

BUSINESS

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Morton Marcus
ON BUSINESS

Are bucks worth state honoring a traitor?

I drove north last week from the Caesar's gambling facility in Harrison County.

Instead of taking the usual roads, I twisted up the cliffside overlooking the Ohio River via Doolittle Road. Then I went through New Middleton to Corydon before I joined the state highway system. It was a delightful drive that I never would have known about from anything on the state's tourism Web site.

Yes, I can hear the usual lament, "Wait, we're working on improving our materials. You know we don't have enough money."

I've heard that story for more than 30 years. It no longer compels any sympathy.

To my surprise, twice I saw relatively new signs marking the route taken by John Hunt Morgan as he and his rebel followers raided in Indiana in July 1863.

The signs encourage the driver to follow the "John Hunt Morgan Heritage Trail." What is this "heritage" that commemorates the adventures of a traitor to the United States?

Morgan was a rogue who disobeyed the orders of his commanding officer when he crossed the Ohio River to invade Indiana, to disrupt Union supply lines, steal provisions from civilian families, cut telegraph lines and burn bridges. Now a group identified as Historic Hoosier Hills, Resource Conservation and Development Inc. is calling attention to Morgan and his 2,000 or so treasonous followers.

In a state where roads are so poorly marked, this group has the money to put up these signs that glorify criminal behavior. The signage on our highways is grossly inadequate. There are no signs of reasonable size nor any containing sufficient content to direct motorists to the excellent visitors' welcoming center in Hammond.

Often drivers on our streets and highways are expected to merge without any signs or lane markers. Frequently you get to the intersection before knowing that you are in a lane restricted to turning traffic.

In some cases, the inadequacy is the fault of the Indiana Department of Transportation; in other cases it is a failing of the local street authorities. No matter who is at fault, Hoosiers and our visitors are endangered.

But there is money to lay out the route of vandalizing rebels from 140 years ago. Where is this money coming from? The answer is a nonprofit organization representing nine southeastern Indiana counties.

Although one cannot tell with certainty, there is a suggestion that federal and local tax funds are being used by this Hoosier Hills organization to further its purposes.

The Hoosier Hills Web site treats Morgan's raid as something about which schoolchildren should learn. The presentation of Morgan's detailed activities is almost totally nonjudgmental. Although the men are described as unruly and "freebooters," I doubt that children or uneducated adults would understand the egregious nature of their actions.

I presume that the Indiana Department of Transportation and other governmental agencies have cooperated with the Hoosier Hills folks by allowing them to post their signs along state highways and county roads.

I know that some people in southern Indiana have never conceded the defeat of the Confederacy. The rebel flag has a certain defiant meaning for too many of our fellow citizens.

But is Morgan's raid to be honored by Indiana? Or is this just a localized, crass attempt to attract some tourism dollars from Civil War buffs?

Morton Marcus is an economist, formerly at the Kelley School of Business, Indiana University.



Hybrid car owner Matthew Nemerson stands next to his Toyota Prius in New Haven, Conn., in June.

Big tax breaks await hybrid owners in '06

Credits from \$250 for truck to \$3,150 for Prius

By JOHN HEILPRIN
THE ASSOCIATED PRESS

WASHINGTON

Hybrid cars are a good bet for tax breaks in 2006. The new year will bring more savings for buyers of at least 13 gas-electric vehicles, with those showing the most improvement in fuel efficiency securing bigger tax breaks for their new owners.

The breaks will come in the form of tax credits, and they range from \$3,150 for buyers of the Toyota Prius to \$250 for Chevrolet's Silverado pickup truck, according to an analysis by the American Council for an Energy-Efficient Economy.

The credits give buyers of American hybrids incentives similar to those now enjoyed mostly by Honda and Toyota owners.

Official figures on the hybrid tax credits weren't available Friday from the Internal Revenue Service.

The new credits became effective Sunday.

The law previously allowed buyers of one of eight hybrid models in 2005 to qualify for a \$2,000 tax deduction from their income taxes. That would come out to about \$700 for people in the 35 percent tax bracket, and less for those in lower brackets.

"For our family, it made the most sense to not take delivery until 2006,"

"It's not an inexpensive car, but the savings in gas along with the tax credit made it a no-brainer for us with all the driving that my wife has to do."

John Krivit
Professor whose family bought a hybrid car

said John Krivit, an associate professor at The New England Institute of Art, whose wife, Robin, drives 52 miles a day shuttling their children to school around Boston.

"It's not an inexpensive car, but the savings in gas along with the tax credit made it a no-brainer for us with all the driving that my wife has to do," he said. "Not to mention the good feeling that you're doing something positive for the environment."

A few months after a car maker has sold 60,000 hybrid vehicles, the tax credit begins phasing out, reducing the chance buyers late in the year will get the same break as those who buy in January or February.

