



Daniels a fierce partisan vs. unions

Early executive order freed up reforms, but UAW survived the ‘Chrysler cramdown’

By **BRIAN A. HOWEY**

INDIANAPOLIS - Even liberals and union members grudgingly acknowledge that Mitch Daniels has been a strong governor, firmly in control.

His new book “Keeping the Republic: Saving American by Trusting Americans” makes it clear that when

it comes to unions, the governor is a fierce partisan who has taken aim at collective bargaining and was willing to sacrifice Indiana’s auto sector, even if it had thrown the state from a Great Recession to a Depression, based on principle, but

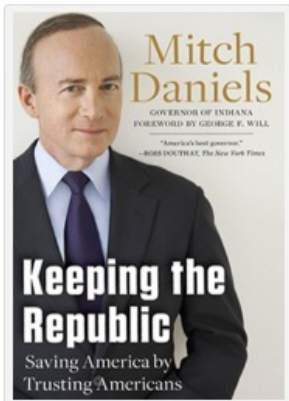


Gov. Mitch Daniels with Chrysler and UAW officials at the announcement of the Getrag Transmission plant in Tipton in 2007. He praised the automaker and the union for working together on that project that was ultimately killed by the economy, but in 2009 tried to kill the Chrysler/Fiat merger on rule of law principle. (HPI Photo by Brian A. Howey)

with a potentially huge political impact.

As General Motors and Chrysler teetered on the brink of bankruptcy in late 2008, Daniels was adamantly

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Is ‘12 shaping up like ‘80?

By **CHRIS SAUTTER**

WASHINGTON - So you think some of Texas Governor Rick Perry’s views are too far out of the mainstream to be acceptable to most independent voters? That’s what some detractors were saying about former California Governor Ronald Reagan in 1979, a year before the 1980 presidential elections. Yet Reagan went on to easily defeat incumbent President Jimmy Carter.

With the economy sputtering and approval ratings falling, comparisons between the Carter and



“We would not be here today at the very precipice of such a dangerous move if the Obama policy in the Middle East wasn’t naive, misguided and dangerous.”

- Texas Gov. Rick Perry





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the Obama presidencies are appearing with increasing frequency. The implication, of course, is that Barack Obama is headed for a similar fate as Carter in his re-election bid. The extreme views of Republican frontrunner Rick Perry will not stand in the way of voters demanding change in 2012, some argue, if the economy continues to falter just as Reagan's views didn't prevent voters from voting out Carter.

But it is much too early to reach such conclusions and there are fundamental differences between the two elections. At least one expert, American University professor Allan Lichtman, flatly predicts Obama will be re-elected. Lichtman has developed a model he calls "The Keys To the White House" for predicting the outcome of presidential elections. Using his model, Lichtman has accurately predicted the correct winner of every presidential election since he developed it in 1984.

Lichtman's model is based on 13 keys that evaluate the performance of the incumbent president. If six or more of the keys produce a negative rating with the sitting president, the incumbent's party loses the presidential election.

Lichtman says none of the individual keys by themselves are enough to predict the outcome. Thus, a poor economy by itself or even in conjunction with a small number of other keys are insufficient to push a sitting president out of office. Obama is winning 9 of the 13 keys. Lichtman says that record is enough to convince him that Obama will win re-election.

The reality is that Carter's problems ran significantly deeper than Obama's. Like Obama, Carter faced economic policy failures. But Carter also experienced significant foreign policy defeats, most notably the Iran hostage crisis and the failed rescue attempt. In addition, Carter faced a serious challenge for the nomination within his own party as Senator Edward Kennedy contested Carter in primaries and caucuses, winning several.

And, currently at least, there is no independent candidate challenge for the presidency, as there was in 1980 when liberal Republican Congressman John Anderson ran for president siphoning off Democratic support for Carter.

Aside from the factors in Lichtman's model, there have been significant demographic changes since 1980 that bolster Obama's chances of winning re-election. Obama easily defeated John McCain in 2008 while winning only 43% of the white vote, while Carter lost in a landslide in 1980 with 43% of the white vote.

According to a recent National Journal analysis, Obama can win key battleground states such as Florida, Nevada, New Jersey, even Virginia, even as his share of the white vote drops because of increased minority voting. And, on top of that, Obama's share of the senior citizen vote - Obama's weakest demographic group - is likely to improve if Perry becomes the Republican nominee. Perry's statements calling Social Security a Ponzi scheme will undoubtedly push some reluctant seniors into Obama corner.

Rick Perry will have considerably more difficulty winning independent, suburban voters than did Ronald Reagan in 1980. For one thing, Reagan's views never worried most voters. Reagan was a well-known and well-liked public figure long before he ran for President. His unsuccessful campaign for President in 1976 against Gerald Ford put him in the spotlight and provided him with valuable national exposure. Reagan's soothing style was re-assuring, not worrisome to most Americans, his views notwithstanding.

The blustery Rick Perry is introducing himself to the nation for the first-time. While the Republican base is enthusiastically embracing his candidacy, most independent voters and conservative Democrats (the so-called "Reagan Democrats") view Perry warily. Perry's views and style do scare many independents. Further,



the Texas governor looks and sounds too much like his predecessor at a time when approval of George W. Bush's presidency remains low.

This isn't to say the odds for Barack Obama's re-election are overwhelming. Though the killing of Osama Bin Laden has elevated Obama's favorable ratings on foreign policy and protecting the country to a very high level, there is always time for a disaster overseas. And, Ralph Nader's possible Democratic primary challenges to Obama - while not in the same league as Kennedy's challenge to Carter - could prove to be a genuine distraction.

Finally, the Republican Party could wake up and nominate a more electable opponent than Rick Perry. But

it isn't likely. 2012 is shaping up as a year, like 1964 and 1980, when the Republican base seems to be demanding that the party nominate one of its own. The Republican base has never warmed up to Mitt Romney. And, while some in the Republican establishment continue to hope for a more acceptable alternative to Perry, none is likely to emerge at this late date.

Barack Obama has struggled in his first term as President. But that is a far cry from a failed presidency as many consider Carter's. Besides, Obama is a much better campaigner than anyone the Republicans can put up against him short of New Jersey Governor Chris Christie.



Daniels, from page 1

against throwing "good money after bad" to bail the sector out. Daniels said at North Manchester that the Indiana Economic Development Corporation was only interested in investing in new auto companies, and at the Greensburg opening of the non-union Honda plant, he suggested that U.S. automakers would be wise to emulate their Japanese counterparts. "Viewing the contrast between their own vigorous expansion versus our struggles, Asian nations can only concede that their traditional culture and governance principals are being vindicated," Daniels writes.

He cites Singapore's Lee Kuan Yew contrasting the virtues of Asia's Confucian culture - "order, discipline, family responsibility, hard work, collectivism, abstemiousness - to self-indulgence, sloth, individualism, crime, inferior education, disrespect for authority, and mental ossification responsible for the decline of the West."

"To compete with the East, the United States needs to question its fundamental assumptions about its social and political arrangements and, in the process, learn a thing or two from East Asian societies," Daniels writes in the chapter, "The Red Menace." He backs up his assertions with headlines he collected from a trip to Asia in November 2010 that presented a litany of disrespect for America.

Daniels finds historical alliances in, of all people, President Franklin D. Roosevelt, who said, "The process of collective bargaining, as usually understood, cannot be transplanted into the public service." Labor giant George Meany said in the 1950s, "It is impossible to bargain collectively with the government." But it was President Kennedy, who in 1962 issued Executive Order 10988 that brought collective bargaining to the federal government when 14 percent of all government workers were members, surging to 36 percent today. Daniels notes that the average Indiana school teacher earns 22 percent more than the

average private sector worker, adding, "When benefits are counted, the gap widens significantly."

"The movement begun by people such as Samuel Gompers and Eugene V. Debs to protect the coal miner, the steelworker, and the sweatshop seamstress now belongs to white collar types who live off taxes paid by coal miners, steelworkers"

Daniels takes aim at the AFSCME, SEIU and National Education Association which had \$170 million to



Gov. Daniels on his second day in office after issuing Executive Order 05-14 ending collective bargaining for state employees. Daniels feared a backlash that never occurred. (HPI Photo by Brian A. Howey)

spend on political campaigns. "My team saw the nakedness of government union power politics during my reelection year of 2008 when two Democratic aspirants faced off in the primary," Daniels said of Democrats Jim Schellinger and Jill Long Thompson. "The SEIU, which had essentially zero members in our state, public or private, gave large amounts of money to one (Thompson), while the United Auto Workers and AFSCME, which did represent Indiana



state employees, backed the other.”

