



Gov. Pence: Persuasion, luck & allies



Fledgling governor delivers two resounding speeches, but now comes the hard part

By **BRIAN A. HOWEY**

INDIANAPOLIS – There is no question that Gov. Mike Pence is a skilled orator who can craft a great speech. Hoosiers have now witnessed this twice in the past 10 days.

This is no surprise. After Pence burst onto the Indiana political scene in 1988, he promptly lost two congres-

sional races to an incumbent Democrat, then took the reins of the Indiana Policy Review Foundation, where he further honed his skills on the issues. But it was his radio and TV talk shows beginning in 1994 that established Pence as a gifted communicator and, from that standpoint, both his inaugural address on Jan. 14 and his State of the State address Tuesday night graded well on style points.

Midway through his State of the State, it was striking to see skeptical Democrats rise when he vowed to fully fund Medicaid, to emphasize an increased funding for Child Services, take head-on the national disgrace of the high jobless rate of military veterans, and provide transparency

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Obama: A liberal payback?

By **BRIAN A. HOWEY**

NASHVILLE, Ind. – A little over a week before the New York Times' Page 1 banner headline would proclaim - "Obama offers liberal vision: 'We Must Act' - an acknowledgement of sorts came forth.



U.S. Rep. Todd Rokita, a sophomore Republican stated the obvious in an HPI interview. Asked if his 4th CD constituents had come to grips with the likely fact that Barack Hussein Obama would be president for the next four years, Rokita responded,



"We're expecting over the next 22 months to be the focus of this administration as they attempt to annihilate the Republican Party."

- House Speaker John Boehner to the Ripon Society



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Brian A. Howey, Publisher
Mark Schoeff Jr., Washington
Jack E. Howey, editor

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☎ Call Adrian France
812.455.4070 or email
adrian@olympiamediagroup.com

Contact HPI

www.howeypolitics.com
bhowey2@gmail.com

☎ Howey's Cabin: 812.988.6520
☎ Howey's cell: 317.506.0883
☎ Washington: 202-256-5822
☎ Business Office: 812.455.4070

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"I think my constituents understand. Who I hope understands is House Republican leadership. For my first years in Congress, we weren't supposed to do anything too bold for fear of rocking the boat before the election and a chance to get a Republican president," Rokita said. "Quite frankly, that time has come and gone. So we have nothing left but to be bold."

It was an acknowledgement that doing whatever it took to get America back to work after the Bush wars and economic disaster took a second seat behind the 2012 election, with Senate Minority Leader Mitch McConnell stating the "priority" of making Obama a "one-term president."

To be fair to Republicans and Rokita, the first African-American president, while inheriting a historic mess, did not listen, did not schmooze and did not take seriously their ideas and proposals.

What followed was an array of party-line votes, the rise of the Tea Party, threats to shut down the government and default on its debt. They accused Obama of perpetrating the trillion dollar deficits that were nearly identical to the costs of the military adventures in Afghanistan and Iraq and forged by President George W. Bush.

Bush's TARP rescue as well as fishing General Motors and Chrysler out of the liquid abyss were to become Obama's millstone, as was his precarious stimulus program.

On Monday, President Obama ushered in his second term with a defense of "collective action" and the role of government, though he acknowledged the limits and "skepticism" of central authority.

The inaugural speech, coming on Martin Luther King Day, was a bow to his political coalition, but also an emergence of a second-term president looking beyond the wars, terror threats and economic collapse that defined much of his first term. Obama appeared to be taking a page from

President Reagan, using this most conspicuous platform with the whole world watching to make his case to his coalition, vowing to wage the fight.

"Through blood drawn by lash and blood drawn by sword, we learned that no union founded on the principles of liberty and equality could survive half-slave and half-free," Obama said. "We made ourselves anew, and vowed to move forward together."

Obama then cited instances where the federal government bound the nation. "Together, we determined that a modern economy requires railroads and highways to speed travel and commerce; schools and colleges to train our workers. Together, we discovered that a free market only thrives when there are rules to ensure competition and fair play," the Illinois Democrat said. "Together, we resolved that a great nation must care for the vulnerable, and protect its people from life's worst hazards and misfortune. Through it all, we have never relinquished our skepticism of central authority, nor have we succumbed to the fiction that all society's ills can be cured through government alone. Our celebration of initiative and enterprise; our insistence on hard work and personal responsibility, are constants in our character."

CNN analyst David Gergen called it one of Obama's most important speeches, saying, "It's a real declaration of principles. He was saying, 'Let's talk about what is essential.'"

NBC analyst Tom Brokaw called it "part one" of a "two part speech," the second coming with his State of the Union address later this month in which he will lay out his program.

Republicans fumed. Former Republican National Committeewoman Dee Dee Benkie tweeted, "Very scary speech - get ready , he is going for the throat." And CNN Republican analyst Alex Castellanos observed, "This was the speech of a warrior. This is a guy who is ready to go to combat.



Your votes are great, but now I need your voices."

Obama acknowledged the crises he faced when he entered office in 2009, with a near economic collapse, the potential liquidation of the American auto industry, and wars in Iraq and Afghanistan that had divided the nation. "This generation of Americans has been tested by crises that steeled our resolve and proved our resilience," Obama said while offering a light at the end of the tunnel. "A decade of war is now ending. An economic recovery has begun. America's possibilities are limitless, for we possess all the qualities that this world without boundaries demands: youth and drive; diversity and openness; an endless capacity for risk and a gift for reinvention. My fellow Americans, we are made for this moment, and we will seize it - so long as we seize it together."

Obama cited climate change, immigration and made the case that gay Americans deserve the same rights as others, cloaked into the Jeffersonian principles that "All men are created equal."

"We, the people, still believe that every citizen deserves a basic measure of security and dignity," Obama said. "We must make the hard choices to reduce the cost of health care and the size of our deficit. But we reject the belief that America must choose between caring for the generation that built this country and investing in the generation that will build its future. For we remember the lessons of our past, when twilight years were spent in poverty, and parents of a child with a disability had nowhere to turn. We do not believe that in this country, freedom is reserved for the lucky, or happiness for the few. We recognize that no matter how responsibly we live our lives, any one of us, at any time, may face a job loss, or a sudden illness, or a home swept away in a terrible storm."

