

Federal Reserve Bank of Chicago
Fifth Annual Summit on Regional Competitiveness
October 16, 2017

**Meet the Press: Leading Journalists Assess the Region's
Prospects**

MR. TERRY MAZANY: I know this is one of those things that you're probably not supposed to do, like picking a favorite among your children. But I've been part of this conference for five years now and I've been a part of, or been able to listen to a lot of different panels, but I don't recall looking forward to a panel as much as I have this upcoming panel.

So I'm very pleased to have the opportunity to introduce Niala Boodhoo, who right now is the startup host and executive producer of The 21st, which is a statewide news talk show produced by Illinois Public Radio. But we will forever claim Niala as one of our own because she got her degree from the Medill Journalism School at Northwestern. And most recently was a host of a midday show at the NPR affiliate, WBEZ, here in Chicago.

And so she has actually moderated panels for us in the past. And when we decided to put together this Meet the

Press Panel, we decided that we should have somebody who was in the media who knows how to handle the media do this. And so we were glad to be able to reach out to Niala and very happy that you agreed to do this for us. So I will say that Chuck Todd's got nothing on you, and with that I'm going to turn it over to Niala Boodhoo.

MS. NIALA BOODHOO: Thanks, Jerry. Wow, what an intro. So thanks all of you, and I want to introduce our panel in a minute. But I know you guys all day have been sort of talking about the whole idea of our regional economy. And we know that the economy centered around Chicago is the third largest in the country.

What we wanted to talk about today is: Do we really act that way? Do our political leaders act that way? How is this -- what is the reality on the ground? And that's sort of the point of this panel from the perspectives of all of us who work in the media.

We're going to talk about the things that do grab the headlines when you talk about economic competitiveness, which of course would be Foxconn and now Amazon. But we also want to go beyond that a little bit and look at transportation, on water, and other issues that maybe aren't as sexy, but may be where politicians are working together.

So let me just introduce our panel. Joining me today, Greg Hinz is a political writer and columnist and blogger for Crane Chicago Business. And he covers politics and government, everything from City Hall to the State House and General Assembly with a special interest in urban development and transportation.

Jim Dedelow is the owner of WJOB in Hammond, Indiana, where he also hosts its morning show. And John Schmid focuses on economic change and globalization for the Milwaukee Journal Sentinel. And my show actually airs on five stations throughout the state.

So while my home station is based in Champaign-Urbana, we go as far south as Springfield and up to Rockford. So a little bit out of this MSA today, and my past life as a business reporter I covered a lot of these regional economic issues.

So gentlemen, I want to welcome all of you today. And I thought we could start -- John, why don't we start with you. I think Chicago is always the heavyweight in the room, so Greg, I will let you go last.

John, if you could start with just sort of the view from Milwaukee, in terms of what it looks like, in terms of regional cooperation.

MR. JOHN SCHMID: I'm originally from Chicago, and I

spent a bunch of my career in different parts of the world after that. When I ended up in Milwaukee, the idea of a story about creating a 21-county, three-state, three-city metroplex makes total sense, it's like Shanghai. It's like intuitive that you would want this, economies of scale.

These regions have share, near identical urban issues, and that came up earlier with the question from Dr. Upflow (phonetic) from Marquette and the guy who talked about collective impact in the Woodlawn neighborhood.

But there are rural issues, and there's an awful lot of natural sort of cohesion that would take place in this region. And so from the perspective of (inaudible 0:07:09) law of Milwaukee, it's an area that would, honestly, should be looking for any economic competitive advantage that it can.

The journalistic question is: Will these regions make it? And here's a couple of data points that you probably haven't heard. Milwaukee is the third poorest city in the nation at last count. Yeah, it lacks the vibrancy of downtown Chicago, for sure. Wisconsin has woefully far behind on startup activities. Wisconsin has lagged the nation in job creation since 2011.

So these are the kind of metrics where you should be thinking that it's a no-brainer to try to stitch the area

together. But I went back and looked, and I've been writing about this story since 2012 on and off. And one of the themes that has always come up is that this idea as intuitive and as important and as critical as it is, doesn't get much of a hearing.

