus (his helicopter seatmate in the ironic Army photo at the top of the Times' front page, the second front page color Obama photo in two days).

Never mind that the yardstick for measuring a potential U.S. commander-in-chief's credentials is how he or she would protect America's long-term security interests, not their compatibility with the latest statement of an Iraqi official who must navigate the ever-shifting Iraqi political currents.

Never mind that an essential element of presidential leadership is the kind of political courage and personal backbone required to keep national security policy a notch above the ebb and flow of domestic opinion and political discourse that surrounds most domestic issues.

Two impressive generals

In a July, 2003 Defense Department trip throughout Iraq, two generals impressed me: David Petraeus, who at that time was in charge of the north, including the multi-ethnic linchpin of Mosul; and Ray Odierno, the Mr. Clean-meets-Telly Savalas alpha general toiling to keep a lid on the boiling Sunni heartland, including Saddam's hometown



of Tikrit, as commander of the U.S. 4th Infantry Division.

What set these two apart was their level of cultural awareness and their relentless focus on results on the ground. It was clear they knew what was going on in their slice of Iraqi society. They also were not afraid to speak up, appropriately, to their superiors when traditional tactics weren't working.

Petraeus and Odierno proved themselves to be tough, focused and highly intelligent soldiers-turned-leaders who understood that communication with their Iraqi publics and simple efforts to make modest improvements in basic quality of life on the street were essential elements of coalition military success. They also understood the imperative of force; they asked for more troops and for more patient resolve from all U.S. officials, in both parties.

White House and Pentagon leadership recognized and rewarded this talent in the field, even though Petraeus' and Odierno's views sometimes cut against the grain of convention when they pushed for fresh thinking and revised tactics; Petraeus and Odierno have been promoted twice to positions where they could impact, first, the entire theater of operations, and soon, the entire region.

Highly focused Obama

After extensive research and dozens of interviews, The New Yorker's Lizza concluded that the Chicago-era Obama was highly focused on himself, his image, and on networking with politically powerful machine operatives and wealthy potential donors.

Lizza: "Obama seems to have been meticulous about constructing a political identity for himself ... (he) has always had a healthy understanding of the reaction he elicits in others."

"Even then (1990), the essential elements of Obama-mania were present: the fascination with his early life, the adulatory quotes from friends who thought that he would be President one day, and Obama's frank, though sometimes ostentatious, capacity for self-reflection. ('To some extent, I'm a symbolic stand-in for a lot of the changes that have been made,' he told the Boston Globe in 1990.)"

"He campaigns on reforming a broken political process," Lizza writes, "yet he has always played politics by the rules as they exist, not as he would like them to exist. He runs as an outsider, but he has succeeded by mastering the inside game."

Stripping the presidency

If layers of pomp and bureaucracy are stripped away from the presidency, at its core are a few fundamental responsibilities. Making sound judicial nominations to the federal bench is among them. Serving as commander-in-chief, entrusted with the longevity of the republic and security of her people, is the most fundamental.

In the U.S. Senate and as a presidential candidate, Barack Obama opposed the surge when it was popular to do so; but he made clear on his recent European tour that he is now attempting to occupy both sides of the debate, one foot gingerly placed in each camp (not firmly planted...)

According to Ryan Lizza, Penny Pritzker, of the wealthy, Hyatt Hotel-owning Chicago family, told freshman Sen. Obama in 2006: "As I see it, the two things that you're going to need to address are your executive leadership skills, because your resume doesn't have that in it, and the second would be your credentials in national security."

Petraeus and Odierno (as well as former Joint Chiefs Chairman Peter Pace and all who have served in the field) are heroes for helping us fight our way out of a suicidal corner clinch where we had become boxed in by a combination of policy missteps and historical fate. We had become vulnerable to our enemy's tenacity and the asymmetricalism of their nihilistic suicide tactics. The count was winding down.

In the first open election after September 11, 2001, American voters should consider carefully the resumes and resolve of the two presidential nominees, particularly in time of war.

As the New Yorker piece expertly revealed, Barack Obama has proven himself to be a nimble politician with burning ambition, enormous self-confidence and a tremendous oratorical gift. So far, Obama has seized every opportunity before him, and created several more at key junctures in his short career.