Obama seemed to be rhetorically responding to his opponent last fall, Mitt Romney, who suggested that 47% of Americans were "takers." Obama said, "The commitments we make to each other - through Medicare, and Medicaid, and Social Security - these things do not sap our initiative; they strengthen us. They do not make us a nation of takers; they free us to take the risks that make this country great."

And he reached out to issues such as climate change and gay rights. "For our journey is not complete until our wives, our mothers, and daughters can earn a living equal to their efforts," Obama said. "Our journey is not complete until our gay brothers and sisters are treated like anyone else under the law - for if we are truly created equal, then surely the love we commit to one another must

be equal as well."

"We will respond to the threat of climate change, knowing that the failure to do so would betray our children and future generations," Obama said. "Some may still deny the overwhelming judgment of science, but none can avoid the devastating impact of raging fires, and crippling drought, and more powerful storms. The path towards sustainable energy sources will be long and sometimes difficult. But America cannot resist this transition; we must lead it. We cannot cede to other nations the technology that will power new jobs and new industries - we must claim its promise. That is how we will maintain our economic vitality and our national treasure - our forests and waterways; our croplands and snowcapped peaks. That is how we will preserve our planet, commanded to our care by God. That's what will lend meaning to the creed our fathers once declared."

Despite Hurricane Sandy, Henryville, Tuscaloosa, a crippling drought where Indiana was an astounding 3 degrees above average heat, and another one possibly on the way, and Lake Michigan at historic lows, "climate change" has become a liberal issue.

It has been an extraordinary cascade of events that an African-American male named Barack Hussein Obama could rocket to the most powerful office in the world and then win a second term after bitter debate and four years of largely party line votes on crucial issues.

Obama is signaling that, yes, he won the election. And yes, he's going to deal with as much of the future on his terms. Republicans seem to be getting the message (and reading the polls), having pulled back from the debt ceiling fight that was just over the horizon.

But New York Times conservative columnist David Brooks believes that Obama "misunderstands this moment." The nation's greatest innovations "were unforeseen by those at the national headquarters. They emerged, bottom up, from tinkerers and business outsiders," he said.

"The Progressive Era, New Deal and Great Society laws were enacted when America was still a young and growing nation," Brooks writes. "They were enacted in a nation that was vibrant, raw, underinstitutionalized and needed taming. We are no longer that nation. We are now a mature nation with an aging population. We are bogged down with a bloated political system (see pages 7-8), a tangled tax code, a byzantine legal code and a crushing debt."

Obama barely mentioned entitlement reform and spending cuts as he launches four years into his final whirlwind. ❖





Gov. Pence, from page 1

for the controversial jobs claims of the Indiana Economic Development Corporation.

"Our budget fully funds the Medicaid forecast, meeting the projected health care needs of our most vulnerable citizens and families," Pence said. "That's why our budget calls for increasing funding for the Department of Child Services by \$35 million so we can protect the lives of our most vulnerable children through additional caseworkers, supervisors, and investments in the emergency hotline."

"Not only can I work with Gov. Pence but look forward to working with Gov. Pence," State Rep. Kreg Battles, the Vincennes Democrat, told the Evansville Courier & Press.

House Minority Leader Scott Pelath, D-Michigan City, observed, "I want to thank Gov. Pence for listening to things, and transparency in our state's economic development operations. We've been talking about the veterans' unemployment rate being a disgrace. He mentioned that. He mentioned one in five kids live in poverty." Pence received similar reviews from Senate Minority Leader Tim Lanane, who said he is used to Pence delivering a great speech, Pence having served as Lanane's congressman for 12 years.

Lanane and Pelath represent just 44 of the 150 legislators, who could be characterized as almost irrelevant in this new Age of the Super Majority. But from the perspective of setting the tone, and the deep suspicions raised by Democratic gubernatorial nominee John Gregg that the woolly lamb-like Pence was really a social warrior wolf under the curls, this distinction helps establish the cred of something Pence said in his second paragraph of the State of the State: "I am honored to stand before you today as governor of all the people of Indiana and I know that, together, we will write the next great chapter of Indiana history."

But from a pure power perspective, Pence's most profound challenge will be to convince Republican leaders to go along with his top priority, the 10% income tax cut.

House Speaker Brian Bosma and Senate President David Long were quick to note that they were in "95% agreement" with the new governor on his agenda.

It's that 5% that will require all of Pence's political skill and luck over the next three and a half months. Both legislative leaders have been cool to the tax cut, coming on the heels of corporate and inheritance tax reforms, and the automatic taxpayer refunds that came in the latter years of his popular predecessor Mitch Daniels.

Pence doubles down

On Tuesday, Pence doubled down (a phrase heard a lot in the Statehouse these days) and made his case. "The budget I submitted last week is honestly balanced, funds our priorities, reduces by 10% the tax bill Hoosiers currently pay, and still maintains reserves well in excess of the resources we would need to meet emergency and unforeseen contingencies," Pence said. "So let's be honest

with our fellow Hoosiers. We can afford to do this." Pence then rhetorically asked, "But why cut taxes now?" before he underscored four points.

"First, at a time when federal taxes have just gone up on all working Hoosiers, most small businesses and family farms and our medical device industry, now more than ever, Hoosiers could use some tax relief," Pence began (remember this point). "Second, this reduction in taxes will unleash half a billion dollars into the private, voluntary economy every year. Letting Hoosiers

keep more dollars to spend, invest or save will be good for Indiana families and businesses. Third, reducing the personal income tax rate is the best way to lower taxes on small businesses and family farms. Ninety-two percent of Hoosier small businesses pay their taxes under the individual income tax rate. By lowering taxes, small businesses will have more money to hire new employees, purchase new equipment and grow. Fourth, by lowering the personal income tax rate by 10 percent, it will be official: Indiana will be the lowest taxed state in the Midwest. Companies who are here will have one more reason to expand and we will give businesses outside Indiana one more reason to move to the Hoosier state."



Gov. Pence greets Hoosiers outside the House chambers following his State of the State address. (HPI Photo by Brian A. Howey)



Pence finished that section of the speech by saying, "Because we can afford to cut taxes for every Hoosier, I believe we should. And on behalf of millions of hardworking Hoosiers, small businesses and family farms, I respectfully ask for your support."

Bosma's intriguing response

The most intriguing response from the GOP leaders came from Bosma, who took a subtle stab at Pence's recent Washington roots. "I don't think the irresponsible policies of the federal government really impact things here," he said. Translated: Don't confuse the actions of the kids in Congress with the adult-like responsibility Statehouse Republicans have fostered over the past eight years.