When Thompson won the Democratic gubernatorial primary, SEIU “gave her \$850,000 in a single check. This was the largest donation given to a political candidate in Indiana history, and the SEIU promised it would do ‘whatever it takes’ to help the candidate win the general election,” Daniels writes. “The UAW and AFSCME hung back for months, finally chipping in a fraction of what they had customarily given to Democratic gubernatorial candidates.”

“Of course, we spoiled the party by winning the election,” Daniels said of his 58-40% victory over Thompson. “But placing big bets like this is savvy strategy for the unions, which have to elect only one compliant governor out of five or 10 to enjoy a gigantic payoff.”

Daniels writes of his second day in office, when he rescinded Gov. Evan Bayh’s 1989 executive order “handing over our state employees and their dues to the unions.” Daniels said he normally doesn’t “dither over decisions,” but he feared the first weeks of his first term would be dominated by “Daniels Hates Workers” placards and angry protests. This would come much later - in 2011 with the Right to Work legislation he tried to avoid. But Daniels signed Executive Order 05-14 “ending Indiana’s 16-year era of compulsory government unionism.” He walked over and personally informed the UAW and AFSCME, returned to his office, “pulled the figurative covers over my head and waited for the worst. And then ... nothing. No protests, no placards, no planted media stories of fear and resentment among the workers.” Some 90 percent of state workers stopped paying union dues.

The storm he feared was saved for Wisconsin Gov. Scott Walker this year, the same year Daniels achieved the profound education reforms that will forever change teacher union protected tenure at the expense of the embattled ISTA, the NEA and the American Federation of Teachers. “He touched off exactly the type of riot I had worried about in 2005,” Daniels said of Gov. Walker.

What Daniels’ executive order did was allow him to “revolutionize” BMV, the prison system, the state parks, or many other services that had hog-tied us by the old union agreement. The only result of the action was that our appointees, most of them fresh-faced idealists with no previous public experience, were free to go to work transforming agency after broken agency. If every one of these steps had required union consultation or signoff, as the old

agreement provided, we would be still trying to take some of the earliest actions.”

The supreme irony was that at the Indiana Jefferson-Jackson Day Dinner in late April 2008, which featured Thompson, Hillary Clinton and Barack Obama, there were two sponsorship banners on either side of the stage by union chiefs Tommy O’Donnell and Jay Potesta, both of whom had endorsed Daniels’ reelection.

But Daniels missed eviscerating the UAW.

During the 16 years of Democratic gubernatorial control, the UAW had pumped millions of dollars into the campaigns of Govs. Bayh, Frank O’Bannon and Joe Kernan. “They are a huge force in the Democratic Party,” said Chairman Dan Parker.

As his first term wound down, the Big Three automakers were on the ropes. A Brookings Institute hearing in Indianapolis that fall had experts predicting a collapse of the auto sector could cost Indiana 140,000 jobs, with all sorts of terrifying multipliers when it came to loss of personal and corporate income.

Indiana would be plunged into its own Great Depression, as neighboring Michigan was experiencing.

When President Obama came into office, the entire U.S. was on the verge of depression. And the bailouts had begun with the governor’s former boss, President George W. Bush, with the Troubled Asset Relief Program. He cites AIG, Fannie and Freddie and the government takeover of the student loan industry. “One of the most egregious examples of government expansion into the private sector involved the failing auto industry,” Daniels writes. “Chrysler and GM, represented by the administration’s UAW supporters, received massive infusions of cash, but continued shrinking and losing market share to about the degree they would probably have in a conventional bankruptcy. The administration not only took stock in Chrysler and GM for itself, but it also handed huge amounts of ownership to its union cronies. The UAW’s retiree health plan received 55 percent of Chrysler’s stock as an outright gift, worth some \$4.5 billion.” Then Obama “handed control” of Chrysler to Fiat.

“In this episode – we might call it ‘Fiat government’ – we saw not merely the use of political power to reward allies, but also a new willingness to stop at nothing, not even the rule of law, to dictate private sector outcomes,” Daniels explains.

This became the “Chrysler cramdown” as he calls it in the book, with two Indiana pension funds for the state police and teachers having invested \$19 million in Chrysler at junk bond status. The funds were about to be “fleeced” by \$6 million they would have gotten in a traditional bankruptcy.



Gov. Daniels meets with union members during the Major Moves debate. (HPI Photo by Brian A. Howey)



But former Treasurer Marge O’Laughlin expressed dismay that Indiana pension funds would ever invest in junk or sub-standard bonds. Asked if she had ever been directed by pension fund trustees to invest in low grade bonds, O’Laughlin said, “Lord no. I invested in T-bills and certificate of deposits. It had to be fully insured by the federal government. I tended to be pretty conservative by nature. Limiting the investment of tax dollars in those instruments was a pretty doggone wise move.”

A number of sources tell HPI that there has been a gradual shift away from treasurer control of pension funds. “As for PERF and TRF, the respective boards and their chief investment officers have guided most of the investment strategy since the constitutional amendment passed in 1990 which allowed equity investments,” said Tom New, a former Democrat treasurer candidate and son of former Treasurer Jack New. “Much of that authority is now centralized through OMB and ultimately the governor’s office.” Indeed, the Public Employee Retirement Fund and the Teachers Retirement Fund were reorganized a couple of years ago and are not controlled by the treasurer. Those funds lost \$1.2 billion since June of this year.

“Coincidentally, I was sitting at a table of highly impressive people, all more erudite than I, discussing the very topic of the Obama blitzkrieg – as I recall I had just tossed out the phrase ‘shock and awe statism’ – when the time for a decision came,” Daniels wrote. “I received a phone call from Indiana Treasurer Richard Mourdock, who said the deadline for filing a lawsuit to stop the cramdown was hours away.”

Daniels acknowledged this horrible dilemma. “Despite the complete clarity of the law saying that secured creditors such as our pension funds came first in the event of insolvency, our attorneys could provide no assurance for success,” Daniels writes. “What court would have the temerity to block the federal government at the last minute, amid loud if unprovable assertions that a standard bankruptcy would lead to terrible business losses rippling through the entire automotive supply chain and beyond? We had little reason to believe we would succeed. We also knew that filing such a lawsuit would draw attacks from not

only political adversaries but also well-intentioned citizens who would see Chrysler’s distress but not the illegality, unfairness or long-term danger to commerce of the administration’s actions.”

“Mourdock and I, as trustees of the pension plans, decided that submission was just not an acceptable course,” Daniels writes. “We authorized the lawsuit and, with the help of cut rates from attorneys incensed about the principles being violated, pursued it even after the courts allowed the cramdown to go through.”

Some saw Mourdock as grandstanding during the Chrysler sequence, using his office to take on the fledg-

ling Obama administration. During his 2002 run for secretary of state, he vowed to use that office “as a bully pulpit to go after Democrats.”

Parker says he doesn’t know whether Daniels was aiming at the UAW, “but

he clearly wants to eviserate all of organized labor,” citing legislation aimed at stopping project labor agreements, the use of non-union labor by the private toll road company, and the coming battle over right to work, which he claimed Daniels first broached in Jeffersonville in 2005.

Informed and reliable sources tell HPI that the New York law firm of Case & White had shopped for a plaintiff to challenge the Chrysler/Fiat merger and Mourdock obliged after a long list of rejections.

Today, Chrysler has revived, adding shifts to its biggest complex in Kokomo. Cummins and dozens of Indiana supplier firms are still in business. While the teacher and state police pension funds were out \$6 million, Daniels and Mourdock point to a Dec. 14, 2009, U.S. Supreme Court announcement that “the Chrysler case would be accorded no precedential value. The rights of secured creditors were secure once more.”

The rule of law, apparently, survives. And, despite the Daniels and Mourdock efforts to slay a huge Democratic funder, so does the UAW. ❖



Gov. Daniels talked briefly with UAW officials in Tipton at the Getrag announcement. (HPI Photo by Brian A. Howey)



Republican bull and owl

By **BRIAN A. HOWEY**

INDIANAPOLIS - The two governors - Mitch Daniels of Indiana and Rick Perry of Texas - were working the Eastern Seaboard on Tuesday. Gov. Daniels was pushing his new book, "Keeping the Republic: Saving America by Trusting Americans."

And Gov. Perry? He was trashing President Obama, accusing him of "appeasement" when it comes to the tricky Israel and Palestine dilemma. "We would not be here today at the very precipice of such a dangerous move if the Obama policy in the Middle East wasn't naive, arrogant, misguided and dangerous," Perry said at a New York speech.