Sen. Obama may eventually get a chance to test whether he has the right stuff to be a leader, or even a "stand-in for a lot of" change. But first he has to stand for something and be willing to explain and defend it. He must demonstrate a leader's ability to adapt appropriately to changing circumstances while remaining loyal to core principles and early supporters.

Remarkable talent for adapting expediently to meet the electoral needs of the moment is not enough. ❖ **Kevin Kellems served in the Office of the Vice President and the Office of the Secretary of Defense from 2001-2005.**





2008 Indiana Governor

Governor 2008: Republican: Gov. Mitch Daniels, Democrat: Jill Long Thompson. **1996 Results:** O'Bannon (D) 1,075,342, Goldsmith (R) 997,505, Dillon (L) 35,261. **2000 Results:** O'Bannon (D) 1,230,345, McIntosh (R) 906,492, Horning (L) 38,686. **2004 Results:** Daniels (R) 1,302,912, Kernan (D) 1,113,900, Gividen (L) 31,644. **2008 Forecast:** Heading into this week, things were looking rosy for Daniels. A new internal poll showed him with an 18-percent lead. A spate of editorials praised him over the S&P bond rating and the BMV turnaround. Thompson's organized labor base was in an uproar over which one might represent state employees if she were to reinstate collective bargaining. Then came today, with the news that the federal government has halted the FSSA's automated assistance program. It gave Thompson just the opening she needs, when she needs it. And it will provide fodder for TV ads this fall as she tries to convince Hoosiers that privatization is a bad thing. She will point out that a similar program by the same companies failed in Texas and FSSA Commissioner Mitch Roob's financial ties kept it going as a number of Democratic blogs consistently pointed out in 2007.



The Food and Nutrition Service of the U.S. Department of Agriculture sent a letter to FSSA on June 23 ordering the state to delay further welfare changes until it improves the timeliness in processing applications (Kusmer, Associated Press). "Indiana's most recent monthly reports indicate a decline in the timeliness of application processing that has occurred in the pilot region since the transition to the modernized service delivery model," said the letter from Ollice Holden, Food and Nutrition Service regional administrator, to Roob. "Indiana's statewide application processing rate also continues to be a concern," the letter said. Roob's agency piloted the welfare changes in a 12-county region of north-central Indiana on Oct. 29 and expanded it to 27 southern and western counties on March 24. It reached 20 more counties in northeastern and southwestern Indiana in May. Roob said the state follows a 60-day standard for approving food-stamp applications rather than the 30-day standard followed by the federal government and most states, but he said his agency would work to meet

the federal standard. He also said Indiana's timetable for rolling out the changes already was pushed back because of recent flooding. "We have a corrective action plan that we are putting together with FNS," he said, referring to the Food and Nutrition Service. Holden's letter to Roob was dated June 23, the same day Roob said the state was delaying further rollouts of welfare changes in order to shift staff to help victims of floods that inundated Southern Indiana earlier that month.

Thompson seized the opening, releasing a statement after her Wednesday press conferences in Fort Wayne and Indianapolis, stating, "This shocking news is just the latest installment in this administration's failure of leadership," Thompson said of the federal shutdown order that came on June 23 but just picked up by the news media today. "The Governor's rush to make a profit and privatize Indiana's services has once again caused harm to Indiana's most vulnerable citizens. In a time of record high unemployment, health care costs, home foreclosures, and personal bankruptcies this further demonstrates how out of touch this Governor is to the needs and concerns of the Hoosiers he has left behind."

The FSSA privatization that included a 10-year, \$1.6 billion contract with IBM Corp. and Affiliated Computer Services was a major cog in the Daniels Administration's privatization program. Coming with the jobless rate surging to 5.8 percent and less than 100 days before the November election, the news will be damaging to the governor's re-election bid. Critics note that a similar program in Texas had been suspended. State data shows that foodstamp disbursements dropped from 67,370 to 59,617 despite the increase in the unemployment rate.

"As I have traveled Indiana over the recent months I have heard from many people about the problems they have encountered with this system," Thompson said. "The Governor and his administration have heard these same

concerns yet apparently did not care enough to act. The fact that it took the federal government to come in and shut down this program is further evidence of how this Governor's has disregarded his responsibilities. It is an embarrassment - and the people of Indiana deserve better." What really could sting the Daniels re-elect is that this news came on June 23 and it took almost five weeks to surface ... and five weeks closer to the election. Thompson will have a field day pointing out that



FSSA Commissioner Mitch Roob's FSSA privatization problems could pose a big political problem, (HPI Photo by Brian A. HJowey)



Roob tried to mask a halt in the rollout of the program by saying it was due to the June floods.