Bosma then reemphasized points he began making last November, four months after legislative leaders were left out of the Pence policy loop: "Our goal will be to have a sustainable budget, one that in the long haul serves Hoosier taxpayers well. It's sustainability, not on an election cycle," Bosma said in what could be perceived as a conspicuous acknowledgment of Pence's potential 2016 presidential aspirations.

"I appreciate his opinion," Bosma continued. "We'll work with the governor and his folks to come to the right conclusion here."

Long observed, "The question will be at the end of the day what can we afford in April? In the end, affordability is going to be a key factor, and also is it the best way to stimulate the Hoosier economy? We'll have that discussion as well, but his goals are right. We need a shot in the arm."

It left an opening for Pelath, who said, "We're not the ones who have to tell him no. We're going to listen to him. Having said that, he has a case to make. Will that truly grow jobs in Indiana?"

That's an understatement. Hoosiers watched the December jobless rate spike up to an unacceptable 8.2%. It has now been fully four years of unemployment rates ranging from 7.8 to 10% – a hallmark of the Great Recession that has eclipsed the dire days of the early 1980s as an era of pain from the board room to the kitchen table.

The irony is that as head of the U.S. House Republican Conference, Pence was a cog in the machine that decided to oppose President Obama's job initiatives, hoping to elect a Republican president last November. The persistent jobless rate has become the ashes in their mouths, and Pence can only hope that Obama can pry loose the national

economy and with it, Indiana's.

Gubernatorial vs. legislative power

What's intriguing when mining into the dynamic here are the emerging differences between the Daniels era and the fledgling Pence administration.

Gov. Daniels was clearly the alpha male, spending 18 months campaigning in every burg and ville in the state, the savior who brought Hoosier Republicans out of the desert after an aimless, 16-year traipse.

Upon taking the reins of power, Daniels never had to deal with powerful Senate Finance Chairman Larry Borst, who was defeated in the 2004 Republican primary. Former Republican chairman Rex Early was questioned by candidate Daniels about his opposition to Borst in that primary, and Early responded, "I'm trying to do you a favor."

Thus, Daniels never had to deal with the prickly "Old Dog Doctor" who had caused the previous five governors a number of sleepless nights.

Two years later, Senate President Pro Tempore Robert Garton met the same primary fate. Essentially, that gave Daniels an emphatic upper hand when it came to dealing with the emerging Senate Republican powers of David Long, Luke Kenley and Brandt Hershman.

With a new governor, there would be a natural tendency for Senate leadership to push back after being subservient to the profound Daniels agendas. In a sense, this push began in the final year of Daniels' tenure, when Bosma and Long declared that Right to Work – never a staple in the Daniels policy schedule – would become the top GOP legislative item. They were obviously not reading off the Daniels script.

Thus, we find Long and Bosma flexing some muscle, with the Pence tax cut the first wrestling match.

The Conservative Caucus

Gov. Pence, however, has assets. There is the Senate Conservative Caucus that is somewhat restive. It is not in position – nor is it seeking a power challenge to Long – but there is a sense that it will be there for the new governor.

Caucus members Jim Banks and Mike Delph were quick to embrace the Pence tax cut quickly after Long and Bosma had expressed deep caution.

Others in that caucus, Sens. Jean Leising, Scott Schneider, John Waterman, Mike Young, Brent Waltz, Greg



Senate President David Long and Speaker Brian Bosma liked Gov. Pence's "tone" but have not signed on to all the substance, such as the income tax cut. (HPI Photo by Brian A. Howey)



Walker and Jim Buck, are likely to rally for Pence. There are others, such as Sens. Jim Tomes and Vanetta Becker, who might be willing to push back at Long.

And there are some in leadership - such as State Sens. Dennis Kruse and Brent Steele - who will be sympathetic to helping the new conservative governor get off on the right foot.

Long has displayed a Gartonesque heavy hand with some conservatives, pushing bills by Banks (on abortion and guns on campus), Kruse (Lord's Prayer in schools) and Tomes (use of drones for civilian use) into the purgatory of the Rules Committee.

There are other pressure points. Informed and reliable sources tell HPI that Hershman is preparing for a 2014 campaign for state treasurer. Delph and other conservatives are apt to line up behind Marion Mayor Wayne Seybold as part of the Senate power chess game.

House dynamic has yet to emerge

On the House side, there is certainly a rich vein of conservatism, most notably lead by State Rep. Eric Turner, who Bosma did not name as Ways & Means chairman. But many other notable conservatives are firmly entrenched in Bosma's leadership team, and so much of the caucus is new, that it is unclear whether a conservative caucus will emerge there.

On Wednesday, Turner filed HB1541 which would eliminate the automatic refund and phase in the income tax cut over three years. "I've followed what he's been doing all summer," Turner told the Indianapolis Star, "and thought about what would be the best-case scenario for the state. I like his approach on a tax cut."

Pence said he wants to keep the Daniels rebate, but added, "My standing rule on legislation is we'll consider any ideas that members of the General Assembly want to bring forward."

Pence campaigned vigorously for many members of the Classes of 2010 and 2012, and he will find deep affection from freshmen and sophomores such as Reps. Ron Bacon, Robert Morris, Tim Wesco, Matt Ubelhor, Tom Washburne, Steve Davisson, David Ober and others.

While much speculation has centered on the April revenue forecast, the fact is that the budget is generated in the House and will have to pass over to the Senate at the mid-way point in early March.

So it will be intriguing to see how Speaker Bosma and fiscal leaders such as Ways & Means Chairman Tim Brown grapple with the tandem realities of a new, conservative and politically ambitious governor from their party, and whether his top legislative priority will be the medicine to spark a long-awaited recovery, or be a millstone in 2014 or 2016 reelection bids if the state falls back into deficits. ❖

Emergency surgery for First Lady

INDIANAPOLIS - First Lady Karen Pence is undergoing emergency gall bladder surgery this morning. Gov. Mike Pence has cleared his schedule.

Pence completes cabinet

Gov. Mike Pence finished his cabinet last week, selecting Debra F. Minott as secretary of the Family Social Services Administration and Gina Sheets as his director of the Indiana State Department of Agriculture.