At least 13 vehicles in 2006 are expected to qualify for tax credits, which are determined by how much fuel efficiency is improved. Alternative-fuel cars can get credits, such as \$3,600 for a natural gas-

powered Honda Civic GX.

Some states provide additional incentives to hybrid buyers.

Even buyers of hybrids that are less efficient than some gas-only vehicles would get breaks, including \$250 for a four-wheel-drive Chevy Silverado. It only gets 17 mpg in the city, but that is still an improvement over the fuel efficiency of a gasoline-fueled Silverado.

Although a non-hybrid Volkswagen Jetta gets twice the mileage of the hybrid Silverado, the Jetta does not qualify for the tax credit because its fuel efficiency did not improve enough to qualify.

The focus on hybridization instead of actual gallons saved hurts efforts to reduce oil dependency, said John Coequet, an energy policy specialist for the environmental group Greenpeace. "Handing over this little tiny rebate to the inefficient hybrids is a way to recognize their very hesitant acceptance of this technology."

Some drivers of gas-sipping hybrids don't mind sharing the wealth with less-efficient models.

Sev MacPete, president of the Prius Club of San Diego, planned to pick up his new Prius on Monday to qualify for the tax credit. He says it makes sense to give tax breaks to people who buy less-efficient hybrids because they aren't likely to look at more efficient cars, and any improvement helps.

Low-cost airline Independence to cease flights after 19 months

By DERRILL HOLLY
THE ASSOCIATED PRESS

CHANTILLY, Va.

Independence Air, which won fans with its low fares, announced plans Monday to cease operations just days into the new year.

The carrier said its money troubles will force it to cancel all departures after 7 p.m. Thursday. The end came less than 19 months after the airline's first takeoff.

"Things traditionally in the airline industry slow down drastically in January, so the total number of people that are going to be affected by this is much less than it would have been during the holiday season," said Rick DeLisi, a spokesman for Independence Air.

It was not immediately clear how many people had tickets, which DeLisi said the airline would continue selling through Thursday. On Monday afternoon, flights could still be purchased



A customer receives service at the ticket counter of Independence Air at Dulles Airport in Chantilly, Va. Less than 19 months after the low-cost airline launched it announced Monday that it would shut down this week.

on its Web site.

"A lot of people have described the current economic conditions in the industry as the worst ever in history, and that's certainly proved to be the case in our situation," DeLisi said.

Thursday will be last day of work for most of the 2,700 employees, though about 180 will remain to close out the carrier's affairs.

The airline filed for bankruptcy protection in November. Parent company FLYi Inc. tried in vain to find a major investor or buyer.

"There has not been a firm offer put forward that meets the financial criteria necessary to continue operations," Kerry Skeen, Independence Air's chairman and chief executive officer, said in a statement Monday.

Moderate growth in economy predicted

Analysts say red-hot 2005 probably won't continue into 2006

By PATRICIA SABATINI
PITTSBURGH POST-GAZETTE

As the nation enters its fifth year of an economic expansion, the big question is: Will the economy be naughty or nice in 2006?

The consensus seems to be nice, although probably not as agreeable as it was in 2005.

The economy surprised many forecasters in 2005, quickly regaining its footing after a battering by hurricanes and energy prices.

"You can't help but be impressed with the U.S. economy's performance in 2005," said Bernard Baumohl, executive director at The Economic Outlook Group in New Jersey.

"Its resilience in just the last few months has been nothing short of remarkable. There was lots of talk of stagflation, recession, a plunge in confidence, a collapse in housing, and consumer spending shutting down. But none of these scenarios materialized."

Instead, the gross domestic product actually picked up in the third quarter and is expected to finish with a gain of about 3.7 percent for all of 2005, down modestly from the robust 4.2 percent growth posted in 2004. Inflation remained relatively tame, unemployment held steady and job growth was satisfying as crude oil and gasoline prices dropped back from record highs and rebuilding began along the Gulf.

Heading into 2006, most economists are forecasting solid growth ranging from about 2.8 percent to 3.5 percent, below the past two years but better than at the beginning of the expansion cycle in 2002 and 2003, when GDP — a broad measure of the value of the nation's goods and services — rose by 1.6 percent and 2.7 percent respectively.

Business spending should be the hot spot next year as businesses, flush with cash, look to further improve productivity and reduce operating costs by upgrading plants and equipment.

Consumers, meanwhile, who have been spending like crazy the last four years, will pull back, buying fewer new homes, cars and other big-ticket items and will focus on saving again, economists say.

"With the housing sector now cooling and interest rates rising, the home equity cash faucet (which has been feeding consumer spending) is about to dry up," Baumohl said.

Still, a more frugal consumer won't be a show stopper, Global Insight economist Brian Bethune said.

His firm is forecasting consumer spending will grow 3.1 percent next year compared with an estimated 3.5 percent in 2005, while the Economic Outlook Group projects less sprightly growth of 2.5 percent in 2006 on the heels of an estimated 3.3 percent this year.

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