The internal poll conducted for Daniels shows he has an 18 percent lead. TargetPoint Consulting has just completed the most extensive voter opinion survey ever conducted for the Mitch for Governor campaign, the campaign said in an e-mail to supporters. The poll, conducted from July 13-22, found Gov. Daniels leading 53-35 percent in the head to head match-up. This is an increase over the June Bellwether survey where Daniels enjoyed a statewide favorable rating of 57 percent and led the head to head matchup 50-36 percent. Governor Daniels enjoys significant support from Democrats, independents, African Americans, women, and first time voters. The polling indicates that Jill Long Thompson continues to lose ground in Northern Indiana where people know her from her many campaigns for Washington D.C. offices. In addition, she is still relatively unknown in Southern Indiana. "With only 99 days until the election, we learned today that Jill Long Thompson's first ad of the general election campaign will begin tomorrow and will include a negative attack against Gov. Daniels," the e-mail said. "This is not surprising given her desperate position and long history of negative campaigning."

Add New York to the list of states with Democratic governors who are facing huge budget deficits and are now considering privatizing tollways, tunnels and bridges. Gov. David Paterson is calling the New York legislature into special session next month and cited "private-public partnerships" as a solution for what the New York Post describes as an "economic calamity." While Thompson unveiled her first TV ad of the fall campaign this week that got good press, Daniels is running another of his headline ads over a map that shows Indiana as one of the only Midwestern states with a budget surplus.

Then there were the editorial pages, which up until today would have made a great week for the re-elect:

Evansville Courier & Press: "When Daniels came into office, state government was facing a \$600 million deficit that was showing no sign of dissolving on its own. Almost immediately, Daniels started pushing hard for caps on spending, especially for local government and state assistance to local government. It was not well-received by local government, particularly school systems that received smaller than expected state payments. But Indiana ended the next fiscal year with a balanced budget, and has since repaid most of the back payments owed by the state to schools. Just last week, the state reported that it ended the last fiscal year with a \$321 million surplus."

Indianapolis Star: "State legislators and then-Gov. Joe Kernan had churned through nearly every budget gimmick at their disposal by the fall of 2004. Payments to public schools, universities and local governments -- \$715 million worth -- had been delayed indefinitely. A one-time

dose of \$250 million in federal aid, thrown into the budget gap, already had been expended. The state also had dipped into Teachers Retirement Fund reserves, pulling out \$380 million to meet current obligations. Yet, despite running through maneuvers that bordered on desperation, the state still faced a budget shortfall of more than \$800 million. Analysts also were pessimistic about the state's ability to grow its way out of the budget mess because of an old-school economy, dependent on a traditional manufacturing sector long in decline. The fiscal climate of four years ago needs to be kept in mind when assessing the significance of Standard & Poor's decision this week to award a first-ever AAA bond rating to Indiana. Yes, the savings to taxpayers that will come with the higher rating -- including \$850,000 a year on Lucas Oil Stadium and the convention center expansion -- are worth celebrating. But perhaps even more important is the fact that a respected independent firm has validated several difficult, controversial decisions that Gov. Mitch Daniels and the General Assembly made to bring Indiana's budget back into balance."

Richmond Palladium-Item: "...the Indiana BMV has gone from one of state government's consistently worst and most despised performers to recipient of the 2008 Customer Service Excellence Award from the American Association of Motor Vehicle Administrators. The award is presented to the state agency that most improves the quality, convenience and accessibility of motor vehicle services.

South Bend Tribune: "At the end of 2007, we praised the Indiana Bureau of Motor Vehicles for getting customer service wait times down from 28 minutes just about a year earlier to only 11 minutes. It was a remarkable achievement. And now? The BMV just knocked two more minutes off the wait time average. It's less than 9 minutes.

Fort Wayne Journal Gazette: "The BMV used to be the epitome of government bureaucracy at its worst, but now the state agency is winning awards and getting rave reviews from its customers. Stiver is right to congratulate his employees on a job well done, but he is also right when he reminds them that the job is not done."

Gov. Daniels has accepted a three-debate format from the Indiana Debate Commission, though Thompson had pushed for up to seven debates.