Minott, of Carmel, most recently served as Vice President and Associate General Counsel for Hill-Rom, a medical device manufacturer in Batesville. Minott has served in a variety of roles including Human Resources Director at CarDon & Associates, Inc., Indiana State Personnel Director, Chief Governance Officer and Corporate Secretary of Guidant Corporation, Senior Vice President and General Counsel for Essex International Inc., and Senior Counsel at Eli Lilly and Company. Minott earned her undergraduate and law degrees from the University of Michigan.

Prior to joining state government in 2009, Sheets served as Economic Development Director and CEO of the Clinton County Chamber of Commerce, Director of the Frankfort Urban Enterprise Association and Director of the Clinton County Economic Advancement Foundation.

Here is the complete Pence cabinet

Alley, Michael	Commissioner	Revenue
Atkins, Chris	Director	Management and Budget
Baltzell, Paul	CIO	Office of Technology
Brown, James	Director	Veterans Affairs
Cardwell, Jeff	Executive Dir.	Faith Based & Community
Carter, Doug	Superintendent	Indiana State Police
Carter, Rob	Director	Natural Resources
Cline, Michael	Commissioner	INDOT
Doden, Eric	CEO	IEDC
Easterly, Thomas	Commissioner	IDEM
Hill, John	Exec. Director	Homeland Security
Keefer, Sean	Commissioner	Labor
Lemmon, Bruce	Commissioner	Correction
Minott, Debra	Secretary	FSSA
Ryan, John	Director	Child Services
Samuel, Anita	Director	State Personnel
Sanders, Scott	Commissioner	Workforce Development
Sheets, Gina	Commissioner	Agriculture
Smith, Victor	Secretary	Commerce
Umbarger, Martin	Adj. General	Indiana National Guard
VanNess, Bill	Commissioner	Health
Waddell, Scott	Commissioner	BMV
Wynkoop, Robert	Commissioner	Administration ❖



Indiana's U.S. Senate race of Butkus proportions

By **BRIAN A. HOWEY**

INDIANAPOLIS – Hoosiers experienced a spectacle they had never witnessed before in 2012 and it wasn't the Indianapolis 500. It was the \$51 million U.S. Senate race.

Who could forget the dizzying array of radio and TV ads that included synchronized swimmers, Dick Lugar's Virginia home, a grinning Joe Donnelly and his funding of the Lobster Institute.

Actually, it was \$51,717,265, spent by and on behalf of Republicans Dick Lugar and Richard Mourdock, and Democrat Joe Donnelly. It was a race of Butkus proportions and by the time it was finished, heads really did roll (Editor's note: Hall of Fame Chicago Bears line-backer Dick Butkus used to dream of hitting an opponent so hard his head would roll away).

Outside groups spent \$32,844,052, according to the website Open Secrets. The three campaign committees – Lugar at \$4,703,690, Mourdock at \$8,596,756, and Donnelly at \$5,572,767 – raised and spent a combined \$18,873,213, according to the Federal Election Commission. That would have been a record in itself.

Compare that to the \$9 million 2010 Indiana Senate race when U.S. Sen. Dan Coats raised \$4,499,120 and received \$1,227,000 in PAC contributions. Democrat Brad Ellsworth raised \$2,291,863 and had \$1,052,000 in PAC contributions.

Former U.S. Sen. Evan Bayh spent in the range of \$4- to \$5 million in his 1998 Senate race, and \$3- to \$4 million in his 2004 reelection, according to Indiana Democratic Chairman Dan Parker. Neither of those races were competitive. The most recent truly competitive races occurred in 1990 and 1992 between Coats and Baron Hill in the former, and Joe Hogsett in the latter. Parker put the Hill and Hogsett campaigns in the \$2 million range.

"The gross rating points in last year's campaign were ridiculous," Parker said, noting that \$15 million was spent against Donnelly - just on television advertising in the general election sequence.

Pundits like George Will note that Frito Lay will spend more than that on potato chips in any given year.

But in the wake of U.S. Supreme Court rulings on Citizens United and SpeechNow, the fact is that most of the spending decisions didn't come in Indianapolis-based candidate campaign headquarters, or in the Indiana Republican and Democratic parties, but in 527 Super PACs located in Washington and New York City. And those who have opted into this new wild, wild West scenario of free speech and campaign finance – like Club For Growth's Chris Chocola – will tell you with a straight face that the entire shebang was completely uncoordinated. They say there was no talk between candidates, their campaigns, the state parties and the Super PACs.

As incredible as that seems, when average Hoosiers turned on the TV set last October, their senses were assaulted by a cascading kaleidoscope of menacing narratives, grainy photos, smirking candidates, out-of-context statistics and Congressional roll calls and taunting voice-overs. Perhaps, just maybe, Chocola

was right. The new paradigm in campaign finance is one where the ideological wing nuts are running the American political asylum. If you wanted for things to get lost in translation, you didn't have to journey to Tokyo. Indy would suffice.

"The way I view it, it's the law of the land," said Indiana Republican Chairman Eric Holcomb, who watched a sliver of Republican primary voters dispose of Lugar, who had carried more than 7.1 million federal election votes in his career, and then witnessed Mourdock's debate implosion and the seat reverting to Vance Hartke's party after 36 years.

"The roles are changing and we have to adapt to change," Holcomb said. "Parties are here to stay and they play a very valuable role with the candidates; we provide institutional knowledge, data and we provide the overall brand. Super PACs played a huge role in the presidential and Senate races, primarily on TV."

Holcomb then added, "If we've learned one thing, in addition to money can't buy you love, it can't buy offices. If the message is wrong, no amount of money can overcome that."

Parker doesn't see the dynamic change. "It would





have to start with the Supreme Court," Parker said. "Since the Citizens United, it's opened the flood gates. I don't know how you do anything to change it without another Supreme Court ruling."

In Holcomb's view, the Super PACs leveled the playing field. In 2004 and 2008, he watched AFSCME and SEIU write huge checks to the opponents of his boss, then-candidate and later Gov. Mitch Daniels. Big labor meant big checks, boots on the ground and phone banks.

But in the heyday of the UAW and the out-sized role they played in congressional and gubernatorial races, the messaging was consistent and largely coordinated through either the candidate's campaign or the party. In 2012, Holcomb could only watch as the frenetic Super PACs vomited

into the airwaves a mishmash of assaults on Joe Donnelly, while the Mourdock campaign tried to rally with its own messaging that the Democratic congressman had voted for Obamacare. Ultimately, Mourdock lost control of his own message well before his epic blunder at the New Albany debate.