The fact that this came on the eve of the American President's speech before the United Nations, and then a vote on Palestinian statehood that will force the U.S. to veto, was akin to a bull in the proverbial China shop and, in my mind, revealing a disgraceful lack of discretion. I don't care if you're running for president at a time when the nation is on the "wrong track."

You don't embarrass the leader of the country as world leaders gather.

Daniels book certainly takes issue with President Obama on a myriad of subjects ranging from the "Chrysler cramdown" and "Fiat government" - a critical look at restructuring of the auto industry (and a future column topic) - to the "Obamacare Steamroller."

Daniels writes of Obamacare, "The bill's purpose and likely consequences were misrepresented by its authors at every step; for that matter, it began its life as a misrepresentation. The very label 'health care reform' was a misnomer, as it 're-formed' nothing of consequence. Instead, the bill perpetuated and exacerbated the worst features of the current system, the ones that commune to make American health care too expensive and inefficient. If one had assigned a mischievous economist to design a system rigged for overconsumption and unnaturally high prices, he could hardly have done better than the way we provide health care in America today."

Fair enough: criticism delivered through a thoughtful book, unlike Perry's "Fed Up" which is as scattered, blustery and as provocative as his descent into world stage diplomacy in New York. Thus, we have the Republican bull and the owl.

With Mitt Romney coming to Indianapolis this Friday and Perry scheduled to meet with Hoosier Republicans on Oct. 12, Daniels said last Sunday he is "underwhelmed"

with the GOP field and suggested another unknown candidate he would support could emerge. His decision to stay out of the race played a role in Perry's decision to announce his intentions last month.

As for Perry calling Social Security a "Ponzi scheme," Daniels said, "I don't think any of this is very helpful. If there's a problem with 'Ponzi scheme,' it is that it's too frank, not that it's wrong. But by stopping there, he might be unnecessarily scaring people."

With Daniels, we get nuance as opposed to blaring headlines. He wants Republicans to quit talking about "entitlements," explaining, "A free American is not 'entitled' to anything except the liberty to make of his life what he can and will." He reaches for the Reagan era phrase "social safety net."

And the governor repeats his call for "means testing" for Social Security and Medicare, explaining, "President Obama is fond of thundering, 'Warren Buffett doesn't need a tax cut!' No, Mr. President, and he doesn't need a Social Security check, either."

As many of us pour through Daniels' book, the mood is bittersweet. He connects our current condition with deep thinkers like Friedrich Hayek, Charles Murray and Virginia Postrel. Observing Hayek's "The Constitution of Liberty," Daniels observes, "I don't believe that if your goal is to maximize individual freedom, to maximize the upward mobility to the first and second rung of success, you cannot be for stand-still policies because inevitably they hold down growth, favor the ins versus the outs, the large versus the small, and the vested interests that inevitably grow up in a developed society like ours."

No one in the current Republican field even comes close to this kind of thinking and application to our current condition, making Daniels' decision last May not to run - and if he did he might be leading the field today - one that still smarts.

Which leads me to that far-fetched notion of a place for Daniels on the 2012 ticket. Last May when he met with the press for the first time after his fateful decision, Daniels said it was a "crazy" notion that he would be considered for the vice presidency. No one ever runs for the vice presidency, he said.

This is not completely true. Dan and Marilyn Quayle orchestrated a subtly successful bid in 1988, culminating with an appearance on ABC's David Brinkley show the Sunday before the Republican convention with George H.W. Bush and his handlers keenly watching.

Daniels told CBS last Sunday, "I always say that one day the phone rings, and something interesting that seems useful is on the other end." When asked about the vice presidency, he said, "... you don't rule anything out, I suppose." In this crazy environment, I would suppose nothing. ❖



17 years of HPI/HPR editions online at State Library Digital Archives

INDIANAPOLIS - Seventeen years of comprehensive coverage of Indiana politics will be available to the public when the Howey Political Report (HPR)/Howey Politics Indiana (HPI) debuts on the Indiana Digital Archives. Businessman and journalist Brian Howey donated copies of his publication to the Indiana State Library. Howey is a non-partisan political analyst who has covered Indiana politics from federal to local levels since 1994.

Governor Mitch Daniels made these remarks regarding Howey's contribution: "With all of the changes that are occurring in the news gathering business, with fewer media entities providing original coverage of government and politics, future historians will have far fewer written records of the stories of our time. Brian Howey's years of chronicling and analyzing public life in Indiana have become a very valuable part of Indiana history. I'm thrilled he and the State Library have agreed on this project. It assures that future generations will have information and insight about events that would otherwise be difficult to access or forgotten entirely."

Upon receiving copies of the HPR/HPI, Indiana State Archives staff digitized and indexed the publication. These digital copies are now available and searchable at indianadigitalarchives.org. Weekly HPI editions will be posted 60 days after publication. The HPI Daily Wire from this point forward will also be available in the Indiana Digital Archives.

"Gov. Daniels urged me to work with the Indiana State Library to make all 17 years of Howey Political Report and Howey Politics Indiana archives available to the public," said Howey, a native of Michigan City and Peru High School graduate who now resides in Indianapolis and Nashville. "When future researchers study this period of Indiana

history, we believe that this archive will be an important resource."

The Indiana Digital Archives has been a nationally recognized resource for historians and researchers. Family Tree Magazine named the Digital Archives a "Best Website of 2011," which encompasses genealogy and history-related sites from all sources public or private, subscription or free. The magazine also named the Digital Archives a "Best State Website" in December 2010.

The Digital Archives has traditionally served as an index to the holdings of the Indiana State Archives. The addition of full-digital copies of past Howey publications will add a new dimension of accessibility to the online research engine.

"The Howey report can be searched and viewed directly from the Digital Archives, giving researchers instant access to the top political coverage of the past two decades," said Jim Corridan, Indiana State Archivist and Director of the Commission on Public Records. "The addition of the Howey publications will be an invaluable tool for future researchers that will provide a daily map to what the HPI and dozens of other news sources around the state and nation are reporting and saying."

The Indiana Digital Archives features over 2.7 million records and has several search features designed to enhance the researcher's experience. Archived HPR/HPI editions may be searched along with other popular collections available at www.indianadigitalarchives.org. Howey publications also can be reviewed as an individual collection that is searchable by keyword, date

and author.

About Howey Politics Indiana:

Howey Politics Indiana has been a credible source for political news since August of 1994. HPI is a daily and weekly briefing on Indiana politics, written by syndicated columnist Brian A. Howey. It covers politics and public policy from Indianapolis, Washington DC, and from cities across the state. Howey's weekly newspaper column reaches over 250,000 readers in some 25 print and online publications. ❖

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Quote Of The Week:

"Running for sheriff was easy. You talked about crime and everyone was against it."
- State Rep. Dale Sturtz of LaGrange on his tough re-election battle

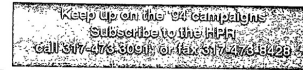
Is Phillips in danger? Pages 4-6 4th, 8th CDs move into "Toss Up" zone as Clinton staggers

EVANSVILLE - Going into the autumn sequence of Campaign '92, the conventional wisdom was that Indiana's 2nd and 7th Congressional Districts would be the most likely places for seats to switch parties.
But within the last week, the 4th CD in Northeast Indiana and the 8th CD in the southwest have emerged as volatile territory for Democratic incumbents who must endure a damaged president.
It's not really much of a surprise that perennially targeted U.S. Rep. Frank McCloskey is in yet another race for his life. What is an intriguing development is that U.S. Rep. Jill Long has joined him on the endangered list.
HPI is moving the 4th, 8th and 2nd CDs into its "Toss Up" category as the campaigns head into the final six weeks of the campaign. The most obvious reason may have been summed up by CNN political analyst Bill Schneider, who in the wake of the defeat of U.S. Rep. Mike Synar in Oklahoma last week, bluntly eyed the camera and stated:
"No one is safe. The message is, something bad is out there waiting for congressional Democrats..."
Stuart Rothenberg, who publishes the Rothenberg Political Report, agreed that the 4th and 8th fit a national profile of formerly secure Democrats in swing or Republican districts who will be in for strong tests.
"There is a real national wave. Democrats are below where they need to be on the ballot test," Rothenberg said. "There is a drag from above. And it's harder for them to make a case that they've been successful on crime and health care where Bill Clinton's approval ratings are down."
On Monday night, an ABC News Poll revealed that approval for President Clinton's Haiti policy had dropped 10 points in one week. His own rating had 44 percent approving of his job performance and 61 percent disapproving.