We're leaving this race in the same status as last week. But there are chinks developing that could hurt the governor with the Hoosier Lottery scratch off snafu, the rise in the cost of the Lucas Oil Stadium from \$675 million to possibly \$720 million (a danger we pointed out in 2005 when the Daniels administration wrested control of the project away from the Peterson administration), a federal highway report that revealed INDOT has only worked on one of 20 deficient bridges, and now the FSSA automated welfare program situation. Democrats are awaiting word on whether Evan Bayh joins the ticket, and all indicators are



that he is under serious, serious consideration. If Thompson can emerge from the IDEA convention at French Lick this weekend with a resolution to her labor problems, it could give her a thrust. Daniels told WTHR-TV on Wednesday that he expects a series of job announcements coming in the next couple weeks. Daniels will also make a major policy rollout at the downtown Indianapolis Rotary Club on Tuesday. **Status: Leans Daniels**

Congressional

3RD CD: Republican: U.S. Rep. Mark Souder. Democrat: Michael Montagano. **2008 Outlook:** Montagano impressed the Democratic Congressional Campaign Committee enough to put Indiana's 3rd District on its list of "emerging" races to watch. Souder is quick to point out that his 2006 opponent, longtime Fort Wayne City Councilmember Thomas Hayhurst, was also on the DCCC's emerging races list and lost by 8 points. But both Montagano and Souder acknowledge that what's different this year is that the presumptive Democratic presidential nominee, Sen. Barack Obama (Ill.), is playing in Indiana and the district's former congresswoman, Jill Long Thompson, is the Democratic nominee in a competitive gubernatorial race. Montagano said his internal polling shows Long Thompson well ahead of Gov. Mitch Daniels (R) in the 3rd district. The northeastern Indiana district was also one of only two districts in the state that Obama won over Sen. Hillary Rodham Clinton in the May 6 Democratic presidential primary. **Status:** Leans Souder

9TH CD: Democrat: U.S. Rep. Baron Hill. Republican: Mike Sodrel. Libertarian: Eric Schansberg. **2008 Outlook:** The Rothenberg Political Report has moved this race into a "Democrat Favored" category. **Status:** Leans Hill ❖

Indiana House Horse Race

Democrats
51

Republicans
49

Tossups

HD26 (Open) Polles vs. Truitt
HD63 (Open) Messmer vs. Burger

HD15 Lehe vs. Sutton
HD31 Harris vs. Pearson
HD52 (Open)Yarde vs. Papai
HD89 (Open) Swatts vs. Barnes
HD97 Elrod vs. Sullivan

Leans

HD5 Fry vs. Miller
HD17 Demobowski vs. MacKillop
HD 46 Tincher vs. Heaton
HD62 Blanton vs. Tarr

HD20 Dermody vs. Cooley
HD48 Neese vs. Hardy
HD35 Lutz vs. Mengelt
HD44 Thomas vs. Michael
HD4 Soliday vs. Chubb

Likely

HD36 Austin vs. Burrows
HD68 Bischoff vs. McMillin
HD69 Cheatham vs. Coates
HD37 Reske vs. Gaskill
HD70 Robertson vs. Hunt

HD38 Clements vs. Snow
HD92 Hinkle vs. DeKemper

Safe

Democrats: Lawson, Harris, C. Brown, Bauer, Niezgodski, Dvorak, Pelath, Stevenson, Reardon, Dobis, V. Smith, VanDenburgh, Bardon, Klinker, Herrell, Tyler, Grubb, Kersey, Pflum, Pierce, Welch, Battles, Goodin, Stemler, Cochran, Oxley, Stilwell, Avery, Van Haaften, Riecken (Open), GiaQuinta, Moses, DeLaney (Open), Pryor (Open), Bartlett, Porter, Crawford, Summers, Day.

Republicans: Wolkins, Walorski, Ruppel, Friend, McClain, J. Thompson, Richardson, Turner, Davis, Torr, Steuerwald, T. Brown, Borders, Foley, Culver (Open), Leonard, Dodge, Cherry, Saunders, Knollman, Eberhart, Burton, M.Smith, Koch, Duncan, Crouch, Lehman (Open), Espich, Bell, Pond, Noe, Bosma, Murphy, Behning, Frizzell. ❖





Gov race ‘softball’

By **DAVID KITCHELL**

LOGANSPORT - It says something about an Indiana governor’s race when the fact that the challenger is running a campaign commercial is front-page news. That happened this week when Jill Long Thompson aired her first televised salvo, and Gov. Mitch Daniels’ camp predictably responded calling it a negative ad.