The gentleman in the previous panel talked about how the Wisconsin effort to create a regional transportation authority was killed. There was quite a political back story on that, but there's just very little by the way of recognition that there could be any kind of policy integration in a region.

There is job poaching. There's actually competition in areas where you could easily imagine that there should be cohesion. So it doesn't seem to be happening. And as a journalist, because I ask questions, it seems like this body, the Alliance, really should be the agency that we should be watching to create the 21-county coordination effort and get that underway.

But I guess the question that I have is, and I'll just leave it with this, but if the idea is to be competitive in an era of globalization to really understand that the rivals are in China, it seems like we're having this conversation in a political environment right now where it's really hard to get a hearing for globalization

competitiveness issues. There's a big body in the United States right now, politically speaking in this environment, that's anti-NAFTA. The Transpacific Trade Pact similarly discredited even though it's meant to project American influence into Asia.

NATO has come under attack, to my great astonishment considering that it won the Cold War. Just very recently UNESCO and the Paris Clean Air Pact. So it seems like the people who are organizing this effort have an uphill, upstream battle because if it wasn't tough enough to get the debate started, right now it's a very difficult environment.

MS. BOODHOO: Yeah thanks, John. Jim, when you think about Indiana, I'm thinking about during the worst, well, I don't know what point would be the worst of the budget standoff and passing Illinois, but having Indiana's Economic Development Director on my program talking about how this was a great opportunity, and how many companies were being lured across the border. We all remember that Illinois signs that went up. What's going on in Northwest Indiana these days?

MR. JAMES DEDELOW: Which is very much my surprise when I was asked to talk on this panel about cooperation when (inaudible 0:02:32). I thought we were supposed to

just steal Illinois businesses or Illinois taxes. Now I can tell you this, I think it's kind of weird, I haven't been up here ever in this building, and I was walking up through the Board of Trade area here where I traded for 18 years before buying some media properties.

And it just kind of came back to me, walking into those pits every day with all the Illinois people, maybe one or two other Hoosiers and maybe one or two other Wisconsin people out of, say, three or four hundred men standing there.

And every time there was a joke about a farm or a steel mill or some sort of negative industrial thing, they all looked at me and they all pointed and "Hey, were you involved in that? Was that your F-150 with the saw cutter on the back that I saw on the side of the Dan Ryan?"

And really what it comes down to, is in my mind, is that it's an image problem, specifically for Indiana and Northwest Indiana. And there's a whole bunch of folks here that are from Northwest Indiana that are working on that. But before we can get past and we can talk about the great transportation projects that we have coming, the good water -- or we have good water in Hammond and Gary, and the airport, and all of those things, we have to be taken seriously by Chicago to be part of this.

And it's an almost an overwhelming task to be able to make our imprint. I had a kid up in Wisconsin, so I went to Madison, drive through the City all the time, and then you get to Indiana and you just get a different feel. And I don't mean this to any of the people from the Illinois side, but we get a feeling as if we are looked down upon and not wanted. And I see John here shaking his head.

So this effort is a great effort, and I'm like, "All right, three states together, think about that imprint." It's like it's a country, what we can all do together, but right now politically, economically, the groups don't talk to each other. I bring the economic development people on the show, first thing they're talking about is, "Hey, you know, we got this company from Illinois. We poached this one."

I don't see a lot of existing working together. And quite frankly, unless there's a grassroots movement that I'm not aware of, you know, I just don't see it happening right now. So I'm glad to be part of the discussion, but I'm just going to be honest about it. And the other thing I wanted to say is the reason that I've never been in this building is because when you're standing in the pits of the Board of Trade, anything that starts with "fed", you stay away, so I'm out. You're actually sweating right now.

There you go.

MS. BOODHOO: Greg.

MR. GREG HINZ: Well my colleagues have done a pretty good job so far about bringing a pail of cold water to those of you who are great believers in Kumbaya. It's regional. I mean, regional divisions -- I don't know why there's regional divisions. I mean, any good Chicagoan could tell you that somebody from Wisconsin is a Cheesehead. And that as I've written in my column more than once, one of the great economic advantages that Indiana has is the electricity bills are low because they close at dark at night. But there's a little hope here that I'm going to get to, but first I want to put a couple more leaves on the tree.