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Will Buffett be eating at Golden Corral?

By **MARK SOUDER**

FORT WAYNE - All those who love class warfare are so excited they hardly know which way to turn. It is a classic Midwestern buffet of choices: they can defend President Obama, they can blast the House Republicans who are clearly pawns of the rich, go after Mike Pence who is so out of it that he actually favors cutting taxes, or tout billionaire Warren Buffett who has shamed the immoral millionaires by confessing that he deserved to pay more taxes.



Perhaps President Obama could start by selecting a different poster boy, say someone who pays his taxes. Recently I read a Wall Street Journal article about Berkshire Hathaway's continued attempts to not pay up to \$1 billion in back taxes. Now the IRS is investigating their 2007-2009 returns. We should hasten to point out that no one has ever prohibited Buffett or his firm from paying more in taxes. But it would seem that the President would at least choose to highlight someone who

paid their taxes.

Today's liberals have destroyed the humor of one of my favorite Ronald Reagan jokes ("a liberal is someone who can't see a fat man standing next to a thin man without thinking that the fat man got that way at the expense of the thin man") because they seem to actually believe it. Liberals never quite make it clear whether they believe the ultimate goal is fairness, improving the general economy or creating jobs. The President, in a speech before the debt limit vote, had classic liberal envy leaking from both sides of his mouth: "That's not right. It's not fair."

To be fair, which is hard for even a non-rich Republican like me, the President claims to favor everything: "Would you rather reduce deficits and interest rates by raising revenue from those who are not now paying their fair share, or would you rather accept larger budget deficits, higher interest rates, and higher unemployment? I think you know the answer."

Of course, it sounds good to many Americans to be promised that nothing has to change, that we can continue to spend increasing amounts on retirement and expanded government services, and all we have to do is tax someone else. In Indiana more people believe that the Colts can get to the Super Bowl without Peyton Manning than believe the

President's proposal to raise taxes will create jobs. In fact, it has been suggested that they are actually the same five people.

On top of this, the President does want to cut some taxes, but astoundingly they are FICA taxes. The President fails to grasp a core concept of the entire debate: Social Security and Medicare are broke. What is more amazing is that apparently he doesn't even grasp his OWN words from his White House speech and his speech to Congress, when he claimed that we don't have the funds necessary to pay for future Medicare benefits. It is beyond my ability to understand the audacity of hope that believes suspending FICA payments will somehow help save Social Security and Medicare.

While I have toyed with requesting Mike Pence to withdraw his tax cut request so poor Morton Marcus doesn't have a heart attack, his challenge is how best to follow an efficiency-obsessed Governor Mitch Daniels. Mitch came in challenging the most common Hoosier response to change: "Why? It's worked pretty well since 1850." The last three times I visited the License Bureau, the total wait time was less than five minutes combined. It used to take that long to pronounce your name. I still always take a book, because pre-Daniels I had extensive uninterrupted reading time. Now I wouldn't have time to read a one page liberal economics text book for kids. (Rich People. Bad.)

With Indiana government incredibly leaner and more efficient, and even the education system feeling pressure to adapt, Mike Pence can continue the reforms but there is far less that needs reforming. Assuming the economy eventually recovers or the entire business community of Illinois moves to Indiana because of their deficits and high taxes, revenue in Indiana will be increasing thanks to leaner government. So will Indiana government spend the revenue, or will Hoosiers spend it? Mike Pence thinks that if Hoosiers spend it, and taxes in Indiana are lowered, we might have much of Ohio and Michigan move here as well. It would also provide an environment for the extraordinary Hoosier engineering talent that comes to Indiana to stay in Indiana and create new products here. Then, of course, tax revenues would actually go up. (I just love to say that because liberals hate it so.)

The rich do pay more taxes. It is called a graduated income tax. When they don't, it is because they have deductions. In fact, the President's favorite business, General Electric, applied legal deductions reducing its tax rate to zero. So if the rich do pay an alternative minimum tax, what deductions will they skip?

Educational institutions, low-income assistance programs, the national parks and churches are all struggling with donations at the very time they need more assistance because of government reductions. So it is a rather odd



proposal to wipe out tax incentives for those who can afford to give by instituting an alternative minimum tax. Because they can utilize tax losses, the wealthy are also the most likely investors in businesses struggling to survive or in risky new ventures, but those investments will be limited should this President prevail.

Because he has no clue how jobs are created, instead of following the lead of Daniels and Pence – control government size, force competition and efficiency, and

then cut taxes – our President and liberals want to do the opposite. The President’s proposal is to put the Buffets of America in a golden corral where the government revenue supposedly soars and our problems are solved. A better question should be asked by a different Buffett group, the Parrot Heads. “Mr. President, what have you been smokin’?” ❖

Souder is a former Republican member of Congress.

Household income brings mixed news

By **MORTON J. MARCUS**

INDIANAPOLIS - Do you want the good news or the bad news? The good news is that Indiana ranked ninth in the growth rate of its real median household income for the year 2010. This was at a time that the nation was experiencing a 2.3 percent decline in that same statistic.



Maybe, as you digest that favorable report, we could explain what real median household income means. Income, as the Census Bureau views it, is simply money received from whatever source (capital gains are excluded). Also not included is the cash value of food stamps or other non-monetary receipts.

This is household income and not the income of individuals. Thus a family of four may have three wage earners and the income of each is added together to make up house-

hold income.

Single persons count as households. Two roommates, however, may constitute two households, depending on how and if they commingle their funds. Persons living in group quarters (dormitories, fraternities and sororities, nursing homes, prisons, hospitals) may be part of households but are not households in their own right.

Now that the idea of household income is clear beyond question, we can go on the median and real. The median is the middle of an array of numbers where you start with the smallest and go to the largest number. In the case of 1, 7, 10 the median is 7, while the average is 6 (1+7+10=18 divided by 3 = 6). Medians give less weight to extremely low or extremely high values. In our example, 1 is an extremely low number.

In the case of median household income, the median is the number that divides the households into two equal groups with half the households above and half below the median income level.

Finally, “real” is an old friend of regular readers. Real means our numbers have been adjusted for inflation. The adjustment is made using the Consumer Price Index and makes comparisons over time more meaningful. The dollar figures in the following are in 2010 dollars.

Now back to the news. Although Indiana’s real median household income was the ninth fastest growing in the nation, the bad news is our \$46,322 ranked a poor 33rd among the 50 United States.

We were down by 7.2 percent from our 2007 peak of \$49,900 and down 13.3 percent from our all time peak of \$53,438 in 1999. At that point, Indiana stood a mere 0.3 percent above the national average. But we were above the nation’s real median household income in 1999 and in 1998 and 1997. That’s rarefied air for Indiana.

The data provided by the Census Bureau go back to 1984, which means we have 27 years to observe trends. Over that span of time, the nation advanced by a mere 0.4 percent on average in real terms. Indiana, however, managed an average annual increase of only 0.2 percent.

Not only was our average rate of growth very slow, but we ranked fourth in the nation in volatility. Two objectives of growth are generally a high rate of growth and stability in that rate. High volatility means that the growth rate moves like a roller coaster ... up steeply, down steeply in no particular pattern. This makes business sales planning or government revenue planning very difficult.

If Indiana remains a highly volatile state, we may expect that next set of household income data a year from now to be well below the national average. ❖

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



Mourdock expected to get Tea Party nod Saturday in Greenfield

By **BRIAN A. HOWEY**

INDIANAPOLIS - Indiana Treasurer Richard Mourdock is expected to get a long-anticipated key endorsement this weekend when Hoosiers for a Conservative Senate - i.e. the Tea Party - gathers in Greenfield for a straw poll endorsement.

After State Sen. Mike Delph announced last week he would not seek to challenge U.S. Sen. Dick Lugar, the endorsement of Mourdock, who has appeared at dozens of Tea Party rallies around the state before and after he declared his challenge to Lugar on Feb. 22, appears to be a foregone conclusion, though Lugar's



name will be entered in the poll. "This will be a very historical and significant event," said the group, representing Tea Party and 9.12 groups from around the state.

The Tea Party will gather at 10 a.m. at the Ricks Centre. A limited number of seats will be available and those attending must make a reservation. After a straw poll and lunch, there will be a rally at the Hancock County Courthouse gazebo in downtown Greenfield where Mourdock and others are expected to address the crowd. Sen. Lugar has met with Indiana Tea Party activists, but his campaign has said he will not attend.