"The campaign of the future is going to have to recognize when the message is hurting or helping," Holcomb said. "They will need to speak out on that."

But in this crazy new world, had Mourdock objected to a Club For Growth TV ad, how could he have legally stopped it, since no one was supposed to be communicating?

In the next election cycle or two, could we watch a candidate call a press conference and watch him or her denounce a Super PAC for assaulting an opponent? And what impact would that have?

"The bottom line," said Holcomb, "is there is only so much air time, only so much radio, and only so much direct mail. And then at some point, it becomes counter-productive. The candidate has to be willing to say, 'Thanks, but no thanks.'"

Parker believes there will be diminishing returns in the presidential race, noting that "a quarter of a billion dollars was spent in Ohio" on the Obama/Romney battle.

But as far as state races go, "TV is still the main driver of name ID."

Holcomb also observed that Super PACs, some of

which are relatively small organizations which collect and bundle millions of dollars, "have to recognize this: Are we helping or hurting" a candidate?

"They focus on very specific projects," the Republican said. "They will evolve. What they do over time, I hope, is become aware when they are over-saturating television. It's really bad when it's bad television."

Holcomb believes that the true point of no return

will be on political TV advertising, which is becoming less and less effective with each election cycle.

"Looking around the country, it appears we got beat on the ground," Holcomb said. "Everyone now knows that. It was a real wake-up call, losing that Senate race like we did. We've got to look at everything; data, messaging, our ground game, what is

our platform and how do we connect."

For Holcomb, the Super PACs have become "the hand we've been dealt."

U.S. Rep. Todd Rokita, who sits on the House Administration Committee, told HPI that despite no groundswell calls for changes in campaign finance from the grassroots, it is likely to happen. "From private conversations I've had, it's clear to me that election reform is going to be a major part of that committee, sooner rather than later," said Rokita, who as Indiana secretary of state directed an upgrade of county-by-county computer equipment, pushed voting centers, and voter ID law while purging voter lists.

The committee is chaired by Candace Miller, former Michigan secretary of state. Rokita said there has been little call for change from Hoosier Republicans. "It's all so new," he said. As for specific legislation, Rokita added, "I can't say we know right now. But it's an invitation for your readers to chime in." He said the committee "is going to be very active and will be the scene of some intriguing election law policy.

But Parker believes it will take a future Supreme Court case or a Constitutional amendment to induce transparency into the equation. "The fact is, the Koch brothers and Sherman Adelson can come in and spend whatever they want," Parker said. "Is it good for democracy that these billionaires can spend and you don't know where it's coming from?" ❖





Obama and Indiana . . . well, it's complicated

By **BRIAN A. HOWEY**

NASHVILLE, Ind. – When it comes to President Barack Obama and Hoosiers, well, it's complicated.

There is no question that President Obama is not a popular figure here. In the final Howey/DePauw Indiana Battleground Poll last October, Obama trailed Republican Mitt Romney 49-40%.



In the September Howey/DePauw survey, Obama was again at just 40% and was carrying just 35.2% of the Hoosier white vote, though he was capturing 95.2% of the African-American vote and 71.8% of the "non-white" vote which would include Latinos and Asians.

And here is the most notable reason for the president's lack of popularity here: Obamacare.

On the Obamacare issue in September, 55% of Hoosier voters said they would support a candidate who would oppose the Affordable Care Act, while 37% say they would vote for a candidate who supports it. Only 8% don't know.

But this story is far more complex than just Obamacare.

The president made history here in 2008, losing a vigorously fought Democratic primary battle by then-U.S. Sen. Hillary Clinton by less than 1% of the vote. From March through November of that year, something profoundly unusual happened: The Obama campaign opened up dozens of field offices. He and the future First Lady made almost 50 forays into the state, including his last stop as a candidate on Election Day 2008, and his first stop outside of Washington as president when he came to Elkhart to push his stimulus package.

In doing so, Obama became the first Democrat since 1964 to carry Indiana's Electoral College votes when he barely clipped Republican John McCain that November. Leading into 2004, the fact that an African-American named Barack Hussein Obama would carry the 11 Hoosier votes was unfathomable, and McCain would make only three appearances in a state

Republicans were accustomed to taking for granted.

There's another reason for Obama's unpopularity here: his race. In April 2008 at the apex of the Obama/Clinton primary battle, U.S. Rep. Baron Hill endorsed Obama. He would later tell HPI how shocked he was with the reaction of some Democrats, who drew pause over the candidate's race. It's not a widely discussed fact, but the fact that Clinton carried almost all of the "river country" counties along the Ohio and Wabash was a subtle reminder that much of Southern Indiana had been settled by folks coming up from Virginia, the Carolinas and Kentucky.

Former Congressman Lee Hamilton - who represented Southeastern Indiana's 9th CD for more than three decades - told HPI that the racial sentiment exists with the first African-American president that "bubbles and seethes beneath the surface." This is particularly true, he observed, in Southern Indiana "which was settled by Southerners. There have been those vestiges that have not been removed."

"There is a desire for the good old days," said Hamilton, who now heads Indiana University's Center on Congress. "Many Hoosiers see a drift of power to people and groups they don't fully understand or know. So there's a theme of 'let's get our country back.' I ran into that in this election."

On Sunday, President Obama took his second oath of office after winning another term last November. In Indiana, he carried just 44% of the vote.

Yet, Obama has had a profound impact on Indiana.

He saved the auto industry, which was on the brink of liquidation when he came in office. Brookings Institute estimated 150,000 Hoosier jobs were at stake going well beyond General Motors and Chrysler, into the hundreds of



Candidate Barack Obama speaks at Roberts Stadium in Evansville in April 2008. (HPI Photo by Brian A. Howey)



supplier firms.

The Obama political wing and Indiana Democrats largely avoided defending the events of spring and summer 2009 when President Obama rejected a plan to rescue GM and Chrysler beyond when President George W. Bush had done with TARP funds the previous fall. Indiana Democrats took a shellacking in November 2010, losing a number of "legacy" Congressional and legislative seats in Southern Indiana, many of them probably gone for good. Indiana Treasurer Richard Mourdock, who tried to derail the Chrysler/Fiat merger, would lead the state ticket that year.