New politicians in some ways are the Rorschach test for what's really going on in the world. That's why I find it real interesting that our new U.S. senator, Tammy Duckworth, last year or this year had her first maiden bill. The thing that she's always going to talk about her entire career is the one thing she accomplished first.

What did she do? She passed a bill to block a proposed federal rule that would have effectively merged Chicago Metropolitan Area for Planning with its counterparts in Southeast Wisconsin and Northeast Indiana

and forced them all to work together on the same page. And the reason they did it is that it was an unanimous feeling in all those states of "What, run my transportation priorities by the governor of Indiana or Rahm Emanuel or Scott Walker? We don't want to do that. We want to be independent."

That is, indeed, is the mindset that you all are having to deal with. It's just a reality. There was a great example of that recently with Foxconn, which congratulations to the folks in Wisconsin. It is going to go there. They're talking of maybe 10,000 jobs, \$3 billion dollars in incentives.

And the reactions from the politicians in Illinois was, "Well, great. We might be able to get some of those jobs for our people without having to spend the money. They can spend it up in Wisconsin." And the reaction from some of the public officials from Wisconsin was, "Wait, can't we add a clause to this contract, that they have to hire from Wisconsin only?"

I mean, that's the reality that you're dealing with even though the bigger reality is that -- you know this better than I do, the competition now is by region. It's not by city, it's not by state. Chicago is competing not so much with Cincinnati or Kansas City or St. Louis, they

are competing with London and Paris and Frankfurt.

And in that competition, one of our strategic advantages, other than that they piled the blue water over there a few blocks to the east, is our labor pool. And the fact that our labor pool is cheaper than the labor pool in New York and London. And it would be even cheaper if we brought into our fold smaller cities that are close, like Indiana and Milwaukee, and specialized out some of the functions.

Maybe have the big fancy headquarters functions that pay ton of money in downtown Chicago, but there's a lot of other stuff that you need if you're a bank or a finance company or you're in media or whatever. And we do a lousy job of coordinating that and getting those people into our job market.

Clearly, transportation feeds your ability to offer a world-class town at competitive prices. We do a lousy job of doing that even though it's in our self-interest because we tend to be parochial. You know, take care of ourselves and we don't care about anybody else. Now, there is a way sometimes, to work that to your advantage, though.

Those of you who are familiar with Illinois politics will probably know for the last two years, our mayor, Rahm Emanuel, and our governor, Bruce Rauner, spent every day

throwing bricks at each other's head. Oh, that budget. You know, CPS, Chicago Public Schools is a terrible outfit, we can't we can't spend money there. Bruce Rauner hates Chicago. It went on for two full years until they finally agreed to a budget and they passed it.

But yet, here comes down the road, Amazon Company, lets it be known that, "Gee, we're thinking of setting up a new headquarters with 50,000 jobs that pay \$100,000 a year each." Have you seen one word of nastiness between Rahm Emanuel and Bruce Rauner since that news came out? No, not one. In fact, by all indications, they and their staffs are working very closely together.

My point is, if you are going to get things done in life, you've got to show the great promise at the end of the rainbow, the bucket of gold. The concept of, "Oh, it's good for us and we need to work together and be innovative, and it will help us out," it's like telling people to eat the peas; it doesn't work. You need to show the great promise, as in Amazon. Here is what you could have. Here's what you could run for re-election on. You have to vet, you all, and I certainly need it, too.

If we are going to get on the same page, we have to focus more on finding things like that to offer people and less on the negatives.

MS. BOODHOO: So, I want to go back to Amazon in a second, and I want to ask about Foxconn. And by the way, we are going to take questions, so be thinking of your questions that you have for all of us. We're going to get to that at the end of this.

Let me ask you just about Amazon first, though, before we get to Foxconn, Greg. Interestingly, Governor Rauner is also working with St. Louis and saying -- I don't know how closely, but saying also if we have the Amazon headquarters in St. Louis, that's also good for Illinois.

So I'm curious the thoughts, and anyone jump in here, but Greg, why don't you start with just the notion of he's getting that, the regionalization, at least from the Amazon perspective. If he's obviously publicly talking about Chicago, but then also saying, "Well, we're also working with the St. Louis area because we know that we have East St. Louis and all of that downstate."