Murdock spent much of this week trying to gin up fundraising prior to the Sept. 30 Federal Election Commission deadline. His third quarter report will be another key benchmark as he wages the first modern primary challenge to a sitting U.S. Senator in the television age of Indiana politics. Mourdock's fundraising has been poor, posting only \$300,000 for the second quarter with \$215,000 cash on hand. Lugar, meanwhile, has raised \$3.5 million after raising \$900,000 for the second quarter.

Murdock is hoping that national Tea Party affiliates and other conservative groups will make 527 expenditures on his behalf next year. The Club for Growth ran a couple of week's of TV against Lugar during the debt ceiling crisis, and conducted what appeared to be a push poll showing Mourdock leading Lugar 34-32 percent in July. A poll released by Friends of Dick Lugar had the senator leading 45-31.

"Defeating Sen. Lugar is and has been a priority

for tea party activists," said Jennifer Duffy, who analyzes Senate races for the Cook Political Report, to the Washington Times. "Tea party activists in Indiana are very united against Lugar, allowing Mourdock to consolidate that vote. But this race isn't over because independents can vote in the GOP primary."

Murdock missed his fourth Indiana Board of Finance meeting since he declared his candidacy for the U.S. Senate a month after being sworn in for a second term. While the Board of Finance met Tuesday, Mourdock was at a fundraiser from 8:30 to 9:30 a.m. at the Capitol Hill Club in Washington, D.C. Later that day, Mourdock attended a National Mining Association and Indiana Coal Council fundraiser. During the first three years as Indiana state treasurer, Mourdock was a regular presence at State Board of Finance meetings, attending 18 of 21 meetings. But during 2010 and 2011, Mourdock has attended only six of 17 meetings. And since he announced his U.S. Senate candidacy in February of this year, Mourdock has attended only one meeting (in April) out of five meetings, including today. Mourdock's treasurer's office did not respond to HPI's request for comment. Mourdock campaign consultant and New York Post columnist Dick Morris will attend a Sept. 29 fundraiser at the Baurhaus in Evansville.

Delph, who also has attended and spoken to a number of Tea Party groups around the state over the past year, told HPI he will not be in Greenfield, but will attend a Tea Party rally at the Hamilton County Fairgrounds in Noblesville at 4 p.m. Saturday. Delph told HPI he is not planning to endorse either Mourdock or Lugar despite being critical of the incumbent on issues such as immigration. "I'm not endorsing anyone for anything at this point in time," Delph said. "I've never been a fan of top down" endorsements, he said. Delph said he has not been invited to the Greenfield Tea Party convention.

Murdock reacted to the Delph decision, telling the Evansville Courier & Press, "I have personally known Sen. Mike Delph for over 10 years now. He is a solid conservative and a true family man. I know Mike will continue to do great things for Hoosiers at the Indiana Statehouse." The Mourdock campaign ignored a request for comment from HPI.

Murdock was interviewed on Evansville radio station WGBF's Les Shively Show on Sept. 15 and said he always expected the primary to be a two-man race. But Mourdock claimed the "mainstream media" was out to "destroy" him. He also claimed to be a "private citizen" when he was asked about coverage of his decision to publicly talk about dumping his personal stock portfolio earlier this summer. **Horse Race Status:** Leans Lugar

Governor: Gregg knocks Daniels over NWI
Democratic gubernatorial candidate John Gregg



reacted to recent reports that Gov. Mitch Daniels' new book criticizes the business and political climate in Northwest Indiana. "I look forward to reading Gov. Daniels' book, but I can already tell I'm not going to agree with his negative assessment of Northwest Indiana. When you govern a state, you respect the state you govern, and it's disappointing that someone still in office would pen and promote a book that openly criticizes any part of Indiana. I'm running for Governor because I believe we need to get away from the divisive politics that pit Hoosiers against each other by belief, class or region. We're all in this together, we're all going to have to work together to get our economy back on track. Indiana needs a leader who understands that. Let's get to work."

Evansville Mayoral: Meeting with labor

Sources in both parties continue to paint this race as within the margin of error. Rick Davis has made some real strides in consolidating his labor support. But Vanderburgh Commissioner Lloyd Winnecke has picked up much of the corporate support that Mayor Weinzapfel used to win two terms. Sources say that the Evansville establishment sees Winnecke as the "downtown" candidate as opposed to Davis, who alienated the Weinzapfel camp and is seen as the "west side" candidate.

Lloyd Winnecke had his turn last week speaking before a crowd that traditionally votes against his party (Sarkissian, Evansville Courier & Press). But rather than spend more than five minutes citing the differences he had with members of the Central Labor Council, he listed ways in which they were similar. One example was his answer to a question from the audience regarding whether he is for or against right-to-work legislation. While answers to questions by other municipal candidates from around the Tri-State generated responses from the audience including, "Don't come back," Winnecke's response to the proposed legislation provoked only a few whispers. "I'm not going to lobby for it, and, as I told the folks who believe in it, I'm not going to lobby for it either," he said, adding, if he were elected mayor, he would face four unions. "The last thing I would want do is go in and bust them." Winnecke and Davis, were among several candidates to speak before members of the labor council at their temple at 210 Fulton Ave. Davis' family sat in the last row, wearing bright yellow T-shirts supporting him. Outside, a yard sign from Davis campaign was seen in a second-floor window. His call to the stage was met by clapping and cheers. In response to the question about right-to-work legislation, Davis wrote "against" on a chalkboard next to the stage. "I want to answer that second question first," he said, before introducing members of his family and noting that they all are members of local unions. "We have around 600 years of union activity combined in my family," he said. **Horse Race Status:** Tossup

Fort Wayne Mayoral: Henry says pull ad

While there were reports that told us that Republican challenger Paula Hughes internal polling that shows her pulling away and Democrat Mayor Tom Henry went negative on TV earlier this month, our sources believe that the incumbent was innoculating himself after an earlier Hughes campaign flier showed Henry with a stack of "Benjamins in his pocket." The source says that the normally publicly affable Henry was quite frosted about that and his first TV ad salvo may have been more reflective of that mindset than polling showing him losing a grip on the race.

Henry for Mayor campaign manager Justin Schall, sent the following letter to all Fort Wayne television station managers, calling on them to stop running Paula Hughes's advertisement until she corrects blatant factual inaccuracies in the spot (Howey Politics Indiana). The Henry campaign hopes that for the sake of an open and honest discussion, the Hughes campaign will voluntarily stop running this ad until they can submit a corrected version. The letter, as well as factual documentation of the false statements in the ad, are attached to the letter. "I am writing this letter to inform you that the current television ad being run by Paula Hughes on your station contains false information," Schall wrote. "Paula Hughes is entitled to her own opinions but not her own facts. In her ad she makes two inaccurate charges against the mayor – charges that are easily disproven by publicly available information. First, her ad overstates job losses in the City of Fort Wayne by more than 450%. Second, by her own admission, her claims about the size of the city's debt are overstated by at least \$88 million. Attached you will find full documentation laying out the facts. We are asking you to take this ad off the air until the Hughes campaign corrects these factual errors. It is simply unacceptable for a candidate running for mayor to make claims that are so blatantly false. As a public trustee of our airwaves I am sure that take your obligation to ensure that advertisements run on your station are fair and accurate very seriously. The Henry campaign has thoroughly documented every claim in our own ads. I ask that you hold the Hughes campaign to the same scrutiny." Hughes began her television advertising by outlining a message that she has shared with many Fort Wayne residents for the last year and exhibited as a member of the Allen County Council.

In "I Love this City," Paula Hughes talks about the city's growing debt and high job losses and her record of reforming county government. "Our city has struggled over the last four years and we have to get serious about getting Fort Wayne working again," Hughes said. "This ad highlights what I've been talking about over the last year."