This has not been your typical Indiana governor’s race. First, you have to consider that both candidates have political backgrounds that feature more time in Washington, D.C., than places like Washington, Ind. Then, you

factor in the first female major party candidate in Thompson. Now add an incumbent governor who has already run a campaign commercial with no words, at least not spoken. His boilerplate ad touts bold-lettered benchmarks he wants to promote during his first term. It’s a clever but coy way of saying his record speaks for itself. At no point, do we see the words “controversial toll road deal,” “time zone debacle” or “privatization controversy.” What we do hear



is background music that would be more appropriate for a documentary about the America’s Cup yacht race.

Mind you, Daniels is not, as former New York Gov. Mario Cuomo described Indiana’s Dan Quayle, the Cabin Boy on the Titanic. Yet the economic times suggest that Daniels has been more of a tugboat captain, ferrying big issues between open seas and port, and the seas have been rough.

Daniels last week drew praise in an Indianapolis Star editorial for a high bond rating for Indiana. Yet, a high bond rating in government is akin to having a good driving record if you’re applying for a CDL. It won’t get you rich, but it may get you hired. Whether a bond rating will get Daniels’ rehired is the question in a campaign that won’t make it to Chris Mathews’ “Hardball” show on MSNBC. If anything, this campaign would qualify as a reality show called “Softball,” which also is a sport probably played more than baseball in Indiana anyway.

Had this been an actual, issue-based campaign, we might have heard Thompson point out in her initial ad that Indiana’s personal income growth ranked in the bottom 10 states in 2006 and it was one of the worst growth rates in the Midwest. We might have heard Daniels respond that Indiana has the best economic development record in the Midwest.

Thompson could then have countered that the property tax system in the state hit Hoosiers for a loop that

probably vaulted a political unknown named Greg Ballard into the mayoralship of one of the most progressive cities in the United States. Daniels could come back with tax reform and his claim that taxes have not been raised, even though the sales tax is higher for everyone in Indiana and property taxes are higher for many.

Thompson could roll out footage of her driving a tractor, and she already has that footage on her Web site. Daniels could answer with footage of biofuels being developed throughout the state, as they are in other states.

Thompson could argue that Indiana needs clean fuels and power plants, and that one environmental organization ranks several Indiana power plants among the worst polluters in the nation. Daniels could shirk that off by claiming his support of the FutureGen zero emissions plant across the border in Illinois will make the region one of the most progressive in the next 20 years.

Thompson could claim the wages in Indiana have not made remarkable progress since Daniels took office, and Daniels could point to a new auto plant in Greensburg as an exception.

But we’re just not seeing this kind of repartee from the candidates, and that’s unfortunate for voters. What we are seeing is a boxing match where the bell has rung and both boxers are still in their corners, a foot from their stools ready to make a charge, but waiting as long as possible. Right now, they’re only shadowboxing, hoping to win by decision after the final bell.

That’s why the Indiana Debate Commission should give Chris Mathews a call. His moderation of a debate with Daniels, Thompson and Libertarian Andrew Horning would liven up what has otherwise been a very low-key governor’s race, even by Indiana standards.

The only place this election is really being waged is on bumpers. The “My Man Mitch” stickers are not as prevalent as they were four years ago, but there are various Democratic responses in the same green-and-white color scheme: “Ditch Mitch”, “Not My Man” and the new favorite, “Privatize The Son-Of-A-Mitch.”

The real sticker undecided Hoosier voters could be putting on their bumpers is “Switch Mitch?” For now, the bumpers of undecided voters will look like they do any other year, even if the campaign for Indiana governor does not.