MR. HINZ: If you talk to the Governor's people privately, they wouldn't put it this way, but what they say is that was a little bit of disinformation. If you're Bruce Rauner, and you're the governor of Illinois, and you're running for re-election in Illinois, and there's votes in the St. Louis area, Metro East, and city right across the river is going to put in a bid, you can't

publicly dis it. You throw them a bone.

But I guarantee you, what they are pushing for because they think the facts line up that way, is that Chicago is the real bidder, not St. Louis.

MS. BOODHOO: Let's talk about Foxconn for a minute. John, did Wisconsin win? Did Wisconsin lose? What's sort of the sentiment there, politically? I am curious in terms of reaction.

MR. SCHMID: That question will have its real definitive answer in five to ten years from now. On the one hand, it's supposed to be a hyper-automated facility that integrates artificial intelligence, so you're talking high-end technological manufacturing. And that's supposed to be a great leveler between, say, low-cost production areas like Vietnam and China, and the United States.

So it'll be a great testing ground for that theory. It will be a nice initial shock or burst or catalyst for some economic development, for sure. There's no doubt that it was selected on the 94 Corridor there between Milwaukee and Chicago precisely because of the proximity to Chicago, notwithstanding, and I've heard all those jokes too, and the bitterness on both sides.

You know, we're paying so that those fibs can have our jobs, and that's if it works. Unfortunately, that thing

that doesn't go away with this, to your question, is the argument that one hears across the spectrum. And I did a lot of my reporting on these stories by calling Asia, calling folks in China who know Terry Gou, who is Foxconn, the founder. Talking to folks in Taiwan, in Hong Kong and even in Tokyo because they've got a big Foxconn state now. The logic is more political than economic disproportionately so. If it was economic, if there was strong, clearly articulated economic reasons for Foxconn to come to the United States, then the debate might be a little different. There would be fewer skeptics around.

But it is very economic. The current political environment again is anti-trade pact. How do you keep in the good graces of the United States? How do you avert any tariffs, any fees, any penalties by investing in the United States?

So many people see Foxconn as a response to that part of the political climate. And so, one of the facts, (inaudible 0:06:57). That's what I hear. That's what folks say, call them skeptics or not. However, you can't stand in the way of globalization, either. It will have a positive impact for those people in this room who are trying to further that civic debate on regionalization.

If Foxconn gets off the ground, if this large facility

is built, it could easily advance the idea of moving that commuter metro line from Kenosha north and people -- there are business folks who've been screaming for that forever, not just rail enthusiasts who've seen the rail. But you know, the clear business strategy for that.

It'll be interesting to watch. It's really quite too early to say what level of investment Foxconn is going to bring to the region.

MS. BOODHOO: Right. And I guess I'm curious about the political, sort of what the political conversation is. I mean, a little bit more to Greg's point, is everybody at this point saying this was, at this point, worth the investment from a political standpoint?

MR. SCHMID: Is everybody saying --

MS. BOODHOO: Politicians. What are politicians saying about it?

MR. SCHMID: When it came down to voting, it became very partisan. Again, I have to go back to economics. In talking to the people in Asia about what is Foxconn's interest, they all said it is political. The idea now is to build something called 8K screens. They have resolutions what's beyond even what your eye can discern as pixels anymore.

So it's going to be the -- one of most extremes you're

ever going to get until we get 3D holographic images. Maybe that's going to be the next thing to come out of Racine, Wisconsin.

In China already and in Japan, there are already not just Foxconn, but a handful of fierce competitors building these screens and they are prepared to ship them all across the world. Prices are dropping. There is already, if you want to just talk about it in economic terms, what looks like a market that is being satisfactorily met in terms of supply and demand for these screens.

What are you going to add by continuing to produce them in a region in Wisconsin that does not have the ecosystem, does not have the economics around it of consumer electronics, has higher wages. You're adding capacity at higher cost to an industry that some analysts that you can find right now who write these reports says it is already at capacity. So it's really quite an open-ended question. It might be visionary and it might not be.

MR. HINZ: Let me add to that just a little bit. Given the price tag of \$3 billion dollars-plus for maybe 10,000 jobs, I don't think it could have sold that deal to Illinois. I don't any our legislatures would have approved it. Not that we're a Bernie Sanders state. We were a Hillary Clinton state, but not by a lot.