Horse Race Status: Tossup

Mishawaka Mayoral: Public safety debate

Public safety and your tax dollars are becoming a



touchy topic in the race for Mishawaka mayor (WSBT-TV). The push is on for new public safety equipment. Mishawaka Professional Fire Fighters Union Local 360 said they need it now, but Mayor Dave Wood said it won't be until next year. WSBT was told the ambulances the city of Mishawaka has right now aren't meant to handle the workload that is put on them. There are four, but critics said very often only two are actually working. That is why Wood plans to buy a new one next year, but the union said they need it now and they are not backing down. "People's lives are on the line, public safety has to come first," said James Elliott, union president. In a city of about 48,000 people, Mishawaka prides itself on first class treatment. "We have what I feel to be the highest trained, best firefighter paramedics in the area," Elliott said. But Elliott said it's hard to be the best when you're not given enough to work with. "Right now the biggest issue is our ambulances," Elliott said. "They are broken down frequently due to mechanical issues." Issues that he said directly impact public safety. "The last time the ambulance broke down they were on their way to a serious call," Elliott said. So why not buy another \$240,000 ambulance? That's where the debate comes in. It became a fiery topic during a forum last week between Wood and his challenger, State Rep. Craig Fry. "All summer long in this city, under this mayor, we have had ambulance trouble, mechanical breakdowns," Fry said. "The last two weeks we've had two ambulances, and we should have had three." "What I stepped into, two ambulances served the city," Wood said. "Now three do, most of the time, and we will be acquiring more ambulances. So that's not an issue in the future." Fry said it's a simple solution: Prioritize the budget so there's enough money to buy a new ambulance immediately. **Horse Race Status:** Leans Woods

Terre Haute Mayoral: Bennett HQ opens

Our Democratic sources are telling us there is considerable unease in their camp that Fred Nation can oust Mayor Bennett. They liken this election to the one in Indianapolis where Mayor Greg Ballard appears to have a lead. While this is a Democratic city, Bennett has done a fairly decent job, there is concern over the "revolving door" City Hall that has seen the last three mayors tossed out after one term, and Nation has yet to find the one big issue to hang on Bennett.

Bennett officially opened his 2011 campaign headquarters Monday evening amid dozens of enthusiastic supporters (Terre Haute Tribune-Star). Bennett, who is seeking to become the first Republican mayor re-elected in Terre Haute since the 1920s, said many people have been offering to help his campaign and that the headquarters at 2253 Wabash will help coordinate their efforts. "We needed a place to organize that [volunteer effort]," Bennett said. "Now we've kind of got our strategic place to accomplish

that mission." Nearly 80 people filled the large campaign headquarters for Monday night's official opening of the facility. Those in attendance included GOP 46th District state Representative Bob Heaton, Terre Haute Fire Chief Jeff Fisher, City Attorney Chou-il Lee and City Controller Leslie Ellis. In 2007, Bennett became the first Republican to be elected mayor in Terre Haute since Leland Larrison, who was elected in 1968. **Horse Race Status:** Leans Bennett

Indianapolis Mayoral: Ballard runs 4th ad

Democratic Melina Kennedy announced four upcoming debates with Ballard, they include: Tuesday, September 27, 12 noon – 1 p.m. (doors open at 11:30 a.m.) Sponsored by Downtown Rotary Club. Scottish Rite Cathedral, 650 N. Meridian St. Open to the public. Cost required to attend the luncheon. Broadcast live on WFYI 90.1 FM.

Wednesday, October 5, 7 - 8 p.m. (doors open at 6:30 p.m.) Clowes Hall, 4602 Sunset Ave. Doors open at 6:30 p.m. Sponsored by BTNA, MKNA, BRVA, BRAG and AARP.

Saturday, October 15, 8 p.m. – 9 p.m. Christel DeHaan Fine Arts Center, University of Indianapolis, 1400 E. Hanna Ave. Sponsored by WTHR-TV, Indianapolis Star, Indianapolis Recorder. Open to public. Broadcast live on WTHR-TV.

Sunday, October 23, from 6:30 p.m. - 7 p.m. Sponsored by WISH-TV. Not open to public. Broadcast live on WISH-TV.

Mayor Greg Ballard has released a new 30-second campaign commercial, entitled "Leadership at Work" (Abdul, Indy Politics). The ad focuses on taxes, infrastructure and the economy. The ad is the Mayor's fourth television commercial this campaign season. Democratic challenger Melina Kennedy has released three television commercials to date. She is also running an ad on black radio encouraging citizens who are displeased with the Mayor, but not registered to vote to do so.

Kennedy last week called out Ballard for what she sees as his misdirected priorities in a decision last year to increase the take from property taxes for a Downtown economic development district. The decision meant that, in effect, \$20 million in property tax money was diverted to the district — funded by tax-increment financing — and away from schools, libraries, local government and other recipients of property tax revenue. "He owes the public an explanation as to why he is taking away money from schools and libraries," Kennedy said. She noted that Indianapolis library branches have reduced hours to cope with budget shortfalls, and schools are struggling to raise graduation rates on limited budgets (Murray, Indianapolis Star). She contrasted the action — which she says hurt schools — with Ballard's announcement of his education platform. The Ballard administration and Metropolitan



Development Commission took the action last year. They were taking advantage of changes to state law that were meant by legislators to offset reduced property tax revenue being captured by economic development districts because of tax caps and other reforms. The \$20 million was split between credits for 2009 and 2010. But Kennedy says the law's intent was to allow cities to offset only what's needed to meet a TIF district's debt obligations — and she says the TIF is plenty flush. She would propose a law to impose further restrictions on the law, she said during a news conference at her campaign headquarters. But she acknowledged that Ballard's staff was within the bounds of how the law is written.

Molly Deuberry, spokeswoman for Ballard's campaign, responded, "Melina Kennedy's criticisms of Mayor Ballard ... demonstrate that she doesn't mind misleading voters to try to score political points. Kennedy rushed to criticize part of Mayor Ballard's education proposal by calling it "illegal" and was proven wrong within minutes. Today, she is attacking Mayor Ballard for legally collecting a tax that the previous administration, in which she served as Deputy Mayor, also collected. That's right, Kennedy could have called for a change in the law or to forgo the collection during the five years she served in the previous administration. Mayor Ballard is actually the first Mayor in decades to forgo collecting this tax this budget year and in his proposed budget for next year. **Horse Race Status:** Leans Ballard

Muncie Mayoral: Candidates spar over FD

Muncie Democrats apparently plan to reopen the shuttered Mock Avenue fire station if retired firefighter Dennis Tyler wins the city's mayoral race in November (Muncie Star Press). Republican Mayor Sharon McShurley's administration closed the southeastside station in the spring of 2009 in a cost-cutting move. At the same time, the downtown fire station became a Muncie Fire Department training facility, although it is now back in use as a station pending renovations to the water-damaged, mold-infested McCulloch Park station. At Monday night's meeting of Muncie City Council, southside resident Courtney Marsh asked whether the city would consider leasing or selling the Mock Avenue building for use as a day care center. "Some members of the council hope (the station) will be manned by firefighters again," council President Sam Marshall said. Acknowledging he was "just one person," Marshall said he hoped the station could be back in operation "hopefully in the not-too-distant future." Given that McShurley has no plans to reopen the station -- she said Tuesday she wishes the city could sell the building -- it appears Marshall's hopes are tied to fellow Democrat Tyler defeating McShurley in the Nov. 8 election. McShurley said Tuesday she wouldn't be surprised if Tyler has been talking about reopening the sta-

tion. "He's a retired firefighter and he's going to be saying things, trying to garner votes from that neighborhood," she said. Contacted Tuesday at the Statehouse, Tyler said he would "definitely consider" reopening the station "if I can find the resources, and everything is available, and that's what the people want." **Horse Race Status:** Likely Tyler

Kokomo Mayoral: Kern agrees to debate

Republican Scott Kern said Thursday he will participate in at least one of two scheduled mayoral debates with incumbent Democrat Greg Goodnight (de la Bastide, Kokomo Tribune). "I tried to find a legitimate reason to go," Kern said of the debates. "I'm not afraid to attend a debate with Greg Goodnight." **Horse Race Status:** Safe Goodnight

2nd CD: Dr. Andrews to run in GOP primary

A South Bend doctor says he's joining the Republican race for the northern Indiana congressional seat that Democrat Joe Donnelly is giving up to run for the U.S. Senate (NWI Times). Greg Andrews will be the second challenger to former state Rep. Jackie Walorski, who is running again after nearly defeating Donnelly for the 2nd District seat last year. The 52-year-old Andrews says he has the expertise to make a difference on health care policy and medical malpractice issues. The South Bend Tribune reports that Andrews has stepped down as a staff physician at the Indiana Health Center and Project Homecoming clinics in South Bend to campaign full time. LaPorte School Board president Mitch Feikes also has announced he's running for the GOP nomination in next May's primary.