The new legislative Republican majorities allowed the GOP to develop the new Indiana General Assembly and Congressional maps, and by 2012, Republicans would have super majorities in both House chambers while Democrats would control only urban congressional seats in Indianapolis and the Northwest Region, along with the U.S. Senate seat Joe Donnelly won.

Two weeks after the 2010 general election, President Obama and Vice President Biden appeared at the Chrysler Transmission Plant II in Kokomo. "Today we know that was the right decision," Obama told a small crowd. "This plant is now running at full capacity and that is why I am here today." Not only was the plant running, Obama announced that Fiat CEO Sergio Marchionne was making an additional \$843 million investment in its Kokomo industrial cluster. That's on top of \$300 million that had been announced earlier. "Even as we continue to face serious challenges, what happened here at this plant and changes we are seeing at this plant in Kokomo ... you are showing us the way forward and living up to that spirit of optimism, determinism and grit," said Obama, making a rare appearance with Vice President Biden outside of Washington.

"We're coming back; we're on the move," a buoyant Obama proclaimed. "We decided to make a stand. We made the decision because we had confidence in the American worker."

Chrysler and GM would consolidate and bring hundreds of new jobs to facilities in Fort Wayne, Marion, Kokomo and Bedford. Manufacturing leaders like Pat Kiely of the Indiana Manufacturers Association acknowledge that

without the auto restructuring, Indiana would have been looking at jobless rates approaching those that hammered the state from 1979 through 1983. Places like Kokomo and Elkhart saw 20% jobless rates fall back into single digits by 2012.

The Obama stimulus law of 2009 flooded Indiana with billions of dollars that propped up the state budget, paid for thousands of teacher and public safety jobs,



and hundreds of infrastructure projects.

How could a political figure, then, poll only 44% of the Indiana vote during his reelection?

The answer is a political one. The Obama campaign didn't need Indiana in 2012. Had the various scenarios made Indiana an Electoral College priority for reelection, the reelection engines would have fired up with a full-throated defense of the auto rescue.

As it turned out, Donnelly would use the issue on his way to a 6% victory over Mourdock, though the treasurer's implosion at the final debate in New Albany may have cloaked the auto issue as one that the Democrats prevailed.

Despite his unpopularity here, President Obama will have an out-sized legacy here in the Hoosier state. His fuel mileage standards will impact the auto industry here as well as future consumers while reducing the nation's reliance on foreign oil. His education reforms - finding an unlikely ally in Gov. Mitch Daniels and former Supt. Tony Bennett - could help solve the "skills gap" that exists despite Indiana's 8.2% jobless rate. ❖



Interfaith opposes HJR6

INDIANAPOLIS - The Interfaith Coalition on Non-discrimination is disappointed and saddened that elected officials have filed this discriminatory bill. ICON's membership includes churches, synagogues, clergy leaders, and individuals who embody a rich diversity of faith traditions mirrored in every Indiana county. We do not demand adherence to one particular view of God, and we firmly believe our State ought to show the same justice and respect. Changing the Constitution to legalize one view of marriage (a religious rite) is detrimental to all of us." Senate President David Long said there will be an internal caucus debate over whether to proceed

with HJR6 with the prospects of a Supreme Court ruling on the case that could render any language passed this year moot. Sources say there is no mechanism to pull Constitutional referendums once they've passed. Several Senate conservatives have told HPI they don't believe a marriage amendment will pass this session.



Union constitutional amendment advances

Having prevailed last year in putting right-to-work into state law, some Republican senators now want to amend the Indiana Constitution to make it even more difficult for labor unions to organize (Carden, NWI Times). On a party-line vote Wednesday, the Republican-controlled Senate Pensions and Labor Committee approved a proposed constitutional amendment requiring secret ballots be used for any union representation decision. The amendment, sponsored by state Sens. Jim Banks, R-Columbia City, and Dennis Kruse, R-Auburn, is intended to block a proposed federal law known as "card check" that would allow a workplace union to form without an election if more than half the employees signed union authorization cards. The proposed amendment states: "The right to vote by secret ballot is fundamental. If any Indiana or federal law requires or permits an election for any designation or authorization of employee representation, the right of any individual to vote by secret ballot in any such election is guaranteed."

Atkins presses on school funding

Budget director Chris Atkins found himself Wednesday in the strange position of having to defend education cuts made by his former boss, while pitching House lawmakers on a modest education proposal from his new boss, Gov. Mike Pence (Associated Press). Atkins told members of the House Ways and Means Committee that the planned

1 percent annual increase in education funding would be the most Indiana has spent on schools in 10 years. But Democrats, who have asked the new administration to restore \$300 million in education cuts, noted the Legislature routinely approved much more than the 1 percent, only to see Gov. Mitch Daniels slash it from the budget. "As we make promises, it seems like lately the Legislature _ which is given the constitutional task of creating the budget and moving forward _ it seems like it's become more of a suggestion, than a budget for the state," said Rep. Terry Goodin, D-Crothersville..

Leising cursive bill passes committee

A bill authored by State Sen. Jean Leising (R-Oldenburg) to require Indiana elementary schools to include cursive writing and reading in their curriculum passed the Senate Committee on Education and Career Development today — "National Handwriting Day" — with a vote of 7-4. With a push from the Indiana Department of Education to align state education standards with Common Core Standards, cursive writing has become an optional part of school curriculum since 2011. Leising said Senate Bill 120 is critical to ensuring Indiana students are receiving a well-rounded education and, what's more, to promoting child development.

Casino bill passes Senate panel 9-0

An Indiana Senate committee on Wednesday endorsed plans aimed at helping the state's casinos stave off growing competition, although its fate is uncertain with some legislators worried about the potential loss of \$100 million annually in taxes from the industry and others wary of any gambling expansion. The Senate Public Policy Committee voted 9-0 in support of a bill that would overhaul the state's casino taxes, along with allowing Indiana's 10 riverboat casinos to move inland to adjacent property and permit live table games at the two horse track casinos.