I think instructive was the recent Democratic gubernatorial debate about 10 days ago. In which the question of Amazon came up. And amongst most of the candidates, the reaction was, "Why do we want to pay welfare to those guys? Can we do something for our poor people instead of throwing money at big rich corporations?"

Of the leading candidates, the only guy who, in my opinion, gave the right answer was J.B. Pritzker, who said, "Well, you look at what you're offering. And you look at what they are giving and you see if it's a good deal. If it's not a good deal you say, 'No.'" That's the right answer.

MS. BOODHOO: Is that the right political answer?

MR. SCHMID: For reasons that people -- yes. But can they demagogue? You bet. If Rahm Emanuel -- saints preserved, if Amazon decides to come up here, and Rahm Emanuel thinks he can do a little tap dance at City Council and run it all through with five minutes notice, and no public hearings, he's going to lose. They have to sell this deal.

MR. DEDELOW: Or can I follow up on the Amazon deal? Would you consider Bruce Rauner and Rahm Emanuel, the silence between them and the behind-the-scenes dealing with Amazon, as a real possibility? I mean, is it something

that is genuine?

MR. SCHMID: All I can tell you is what the people involved are saying and what outside observers, who I trust are saying, is if you look at what Amazon says it's looking for, Chicago fits the bill.

MR. DEDELOW: Okay, so let me just use this as a real-world example of what I started to talk about. Bruce Rauner is pursuing Amazon, and it's real. Gary Mayor, Karen Freeman-Wilson, writes a letter, puts it in the New York Times and it is actually laughed about on Chicago television in a number of different areas.

And the giving of welfare to Amazon in Indiana would probably not be nearly as big of an issue in that it will take just about -- we would certainly take that and move that over. But I'm just showing, I guess, just a real world example of the different image.

MS. BOODHOO: It's a question of -- I think that's, Greg, you would say from Chicago's perspective, like not the laughing aside, but just when we look at it, you're talking about labor pools. I guess when we talk about the reality of what exists for comparing Milwaukee to Gary to Northwest Indiana to the Chicago area. Where is the incentive for Chicago to reach out to Northwest Indiana?

MR. HINZ: The incentive for Chicago to reach out is

that if the City has a bigger effective labor pool, and more resources that it can bring to the table, it has more to offer potential employees. It sets up, but it's somewhat of an attitude just so (inaudible 0:05:00) it could be a problem, if necessary? Yes. But sometimes you need to do things in your own self interest; you have to eat a little bit of crow.

MS. BOODHOO: Well, what's up about -- I mean, you brought up Senator Duckworth and transportation. I wonder if we can spend a minute talking about just, for example, the RTA. Where that's at? Where we're looking at?

Transportation sort of always seems to be the logical place where there's a clear need to work together. And any of you guys jump in here in terms of where -- if we see -- is there any room for hope or success in what we've seen with regional transportation work?

MR. HINZ: You know, I'll jump on that. Obviously, I don't know if you guys have talked about this morning, but obviously looking at a billion-dollar extension of one of the one of the few train extensions in America that we're looking at right now in two directions. And ultimately that is to bring people to downtown Chicago.

And for whatever reason, it doesn't -- you know, it's kind of an Indiana thing saying, "All right, we're going to

build this train and we're going to extend it into the neighborhoods and we're going to send our people to Chicago to get jobs and bring their money back." But is there any real cooperation between that? I mean, I don't really see it.

But I can see how, I mean, if you really thought about it, what would this thing -- and I know there's people here that are going to say this is heresy because they work for the South Shore. But if you really looked at it, if all the spokes went out and they were part of the same piece from downtown Chicago all the way to South Bend and into Lowell and all that, then you would have a much stronger transportation system to present to people like Amazon.

MR. DEDELOW: I have to say that you're correct that the cooperation between the Illinois folks and the Indiana folks, transportation is limited, even within the state of Illinois. I wouldn't brag too much about what the RTA has done.

Yes, there is a common funding stream. Yes, they all kind of sit at the table. But there's all kinds of things they could do that they haven't done.

We still don't have a uniform -- only in the last year or so have we started to get uniform fare structure, which is piece one in coordinating transportation.