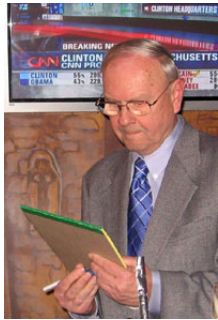
What could change this political climate is fatigue with the presidential race. If John McCain and Barack Obama are as close in October in polls as they are right now, the governor’s race may be off the radar screen, particularly if Indiana is in play in the presidential race. If Chris Mathews lands at Indianapolis International, somebody tell him we’d like our governor’s race to have more traction with voters than Goodyear had last weekend at the Indianapolis Motor Speedway. ❖



Daniels isn't to blame for Monaco, GM

By JACK COLWELL

SOUTH BEND - Gov. Mitch Daniels isn't to blame for the devastating blow to Michiana's economy from three Monaco Coach plants closing in Elkhart County, with loss of 1,400 jobs and the negative ripple effect that will leave even more people jobless.



Listening to criticism of Daniels by Democrats, you would think he is to blame. Well, Mitch didn't raise gas prices across the country and bring about a downturn in the national economy. Those are the reasons why Monaco wasn't selling as many recreational vehicles and decided to close the Elkhart County facilities.

But you can hardly blame Democrats such as Jill Long Thompson, Daniels' opponent, for using the plant closings to criticize the governor. After all, Daniels has ballyhooed every plant opening as though it was something for which he should receive credit. Candidates for governor always claim they will do wonders for the Hoosier economy to create more jobs and greater wealth. Daniels claimed just that in running for governor in 2004. Long Thompson claims that now.

The truth is that governors really don't have a lot of control over the economy in their states. Whether the nation's economy is robust or bust is the biggest factor. Individual states are affected a little more or a little less because of the sectors of the economy that are most important the state. Daniels was able to brag about more jobs in Indiana when the nation's economy was good. His critics now point to job losses as the nation's economy has turned bad.

This is not to say that governors can't do a thing to help their state's economies.

They can seek with promises of tax and infrastructure help to lure new industries or encourage expansion of existing facilities. The Democratic governors before Daniels did this. Daniels has done this. Long Thompson would do this. Some might do it a little better than others.

No matter who was governor, however, it would be impossible now to convince General Motors to increase commercial Hummer production in Mishawaka.

Indiana still depends heavily on the automotive industry. That's one reason why the Indiana's jobless rate went up so much in the most recent report - a report before any impact from the Monaco closings.

The governor promises to do all that he can to help those left unemployed by Monaco. He will. Long Thompson, if she were governor, would do all that she could. What governor wouldn't?

We will hear a battle of statistics during the campaign for governor. Daniels will search out the positive in seeking to convince voters that he was effective in getting Indiana braced for the downturn. Long Thompson will draw attention to the negative in seeking to convince voters that Daniels didn't keep promises to improve the economy.

Daniels now cites statistics showing Indiana's jobless rate is better than that in adjoining states. Long Thompson cites statistics showing that Indiana's jobless rate increase in June was the largest in the nation. While Daniels talks of improvements in state rankings for favorable business climate, Long Thompson says Indiana has slipped in state rankings of gross domestic product. Some jobs pay more than others. We will hear rival statistics about the value of jobs retained, gained or lost.

When the candidates talk of plans for future economic growth, they should focus first on a terrible problem over which a governor will have a voice. That's the negative impact on cities and counties and the people from the flawed property tax legislation pushed by the governor and passed by the Indiana General Assembly.

The gravity is shown by South Bend Mayor Steve Luecke's projection that loss of \$18.2 million in annual revenue by 2010 will mean cutting 53 firefighters, 40 police officers and more than 100 other employees, with parks closing, popular programs curtailed and public safety endangered.

Other cities face similar woes. If Indiana cities are forced to make cuts like that, what employer would want to locate in the state?

But that tax legislation didn't cause the recreation vehicle closings, the downturn in just about anything automotive related and the increasing unemployment in Indiana.

Blame decisions in Washington and Detroit more than any action or lack thereof in Indianapolis. State government didn't let the dollar weaken, the national deficit skyrocket, the dependence on oil grow and the housing crisis develop.

Mitch Daniels didn't mess up General Motors and Ford planning and marketing.

If the national economy booms under a President Obama or a President McCain, the governor of Indiana, whether Long Thompson or Daniels, will preside over a rebounding Indiana economy and take credit for it. Only fair. If you're blamed for the rain, take credit for the sunshine.



Colwell has been covering Indiana politics over five decades for the South Bend Tribune. His column runs Monday's on Howey Politics Indiana.