DSC staffing bill passes

Indiana's agency to investigate child abuse complaints would get a big personnel boost under a bill that unanimously passed the House Family, Children and Human Affairs Committee on Wednesday. The measure, House Bill 1142, would require the state's Department of Child Services to hire 50 additional workers and 10 supervisors to the state's centralized call center, plus 80 caseworkers and 16 supervisors who would investigate those complaints. With a price tag of about \$8.9 million annually, plus a one-time \$100,000 technology upgrade, the bill must now go to the budget-writing House Ways and Means Committee for approval before the full House can take up the bill. ❖



The times they are a-changin' (at Purdue)

By **BRIAN A. HOWEY**

INDIANAPOLIS - Just hours after Mitch Daniels left the Indiana governorship, he became Purdue University President Mitch Daniels. Within a week, the new president began laying down some emphatic markers and raising profound questions that will reverberate well beyond West Lafayette.

By the end of his first week, Daniels sent a letter to the "People of Purdue" that could be a precursor to his role as a change agent, this time in academia.

"I have tried to use the time afforded by the first-semester interim to learn all I could from and about you," Daniels began. "I have made spare-time and weekend 'field trips' to the campus, totaling some 17 days. These trips have featured briefings on all the major functions of the school and tours of many major facilities. I have spoken to a host of experts across the spectrum of higher education, including more than a dozen current and past university presidents. I have visited campuses including Harvard, Yale, and Chicago, and attended seminars on topics such as the impact of technology and the restructuring of student assistance. And I have read as much as I could manage of the gusher of books, articles, and interviews which are everywhere these days, predicting major change or even upheaval in American higher education."

"Most useful of all" have been the meetings with "hundreds" of Purdue faculty and students. Daniels said that "two themes ran steadily" throughout this fact-finding mission. "First, that Purdue is an extraordinary place, making life-changing differences in the lives of its students and often the lives of people around the world. Second, that the higher ed world we have known is likely headed for big change, although I heard a full range of opinions about its nature, extent, and what if anything Purdue should do to react to it."

Included were attacks on the status quo:

- College costs too much and delivers too little.

Students are leaving, when they graduate at all, with loads of debt but without evidence that they grew much in either knowledge or critical thinking.

- Administrative costs, splurging on "resort" amenities, and an obsession with expensive capital projects have run up the cost to students without enhancing the value of the education they receive.

- Rigor has weakened. Grade inflation has drained the meaning from grade point averages and left the diploma in many cases as merely a surrogate marker for the intelligence required to gain admission in the first place.

- The system lacks accountability for results. No one can tell if one school is performing any better than another.

- The mission of undergraduate instruction is increasingly subordinated to research and to work with graduate students.

- Too many professors are spending too much time "writing papers for each other," researching abstruse topics of no real utility and no real incremental contribution to human knowledge or understanding.

- Diversity is prized except in the most important realm of all, diversity of thought. The academies that, through the unique system of tenure, once enshrined freedom of opinion and inquiry now frequently are home to the narrowest sort of closed-mindedness and the worst repression of dissident ideas.

of dissident ideas.

- Athletics, particularly in NCAA Division I, is out of control both financially and as a priority of university attention.

Daniels noted recent articles such as TIME's "Re-inventing College" and Newsweek - the now defunct news magazine driven out of existence by the Internet - which asked, "Is College a Lousy Investment?"

There was talk of "bubbles burst when people catch on" as with what occurred in the housing industry.

"Other information industries, from journalism to music to book publishing, enjoyed similar periods of success right before epic change enveloped them, seemingly overnight...Colleges and universities could be next, unless they act to mitigate the poor choices and inaction from the lost decade by looking for ways to lower costs, embrace technology and improve education." (Jeff Selingo, editorial





Purdue University President Mitch Daniels during a flash mob last week with Korean students outside of his office.

director, Chronicle of Higher Education).

And, perhaps the most jarring of all: "In 50 years, if not much sooner, half the roughly 4,500 colleges and universities now operating in the United States will have ceased to exist...nothing can stop it...(T)he residential college will become largely obsolete; tens of thousands of professors will lose their jobs; the bachelor's degree will become increasingly irrelevant; and 10 years from now Harvard will enroll 10 million students." (Nathan Harden, writing in *The American Interest* magazine)

Daniels quoted Stanford President John Hennessy: "There's a tsunami coming."

The crux of the news president's message? "I've been party to the overreading of trends and the overreactions it can cause; these mistakes have taught me never to be dismissive of criticism or warnings, but also to move cautiously in response," Daniels said. "And it's become my firm conviction these last few months that, whatever the validity of the statements above, Purdue has a chance to set itself apart as a counterexample to much of the criticism lodged against higher ed in general."

We in the Indiana political realm have watched Daniels transform change in campaigns, municipal and state government, and now he has moved past the doorstep of Indiana's land grant university. A "B" student from Indiana is unlikely to gain admittance to Indiana University or Purdue (the cut off, I've been told for IU by parents of Hoosier kids is at 3.5 GPA). Purdue's charter states that it is to be a college for the children of working Hoosiers.

Daniels himself brought Western Governors University to Indiana, a college without a campus or a basketball team. We now see schools like UCLA offering online

degrees that attract tens of thousands of students who a decade ago would be attending a residential school. At an Ivy Tech commencement, he told graduates how that school is as important as any in the state.

Now Daniels is in the Big Ten, a former Midwestern conference that will soon have 14 schools stretching from the high plains to the East-ern Seaboard.

"A newcomer quickly notices that we are less a university; than a federation," Daniels noted.

Robert Allen Zimmerman enrolled at the University of Minnesota in 1959, but didn't stay long. Within years, Zimmerman (better known as Bob Dylan) would be singing:

Gather 'round people
Wherever you roam
And admit that the waters
Around you have grown
And accept it that soon
You'll be drenched to the bone
If your time to you
Is worth savin'
Then you better start swimmin'
Or you'll sink like a stone
For the times they are a-changin'

Come writers and critics
Who prophesize with your pen
Keep your eyes wide
The chance won't come again
Don't speak too soon
For the wheel's still in spin
And there's no tellin' who
That it's namin'
For the loser now
Will be later to win
For the times they, they are a-changin'

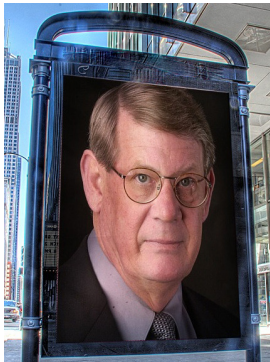
Come senators, Congressmen
Please heed the call
Don't block at the doorway
Don't block up the hall
For he that gets hurt
Will be he who has stalled
There's a battle outside
And it's ragin'
It'll soon shake your windows
And rattle your walls
For the times they are a-changin' ❖



A McDermott run for governor is possible

By **RICH JAMES**

MERRILLVILLE – When the Indiana General Assembly convenes each year, it looks with a wary eye toward Lake County.