MS. BOODHOO: Great. And so do we look to -- where is a model for this? So we look to London? Where do we look for a transportation model of how this should work well? New York?

MR. DEDELOW: Europe. That's what stitched all of Europe together. You've got dissimilar cultures and languages. You know, Europe is still integrating itself under the currency that it created.

MS. BOODHOO: Disintegrating, actually, it is a --

MR. DEDELOW: Well, to that point, you'll notice that the rail network of Europe is very cohesive. It has everything that the RTA could ever dream of, but it doesn't reach Greece. Just think about that.

When I was in Chicago, I covered the RTA and it was a very Republican run, very proud organization. The Republican Party of Wisconsin is almost equally proud that it's anti-rail. I can't begin to fathom what the political thinking is that is anti-rail when rail can --

MR. HINZ: -- to Madison.

MR. DEDELOW: Yeah. Well, the idea of extending a metro commuter rail is sort of a Foxconn-instigated idea, would resurrect an old project that already died once. The bullet train between Chicago, Racine/Kenosha, Milwaukee, Waukesha/ Madison and Minneapolis, that was actually a live

idea.

I think it died for, it's fair to say, political indifference in Wisconsin.

MS. BOODHOO: Yes. Let's talk a minute about water, just first really briefly before we get to questions. John, when we were kind of preparing for this, you were talking about Milwaukee. And that is sort of a point of you see visionary regional leadership there. Can you talk a little bit more about that?

MR. SCHMID: Yeah, I command like everything from the perspective of a journalist, and when you have an opportunity to write about a new global sector that's growing, that's in clear demand, that's green, that's global, then it's cool, it's sexy. It's really interesting to watch how intuitive it is, how people get it. Oh, water technology, water management, water policy, water, the resource that everyone needs, water for life. The quintessential resource. It's ever dirtier, ever pricier.

It's a commodity that everyone used to take for granted. And if you talk to people in California or Atlanta or Beijing or the people on the Ganges in India, and they'll say, "No, we don't take it for granted." So the idea is very intuitive and it caught on like nothing I've ever seen before. It's in its growth phases.

The folks in Milwaukee, some of them are in this room who are piloting that project have seen it grow really quickly to the point where they routinely go on trade missions to India and China and the Middle East just to suss out where this market is going.

So it's got potential. Chicago may be the 800-pound gorilla in the region, no doubt. No one's going to dispute that it's a global city, but it's probably Milwaukee's best opportunity for some leadership on the regional issue.

MS. BOODHOO: I want to get to questions in the room. You guys can ask us anything. We have good representation here because we have kind of industry, business, commercial radio, newspaper, public radio. So whatever you want to ask us about our industries and how we cover this. It would be great if we had questions. I know people probably also have statements they want to make, but if we could start with questions that would be great.

MALE SPEAKER: To our radio people: Why does WBEZ ignore Indiana? And Jim, the question to you is: Is your signal powerful enough to get to the Illinois border?

MR. DEDELOW: It goes to downtown Chicago, to Joliet.

MALE SPEAKER: It does?

MR. DEDELOW: Got FM that goes downtown.

(Simultaneous conversation.)

MALE SPEAKER: -- a three-watt station.

MS. BOODHOO: WBEZ actually is a Northwest Indiana bureau. So Michael Puente, they have a reporter in Crown Point. WBEZ has a bureau in Crown Point, Indiana and Michael Puente is based there.

MALE SPEAKER: How many days of the week?

MS. BOODHOO: Well, he's a reporter.

MALE SPEAKER: Oh, so he is sleeping most of the time?

MS. BOODHOO: Okay, I think all public radio reporters work pretty hard, so I am not going to comment on that. But Northwest Indiana is part of WBEZ's local bureau strategy. So there are bureaus on the south side of the city, the north side of the city, the west side of the city and Northwest Indiana.

And Michael does lots of reporting for Indiana. And he's on my show. All of the public radio stations throughout the state cooperate with Indiana public radio stations, and also Missouri public radio stations and share content. So Michael's stories about Indiana are actually on the air all over Illinois.

MR. DEDELOW: You know, I'll follow up on that. Michael Puente used to work for me, and of all the Chicago based radio stations, and quite frankly even television stations, probably the public radio gives the best coverage

of Northwest Indiana.