Ken Bode, Indianapolis Star: Today's prediction is that one day next week, you will pick up The Indianapolis Star from your driveway and discover that Barack Obama has chosen Sen. Evan Bayh for the vice presidential slot on the Democratic ticket. Don't be surprised. If it happens, it is interesting to ponder what the pundits and the political class will say about the choice. Many will argue that an Illinois-Indiana ticket lacks geographic balance. For that reason in 1992, Bill Clinton was advised not to pick Al Gore, because he hailed from Tennessee, next door to Arkansas. But Clinton sensed something politically invigorating in the chemistry of the two young families, something that signaled the real change that America seemed hungry for. The same will be true at the convention in Denver with the two young Obama daughters and Bayh's twin teenage sons, along with two attractive, accomplished wives, Susan Bayh and Michelle Obama. Those families, along with the two men who will raise their hands in the traditional sign of victory, will signal a powerful and positive view of the possibilities for change in America. ❖

Sylvia Smith, Fort Wayne Journal Gazette: Were you shocked last year to read about the appalling conditions wounded soldiers endured at Walter Reed? Of course you were. Were you astounded that Defense Secretary Donald Rumsfeld or even the head of the military hospital was not the source of the details in that Washington Post series? Of course you were not. The military brass was not going to put out news releases about the scandalous conditions at the hospital and the cold-hearted treatment – actually, lack of treatment – provided to wounded soldiers from the Afghanistan and Iraq wars. That information came from military personnel and their families, as well as by employees at the Army hospital who were disgusted at the situation. Most did not want their names printed because they feared losing what little benefits they were getting (if they were a patient at Walter Reed) or their jobs. The Washington Post relied on confidential sources to tell the American people something we really needed to know: The Pentagon was derelict in its responsibility for the care of soldiers who were wounded in Iraq and Afghanistan. The use of anonymous sources is not something journalists take lightly. We think readers ought to be able to evaluate the information we print or broadcast based on the source. However, sometimes important stories will not be told unless the journalist can promise the informant's identity will be protected. The Walter Reed series is just one example of times news outlets relied on confidential sources to give us important information. Bravo to Rep. Mike Pence, whose bill was resoundingly approved in the House last fall. Kudos to Sen. Richard Lugar, whose work on a Senate bill might come to fruition this week. And boooooooo to the Bush

administration for opposing the legislation. Attorney General Mike Mukasey told a House committee last week that if 10 angels swore on the Bible that the bill is harmless, he'd still oppose it. Pence said: "If 10 angels swearing on the Bible wouldn't change your view of this bill, would 40 American journalists subpoenaed, questioned or held in contempt do it?" ❖

Doug Ross, Times of Northwest Indiana: Was it just a coincidence? I had been reading "Guns, Germs, and Steel," a Pulitzer Prize-winning book on the fates of human societies, when I got a visit from two people pushing for more federal funding for scientific research. Here's the point made by Daniel Suson, dean of the School of Engineering, Mathematics and Science at Purdue University Calumet: Research is how we train the next generation of scientists, engineers and experts in related disciplines. Obviously, a boost in federal funding for research likely would help PUC. But

Northwest Indiana is in transition. While steel is prospering, jobs in the manufacturing sector aren't as plentiful as they once were. The region is pursuing high-tech jobs. But that high-tech industry won't come to the region if the labor market isn't ready to provide workers for those industries. And the way to attract the professors who can teach them well is to make sure they can earn tenure. Attaining tenure means producing results from research. And research requires increasing federal funding, not reducing it. And think about this: Research and development requires pure research, Suson notes, to provide the knowledge upon which the development can begin. Private companies have to answer to shareholders for results, so the federal government has to fund the pure research. Larry Meyer of the Task Force on the Future of American Innovation accompanied Suson on his visit to The Times. Meyer notes that China and other Asian nations have been pouring vastly increasing amounts into research. So while the United States has been the undisputed leader in innovation, producing a clear majority of patents, "they're really breathing down our necks," he said. ❖

Mark Bennett, Terre Haute Tribune-Star: The image of Peyton Manning watching camp 2008, instead of guiding it, conjures worrisome questions about the future. For longtime fans, there are two Indianapolis Colts eras, before Peyton, and with Peyton. A precision passer with an Einstein-caliber football IQ and a work ethic like an Amish carpenter, Manning has made the days of Art Schlichter seem prehistoric. Yet, as much as they'd like to see him last longer than George Blanda, those veteran fans will someday experience the Colts' after-Peyton period. There's a lot riding on this season. The gleaming, new Lucas Oil Stadium will be unveiled. What happens when Peyton hangs up his cleats? ❖