5th CD: Burton makes it official

U.S. Rep. Dan Burton issued the following statement regarding the 2012 election: "I am announcing that I will be seeking reelection next year to continue my service to the Hoosiers of the 5th Congressional District. Conservatives have again risen up to voice their discontent with the big government, job-killing agenda that Barack Obama and the Democrats in Washington are trying to foist on the American people. I am committed to continuing the fight against Washington's reckless out-of-control spending and putting an end to the era of the big government. I will not rest until we have created a positive environment for job growth for the Hoosiers of Indiana's fifth Congressional District and American's all across our Country!"

HD76: Van Haften ponders run

Former State Rep. Trent Van Haften is preparing to challenge State Rep. Wendy McNamara. Van Haften gave up the Democratic nomination to run unsuccessfully for the 8th CD in 2010, losing to Rep. Bucshon. ❖



It's Jackie Walorski's race to lose in 2nd CD

By JACK COLWELL

SOUTH BEND - It's Jackie Walorski's race to lose in Indiana's 2nd Congressional District.

"I don't intend to lose it," Walorski says. "But I don't take anything for granted."

She's moving fast, with over a quarter million dollars raised by July 1 and 16-hour campaign days. She's organizing, already lining up volunteers and a national consultant who knows the territory, Brooks Kochvar, who was campaign manager for former Congressman Chris Chocola. Walorski may also go a bit slower in one area, talking. Even if she pauses for a breath more in political spiels, her message remains consistent, never wavering fiscal conservatism - spending cuts, low taxes, small government.



Redistricting gives the 2nd a much more Republican flavor than in 2010, when Walorski lost

a close race to Congressman Joe Donnelly, the Democratic incumbent. Donnelly now is running for the Senate instead of reelection to the House.

And Walorski, a Jimtown Republican who served three terms in the Indiana House, is favored to win in 2012. Charlie Cook, national expert on congressional races, lists the outcome as "likely Republican," with a plus 7 Republican partisan voting index.

Walorski likely will be in that 2012 race with Democrat Brendan Mullen, an Army veteran and West Point graduate from South Bend. Walorski and Mullen both face opposition in their respective party primaries next May. But each has substantial party organization support. Each has campaign organizing and fundraising well under way.

"We're working as though there is no tomorrow," Walorski said in an interview during a long campaign day from one end of the district to the other, with numerous stops in her quest this time to win.

She has concerns: Whether Republican factions will get together. Also concerns over the way 2nd District voters have lost patience with both parties.

"They are so done with these two parties," she said. That's why she counts more on her own organization than on party organization support at the national level.

Walorski watched part of the televised debate last

week featuring Republican presidential candidates. She likened the format to "a three-ring circus" and concluded: "I'm not sure any of these guys can beat Barack Obama." If factions don't get together - various tea party groups and more traditional elements of the GOP - chances of winning the presidency will be diminished, she said.

Walorski is more confident of her own appeal to these different groups.

She was a tea party favorite in the 2010 election and also had solid party organization support. Walorski said that she would have voted "no" on the bill to raise the debt ceiling.

She also is opposed to the president's jobs plan. She said it calls for too much spending. "Spending our way out of it isn't working," she said.

Walorski declined comment on her potential primary and general election opponents. "We're paying no attention to what other people do," she said.

Nor did she express a favorite in the looming Republican primary battle in which Sen. Richard G. Lugar faces a challenge from Richard Mourdock, the state treasurer.

But she didn't hesitate to express views on two issues in that presidential candidates' debate.

Walorski criticized Texas Gov. Rick Perry for his executive order requiring sixth-grade girls to be vaccinated against a sexually transmitted virus.

She strongly opposed a similar HPV vaccination requirement in the Indiana legislature, where it was defeated. The vaccine is untested, potentially dangerous and seemingly aimed at "money in (vaccine manufacturer) Merck's pocket," she contended.

Nor does she agree with Perry's description of Social Security as a bad thing, possibly unconstitutional and a "Ponzi scheme."

Walorski said she comes down on the side of fixing rather than attacking Social Security.

She endorses no presidential candidate, although she "absolutely" would have backed Gov. Mitch Daniels if he had run.

Walorski is aware that after 2010 campaign appearances, there were some reactions to the effect: "Doesn't that woman ever stop to take a breath?" Walorski laughed at a question about it but indicated she also is taking a potential image problem seriously. "I think I have slowed down," she said. "Maybe because I'm now 48."

A little slower in speech delivery? Maybe. But full speed ahead on a campaign effort she calls "beyond full time." ❖

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



Doug Ross, NWI Times: When U.S. Education Secretary Arne Duncan was blasting Indiana schools Thursday, I could feel educators shrinking in their chairs. But when he said teachers were underpaid, ears perked up. "I think we have to significantly increase starting teachers' salaries, double them," Duncan told the crowd at the One Region, One Vision gathering at the Radisson Hotel at Star Plaza in Merrillville. That would bring the starting teacher's salary to more than \$65,000. Wow. Jaws dropped. Reality, however, can deflate goals rather quickly. Where would all that money come from? It wasn't all that long ago that Indiana Gov. Mitch Daniels had to pull \$300 million in state funding from Indiana's schools. Some of that has been restored, but it's still a sticking point with local public school officials who now face the loss of state funding with the voucher system drawing students away and putting them into private schools. I already know how Daniels would respond -- divert more dollars from overhead and put it into teaching. I've heard him say that before. Strengthening his argument is a March 25 report from the Indiana Office of Management & Budget that says the statewide student instructional expenditures ratio in 2009-10 was 58.7 percent. The report goes into excruciating detail about how each school district, but suffice it to say that more than 40 cents out of each school dollar went to areas other than classroom instruction. So what does Duncan cite as contributing to the success in beginning to turn Hammond High School around? Spending on social workers, among other things. ❖

Eric Bradner, Evansville Courier & Press: When he was weighing a run for the White House, Indiana Gov. Mitch Daniels said he knew his message — he knew the "why." He just wasn't sure he was the man to do it. If you pick up the governor's book — "Keeping the Republic," which hits bookstores on Tuesday — you'll see that he meant it. Daniels isn't running for president, but his book, which he wrote before making his final decision, clearly could have served as the blueprint for the campaign that could have been. It's not about the man, "because, frankly, I'm not that interesting," he writes. It's about the national debt — the new "Red Menace," as he puts it. If you want the Cliff's Notes version of the book, check out his speech at the Conservative Political Action Conference from February. He uses many similar phrases, and makes the same argument. This book, and the marketing around it — Daniels will spend much of this week in New York City — might be an effort to keep him in the spotlight. He doesn't harp too much on his time in Indiana, and when he does, not much of what he says will surprise you. Most interesting is his admission that he looked for a way around one of the first actions he took in office: stripping state employees of their

collective bargaining rights. "I confess that I looked for a way around taking the full, bold stroke," he writes. But, he adds, the decision was the right one. Without it, he says, he could not have reformed the Bureau of Motor Vehicles or other complacent state agencies. Unlike other politicians who hire ghostwriters, Daniels says he wrote every word of his book. And, if you've followed him closely, as you read it, you'll know that's true. It sounds like him. The attitude is his. Daniels uses his second chapter to paint a chilling picture of the nation's finances. He says his argument isn't a political one; it's about the mathematical reality of bloated spending. He says he wants the country to agree to work together to address the challenge of reforming Medicare and Social Security and such. But the way he characterizes liberals — "today," he writes, a liberal is "someone who seeks to subjugate individual liberty to state control" — is disagreeable. As he talks about President Barack Obama and Democrats later in the book, he gets meaner. The point is that Daniels' harsh portrayal of those to his left will probably undermine his calls for a more civil political conversation. ❖



Larry Riley, Muncie Star Press: Certainly, one of the major knocks against Republican mayor of Muncie Sharon McShurley, seeking re-election to a second term in November, is she can't get along with anybody. "Anybody" is too wide of a term here, but you get the drift. Constant fighting. No compromise. Her way or the highway. Indeed, her Democratic opponent, State Rep. Dennis Tyler, looks to exploit this. The bottom of his main campaign flier reads, "Imagine the possibilities when we work together." Perhaps looking at exactly whom McShurley hasn't got along with could be instructive. For starters, one could say she didn't get along with the Election Board, which ruled she lost the mayor's race by nine votes. She wanted some recounting, and when that lengthy process was over, she had won by 13 votes. From then on, you'd have to say the disagreement was on the Democratic side, which sued the mayor over the outcome, lost, appealed, and lost again. Then, in her first move to make changes in city governance, McShurley asked every member of every board or commission appointed by her predecessor and whose terms hadn't expired to resign. She didn't want to wait for years, say, to revamp the Muncie Redevelopment Commission, of which she expected more redeveloping. She wanted to move faster. That ticked off a number of people, including Democratic members of city council, some of whose members mistakenly got the written request to resign. Maybe that's why most Democrats on the council have resisted everything she's tried since. Right off the bat, McShurley also didn't get along with another major Democrat: Ron Bonham, beloved basketball star, longtime county commissioner and superintendent of Prairie Creek. ❖