I don't know why that is, but maybe it's just because of the one guy, but they cover us all the time.

MALE SPEAKER: Niala, when you introduced this panel, you posed the question: Do the leaders of each of the respective sub-areas act in sync consistent with regional cooperation? I'd be interested in knowing from each of your panelists if the citizens in their regions think and act consistent with regional cooperation.

MR. HINZ: The short answer is probably "no." I think probably a good example of that was a few years ago when Republicans last ran government in Illinois, they tried to take over O'Hare. There was largely a big fight over patronage and who gets to hand out the contracts and so forth.

And the way the City was able to get around that was to cite an old obscure state law and give a bunch of money to Gary, to its airport. So we can't have the airport in Peotone. We have to have another regional airport in Gary. And it was a political stunt. Everybody knew it was a political stunt.

But there was a real effort by some folks, in part out of here, to try to revive Gary as an alternate to Peotone. I wrote about it at the time. I don't think it got a lot

of pickup, but boy, it made a lot of sense because you have an area that clearly needs economic development. It's 20 minutes away from the Loop.

I mean, if you can't put together the economics and growth potential there -- but nobody really jumped at it because it was on the wrong side of the border, and none of the Illinois politicians wanted to send a bunch of money to Indiana. And to answer your question, I didn't see any citizen outrage about the lack of action.

MS. BOODHOO: I imagine, though, that has always been still foremost in the minds of folks in Northwest Indiana.

MR. DEDELOW: To give you an example, I mean obviously the answer, the real short answer is, "Absolutely not." The only thing that people of Lake and Porter County of Indiana, which is in this MSA, are more wary of than Chicago is Indianapolis, as you well know. But the answer is - I'll give you an example.

We are trying to put a \$50 million dollar emergency center, MAC, Multi-Agency Coordination Center in Northwest Indiana, and there is momentum for it. And then there started to be some momentum with coordination with folks in Chicago, and putting the nuclear blast zones, and where would we put the center? Just outside the blast zone, and then we would work with Chicago to get this done, and the

state of Illinois.

As soon as that came into the equation, the thing lost steam very quickly because of the lack of trust in doing anything large with across the border. So there are very few things that I see where people and my listeners and callers and that have any sort of trust to work across the state line.

MS. BOODHOO: What about Milwaukee, John?

MR. SCHMID: I sort of feel like I'm dovetailing on what was said already. Just when you get around to Greg in particular with his funny Cheesehead and Hoosier jokes. There is an equivalent --

MS. BOODHOO: You did say "fib," I feel like I should point out.

MR. SCHMID: As a reporter, I just quote what other people say.

MR. HINZ: John, let me just say on behalf of the people in Chicago, I hope your quarterback gets well real fast right after the end of the season.

MS. BOODHOO: All right.

MR. SCHMID: Greg, I'm hurt, you know. In Wisconsin, we're in mourning right now. The Packers are a state religion, and we mustn't make fun of religion. But there's a similar sort of dinner table, you know, kind of tone and

tenor in Wisconsin. We pay tolls to drive on your roads, I hear that a lot.

But we're your playground. When you want to drive out of the country, you can either choose the soybean fields and corn fields of Illinois, which are quite boring and flat. Or you could come to our glacial sculptured lakes and rivers and streams and snowmobiling and fishing and no end of good outdoor life that is offered here in Wisconsin, and you don't have to pay any tolls.

So I hear that all the time and mostly it's tongue-in-cheek. It sort of does echo Cubs, Brewers, Bears, Packers. There is just a nice fun rivalry, and the rivalry is sort of tone that underlies things.

MS. BOODHOO: Other questions.

MR. JERRY BOYLE: Jerry Boyle with the Federal Reserve Bank of Chicago. And over the past several years, we've had some of our staff out talking to a lot of local economic development leaders, many of them municipal leaders.

And mayors in particular have been highly articulate about the trap that they find themselves in between, on the one hand, if you are running a business you would not enter into the kind of agreements that you have that do not have any consequences for nonperformance for a business that

gets lured, if they don't create the jobs and do other -- and perform other things to be able to get the incentives.