Treacy returns to Marion County chair

INDIANAPOLIS - Newly elected Marion County Democratic Chairman Ed Treacy said his party is preparing to fight head- ing into this November's election (Indianapo- lis Star). Treacy, who was chair- man from 2000 to 2006, was the only nominee to replace Michael O'Connor in a party caucus Wednesday. Treacy said he was inspired to take over again after the party's recent setbacks in the prosecutor and mayoral races. He said he plans to bring back the win- ning formula that led to a doubling of Democratic elected officials during his previous stint as chairman. His first target, he said, is Mayor Greg Bal- lard, whom he called the "accidental mayor." Treacy said he plans to hold Ballard accountable for not living up to campaign promises. Marion County Republican Party Chairman Tom John said of Treacy's election, "We have further evidence of the tired disarray in the Marion County Democrat Party. Tonight, in their own version of Night of the Living Dead, the Democrats chose to exhume former chairman Ed Treacy from the political graveyard. "



Shield law stalls

WASHINGTON - A federal bill initiated by Indiana GOP Sen. Richard Lugar and Rep. Mike Pence to give reporters limited protection from having to reveal their sources was set aside by lawmakers Wednesday (Associ- ated Press). A Senate vote to consider the bill failed amid a Republican push to debate new energy legislation. The shield law would prevent federal judges from compelling reporters to name confidential sources, with excep- tions for public interests like national

security.

Domingues defends take home cars

CROWN POINT - Lake County's sheriff said he is complying with almost all recommendations of a Good Government Initiative study but argues he cannot give up take- home cars for patrol officers (Times of Northwest Indiana). "It provides greater safety and no overtime costs. That is a dual benefit," Sheriff Rogelio "Roy" Dominguez said Wednesday while presenting his third status report regarding how his department in complying with the Good Government Initiative -- an efficiency push privately financed by the county's largest corpo- rate taxpayers and supported by U.S. Rep. Peter Visclosky.

New Albany looks at \$2 million in cuts

NEW ALBANY - Facing a near \$2 million deficit in its general fund for the upcoming fiscal year, the New Albany City Council is looking for ways to cut back while still providing services to the community (News & Tribune). A loan the city took from its sewer utility in 2003 — which was pushed forward to 2005 — coupled with rising overtime costs in the fire department, led to the shortfall, said City Controller Kay Garry. She said cutbacks likely would be the only way to make-up the deficit, though the State Board of Accounts does not require the difference to be eliminated before the city can pass a new budget.

Howard County may buy new vote machines

KOKOMO - Howard County may have to purchase new voting ma- chines by 2010 (de la Bastide, Kokomo Tribune). Jim Garvin, spokesman for the Indiana Secretary of State's Office, said all machines currently being used

in the state's 92 counties are certified through Oct. 1, 2009. "The vendors can re-apply for certification at that time," he said. Since there are no elections scheduled in 2009, Howard County may be forced to purchase all new equipment before the May 2010 primary election. That could cost Howard County an estimated \$500,000, according to Clerk Mona Myers. Howard County purchased the Election Systems & Software Optech Eagle III in 1997. The machines use a paper ballot that is then scanned into a computer for tabulation.

Edwards ducks reporters in N.C.

CHARLOTTE - It was only three weeks ago that John Edwards was fielding media questions on his chances of filling the Democratic Party's vice presidential slot on Barack Obama's ticket or a potential Cabinet position in an Obama administra- tion (Charlotte News&Observer). On Wednesday, however, the former U.S. senator and 2004 vice presi- dential nominee was eager to duck the press when the questions took a tabloid turn. About a dozen report- ers and photojournalists attended a speech Edwards gave to an AARP Foundation symposium on poverty and aging in Washington. Afterward, he avoided most of the waiting report- ers, at least some of whom wanted to question him about recent reports in the National Enquirer that alleged an inappropriate relationship with a former campaign videographer. Cit- ing unnamed sources, the Enquirer published a story in October claiming that Edwards was having an affair with a woman who filmed a series of campaign videos. The story resurfaced last week in the online version of the Enquirer, which claimed that Edwards had visited the woman and their "love child" July 21 at the Beverly Hilton in Beverly Hills, Calif.