More cracks found on Minton bridge

NEW ALBANY - Investigators have discovered more cracks in the Sherman Minton Bridge since it was shut down Sept. 9 after a crack was found in a load-bearing steel beam (Louisville Courier-Journal). "I don't think we found a crack as large as the one that shut the bridge down," engineer Gary Panariello said Wednesday at a press conference on the New Albany riverfront, with the empty Sherman Minton Bridge in the background. David Holtz, the Indiana Department of Transportation's deputy commissioner for engineering, said the 2 1/2-inch crack that led Indiana Gov. Mitch Daniels to close the bridge is in a plate that connects the lowest horizontal section of the bridge with a vertical girder that supports the arch closest to the Kentucky bank. Such beams are critical, Panariello said, adding that "if a tie fails, the bridge fails." Also at Wednesday's press conference, Scott Stewart, director of strategy and major projects for the Indiana transportation department, said the engineers and officials working on the Sherman Minton welcome President Barack Obama's visit Thursday to the aged Brent Spence Bridge between Cincinnati and Covington, Ky. Any attention to such problems by Obama ultimately will help get the Sherman Minton and other aging bridges repaired, Stewart said.



Skillman leaves for Japan

INDIANAPOLIS - An Indiana trade delegation led by Lt. Gov. Becky

Skillman is on its way to Japan after being delayed by a typhoon (Associated Press). The group of state, local and business leaders left Indianapolis Wednesday and is expected to arrive in Tokyo today. The trip was delayed because of Typhoon Roke.

House leadership is rebuked by vote

WASHINGTON - The surprise defeat in the House Wednesday of a special funding measure to keep the federal government functioning past Sept. 30 was a sharp rebuke of the GOP leadership that controls the chamber and a testament to the fragility of the majority itself (Washington Post). The rejection of the measure resurrected the specter of a government shutdown at the end of the month and suggested that the heated confrontations that dominated Washington in the spring and early summer are likely to return this fall. While it is widely expected that the parties will eventually reach a compromise to avoid a shutdown, Wednesday's 230-to-195 vote showed what can happen when the GOP majority operates with no more than minimal Democratic support. The failure of the bill was the result of a new solidarity among Democrats on funding issues and old divisions among Republicans on spending reductions.

Mitch does the Daily Show

NEW YORK - Governor Mitch Daniels made an appearance last night on The Daily Show with Jon Stewart. The purpose of the appearance was to promote Daniels' new book and the conversation quickly turned to the debt situation in the United States. Daniels said everyone in the government needs to work together with a

voice of unity. "Let's take the steps that will save us all. You know, no one will suffer more if we drift over a fiscal Niagra which we are mathematically certain to be headed for if we don't make a few changes...no one will suffer more than the most vulnerable people. They always do," Daniels said. Daniels said the heart of the challenge in America is to strengthen the upward mobility of the country and the possibilities for a stable and hopeful middle class.

Auto supplier moving to Orland

ORLAND - A Michigan-based manufacturer Wednesday announced plans to create more than 100 jobs by 2014 at a new operation in Steuben County. CTA Acoustics Inc. is investing \$9 million to lease a 93,000-square-foot space and outfit it with production equipment, officials said. As The Journal Gazette reported last week, CTA is moving into the former Federal Mogul location at 9670 Maple St., Orland. Production at the new plant is scheduled to begin next year. The auto supplier makes noise-reducing and heat-absorbing insulation that is placed under the hoods and dashes of trucks and SUVs. Customers include General Motors, Ford, Chrysler and Nissan.

4 Hoosiers make billionaire list

INDIANAPOLIS - Four Indiana residents are on the latest Forbes 400 list of the richest Americans. Estimated to have a net worth of \$3.4 billion is Gayle Cook (medical devices) of Bloomington. She is ranked No. 96. Further down the list are: 242. Dean White, 88, \$1.8 billion, Crown Point, billboards and hotels. 273. Herb Simon, 76, \$1.6 billion, Indianapolis,



real estate/Indiana Pacers. 312. Jim Irsay, 52, \$1.4 billion, Carmel, Indianapolis Colts. No. 1 on the list is Microsoft's Bill Gates (\$59 billion), followed by Warren Buffett (\$39 billion, Berkshire Hathaway) and Larry Ellison (\$33 billion, Oracle). Facebook's Marc Zuckerberg is No. 14 at \$17.5 billion.

Tax revenue drops across Indiana

INDIANAPOLIS - Indiana's state and local per-capita tax revenue has dropped more than 9 percent in the past decade, according to a new report from the Indiana University Public Policy Institute (Evansville Courier & Press). The numbers — which are adjusted for inflation — show state and local governments collected roughly \$3,500 in taxes per Hoosier last year, compared with \$3,860 per person in 2000. The evaluation does not include federal tax collections. The decrease is in part due to legislative changes that have recently limited revenue from property taxes and comes despite two separate increases in the state sales tax that were meant to cover shifts in costs from local to state government. But the economic slowdown beginning in 2008 also caused significant declines in income and sales tax revenues that forced government spending lower, the report said. "It was a confluence of factors — some of which we actively took part in to restrain spending but also economic factors" the governments couldn't control, said the report's author, Matt Nagle, senior policy analyst at the institute. Across the state, tax revenue fell from \$23.5 billion in 2000 to nearly \$22.7 billion in 2010, even as the population that state and local governments serve has increased overall. "I think that would be surprising to some people — at least initially — because so often your impression of government is that it spends more

all the time," said John Ketzenberger, president of the Indiana Fiscal Policy Institute. "This report seems to show that new spending has been arrested at least at this point. To be at a level of 10 years ago is significant." David Bottorff, executive director of the Association of Indiana Counties, said the days of relying on reserves and temporary cuts are largely over. "We're really starting to see layoffs, reductions in office staff and hours, cuts in services," Bottorff said. "It's difficult."

Hogsett, Curry tout gun arrests

INDIANAPOLIS - Getting gun-toting felons off the streets goes a long way toward reducing crime, U.S. Attorney Joe Hogsett said Wednesday (Indianapolis Star). Case in point, he said, was the indictment of three Indianapolis men on federal charges of possession of a firearm by a convicted felon. "It's three people who already are responsible and convicted of 30 prior acts of mischief and mayhem in Marion County," Hogsett said. Mark Finney, 51; Joseph Jay Johnson, 33; and Kardiaj Strong, 33, were indicted in unrelated cases. An initial hearing for each will be scheduled before a U.S. magistrate. The indictments mark the latest effort by Hogsett and Marion County Prosecutor Terry Curry to crack down on violent criminals. The two announced a collaboration earlier this year to bring federal charges against people who commit violent crimes because federal penalties are harsher. "These indictments send a serious message," said Curry, who appeared at a news conference with Hogsett. "If you are a felon in possession of a weapon, you will go to jail. We are using our combined federal and state resources to pursue illegal gun crimes to their fullest extent." Much of Marion County's crime, Curry added, involves "gangs, guns and drugs."

Hogsett hires Thomas Cook

INDIANAPOLIS - District Attorney Joe Hogsett hired a new communications director in the U.S. Attorney's office. He's Thomas Cook. Cook used to be the communications director for the Indiana Democratic Party.

Plowman asks judge to overturn

INDIANAPOLIS - A former Indianapolis city-county councilman is asking a federal judge to overturn his conviction on charges of attempted extortion and bribery. The Indianapolis Star reports Lincoln Plowman's attorney, James Voyles Jr., filed a motion in U.S. District Court Tuesday asking Judge Larry McKinney to review the evidence in the case and acquit Plowman. A jury found Plowman guilty last Thursday. U.S. attorney's office spokesman Tim Harty says federal prosecutors will try to convince McKinney that there is sufficient evidence to sustain Plowman's conviction. Plowman is on home detention pending a sentencing hearing that has yet to be scheduled. He could face up to 30 years in prison.

Palin may take more time to decide

WASHINGTON - Sarah Palin had mentioned the end of September as her time frame for deciding on 2012 in the past, but she indicated on Sean Hannity's Fox News show last night that she may take a bit longer than nine more days: "There is still time, Sean, and I think on both sides of the aisle you're going to see people coming and going from this race," she said.