And yet, on the other hand from a political standpoint, no one would ever excuse them for not playing the game. You can't be the first municipal leader to say, "We're not playing that game, we're not going to try to attract that business. We're out of that."

So I wonder if you have any insights on if there has been any place that has successfully been able to break out of that trap specifically? Or if that's something that perhaps by having some sort of regional cooperation, we might be able to begin to provide some cover to leaders who say we either get performance or we're not playing this game.

MS. BOODHOO: Do you think Chicago has done that a little bit?

MR. HINZ: You're getting out of my area of expertise, but John might know a little more about this than I do. I'm not aware of a system that's been set up anywhere that really works. My impression, generally, because in the newspaper you know there are certain areas you could always write a scandal about. Find a nursing home, you could write a scandal about what's going on. Find some kind of economic development program, and you're almost certainly

going to find copy there.

You correctly state the conundrum. The companies know that municipalities are job hungry. And they figured out you just look over states and you just hold one up against the other, and you get the best deal you can.

It's not by coincidence that Amazon let it be known, that, "Gee, we want interested parties. Here's what we want, everybody." They didn't do it on the back end. It's really hard to say no, and frankly, to stop it is going to take national action, not regional action. I don't see that happening. Not as long as you have a country where there are still big disparities and regional economic growth.

MS. BOODHOO: I guess that's my last question to all of you, then. What is the price you see long term of this status quo?

MR. SCHMID: I'll start then. Kelly handed out a handout, a fact sheet of the various counties, and you can see on the bar graphs in about 15 seconds, you can see that they're all moving at different speeds. And there are some that are sucking wind economically, and some of them are in Wisconsin.

And you know, until you have a cognizance that a region is going to need to have its global conductivity to

literally build -- I was working in Germany. That's the last place that tried to build a wall thinking that you could shut out global forces, and it came down. But to literally try to build walls at work in an environment right now where you literally think you could shut out the world economy, rip up the trade deals.

And in that environment, I think, you know, just on common sense, I think it's going to just solidify the status quo. And if you're happy with rural stagnant regions and rural urban centers, then that's probably what you'll get.

MS. BOODHOO: Jim, what about you?

MR. SCHMID: You know, I just wonder on all of this. I see two things. First of all, thanks for not making me answer the question to offend because I don't have my attorney with me. It's a prissy previous comment. I guess I just don't get the idea of, like, who's going to lead this thing, and who's going to say, "All right, we're all going to work together from Indiana up to Milwaukee." Obviously, the Federal Reserve has the MSA to work with.

And I think in Lake County, Indiana, some of the municipalities have ceded some of the economic development to a couple of regional agencies, and they've had success with that. So if you projected that idea to say, "All

right, well just within the county we're doing okay by ceding, centralizing some of the economic development brain power. What would that mean if we were to do it as a region?" And it just seems theoretically like a great idea. I just don't know who would lead that.

MR. HINZ: I think the answer to what happens is if you don't approve the status quo, if you get more of what you've got, which isn't very good regionally, that this region is underperforming as a region. All three states are underperforming as states. There are pockets of improvement, particularly centered around downtown Chicago. But I don't know if that's enough to carry the load by itself.

You know, are people eventually going to say, "I am sick and tired of this, it didn't work," and have a revolution of sorts? Well, we elected Donald Trump. He's certainly doing some different things. I have my doubts about whether making America a big factory country again is going to happen. And where are those kinds of jobs there? But he's certainly trying.

If you don't change, you don't change. Right now, what's here needs a lot of work.

MS. BOODHOO: And Amazon, do you see that as -- you started by talking about that, and maybe let's just end

with that. Do you see the outcome of that as possibly -- because what we've talked about is sort of the economic realities forcing change.

MR. HINZ: I mentioned Amazon because if we're going to turn it around, we have to break out of this negativity. And the best way out of negativity is to show this big shining success that will get all of us to drop our differences and pull together.

You need something like that at a regional level, something that will convince the normal bickering and back and forth, and we're better than you are, and you are looking down your nose at us. Put that out of the way. To really have a regional cooperation in an area with dramatic differences, political, economic, cultural, social, it's going to take something like that.

MS. BOODHOO: All right, well thank you, Greg Hinz, Jim Dedelow, John Schmid, thank you so much.

(END)