If something is good for Lake County, it must not be good for the rest of the state, is often the thinking of downstate legislators.

Such was the train of thought when the Legislature in the early 1990s approved riverboat gambling.

After all, the casinos never would have been approved had the legislation not been tied to the two-year state budget.

Then-Gov. Evan Bayh, who is anything but a liberal, likely wouldn't have signed a bill legalizing casinos if it stood on its own.

The casinos were to have been the salvation of the urban rust belt in Northwest Indiana and along the Ohio River.

There were going to be jobs everywhere, so went the thinking. Gary officials boasted that there would be 30,000 jobs created in Gary alone.

There have been jobs, but far from 30,000.

There have been a number of positive results other than jobs as a result of the casinos. And legislators need to be aware of them as they contemplate new casino legislation, including a land-based gambling operation in Gary.

Heck, the Legislature should have authorized land-based gambling from the get-go.

Instead, legislators pretended riverboat gambling was a bit of Americana, something out of a Mark Twain novel and was going to hurt no one.

The thinking was that it was fairly harmless, almost as if the gamblers were using play money.

One of the greatest programs to be funded by casino money is in Hammond.

Mayor Thomas McDermott Jr. came up with his College Bound scholarship program after seeing how such a program works in a southern Michigan community.

The Hammond program offers four-year college scholarships to the children of Hammond homeowners. The annual amount was increased to \$10,000 last year.

It has been a win-win program for Hammond and local colleges.

For instance, 183 students who graduated last year received scholarships. That was up 20 percent over the previous year.

More than 500 families have students in the program.

Purdue University Calumet is one of the greatest beneficiaries as 34 percent of the scholarship recipients attend the Hammond school.

The program also has turned into a plus for those wanting to attend Calumet College of St. Joseph, according to the Times of Northwest Indiana.

The college, which is private, is making up the difference between its tuition and the maximum scholarship offered by the program.

It also is the hope of Hammond that the students benefitting from the program will return to Hammond to start families and send their children to college.

It is a way to build the middle class, but that only can happen if there are enough jobs, which now isn't the case.

That is one reason why the annual \$10 million state stipend for the Northwest Indiana Regional Development Authority, which is poised to expire next year, needs to be continued.

So what is in this for McDermott?

Potentially plenty other than bringing stability and then growth to the city's housing stock.

McDermott won't be content to be mayor for life.

While he would love to go to Congress, that won't happen as long as U.S. Rep. Peter Visclosky wants to continue in Congress. He was first elected in 1984.

Making a run for governor is not out of the question, especially with the Democratic Party lacking in viable candidates.

Should that happen, expect to hear about College Bound – one of the really good things about Lake County that came out of the casino legislation. ❖

James is the former editorial page editor for the Post-Tribune.



A tale of two speakers: one in DC, one in Indy

By **JACK COLWELL**

SOUTH BEND - Speaker of the House.

Both of them have that title, a title that connotes power. Both are Republicans just selected to preside in a new legislative session. Both thus have authority in rulings and recognition of legislators and in articulating the goals and agenda of the majority.



Yet, they are far different. They are:

Speaker of the House John Boehner, who presides over the U.S. House of Representatives.

Speaker of the House Brian Bosma, who presides over the Indiana House of Representatives.

Far different? Yes. And not just far in the sense of the distance from Indianapolis to Washington, D.C.

We hear a lot from and about Boehner, so often in the news for his partisan opposition to anything said or proposed by President Obama. Despite his power, he cannot steer his contentious majority, now a smaller majority that needs to stick together to halt the plummeting to ever lower approval ratings.

We hear not so much so far from and about Bosma, so often conciliatory rather than inflammatory in references to a depleted Democratic minority. He has used his power to guide a super majority, a majority so big it easily could break into warring factions to ruin high election-time popularity.

The difference was shown right away in Bosma's speech on opening day of the Indiana General Assembly. He called for bipartisanship. He talked of reaching out with "a spirit of working together" to solve problems.

Boehner, of course, likely would be out as speaker if he talked about reaching across the aisle in bipartisanship. Partisan political dogma there calls for an unwavering hate-thy-neighbor-across-the-aisle belief.

Bosma noted the presence at the opening session of a visiting Democratic congressman, Rep. Andre Carson of Indianapolis, and told a story of how an "odd couple" in the Indiana General Assembly once teamed up for significant legislation for the disabled.

Those state legislators were Bosma's father, Charles Bosma, and Carson's grandmother, Julia Carson,

who went on to serve in Congress.

Bosma noted accurately that Julia Carson was described as "an ultra-liberal, inner city Democrat" and his father was regarded as "an ultra-right-wing suburban, more like rural."

They didn't have much in common, he continued: "One white, one black. One Republican, one Democrat. One man, one woman. They didn't see eye-to-eye on very many issues, but they set those political differences aside and joined hands for the disabled. So much so that they became known as the 'odd couple.'"

Bosma challenged the Indiana legislators: "Where is the odd couple in this room that will set political differences aside and concentrate on (early childhood education for families) that cannot afford the same opportunities that most of us in this room enjoy?"

He called for some defender of administration policies on child protection and some harsh critic to be an "odd couple" working to make sure "every child under the care of the Department of Child Services is in a safe place."

An "odd couple" willing to reach across the aisle for flexibility for both teachers and school corporations?

An "odd couple" differing on social issues "but willing to set that aside and work together to find a way to get science, technology, engineering and mathematics teachers in every classroom that wants them?"

In a visit to The Tribune, Bosma expanded on the theme of working together on the big issues. Biggest of all, he said, is workforce development. He noted that the unemployment rate remains too high even as job openings abound. Thus, he said, the state, working with local communities, must see that more workers become qualified to fill those vacancies.

On tax cuts - source of such warfare in Washington - he called for a common sense approach of waiting to see what April revenue forecasts show rather than battling now one way or the other in Indiana.

And while partisans in Washington fight to swing an agenda left or right on divisive issues, Bosma said he expects "no hard jerk left or right."

Bosma even urged members of the Hoosier congressional delegation to act as "peacemakers."

Boehner couldn't ask for peacemakers in Congress. One of the caucus Beatitudes is: "Cursed are the peacemakers, for they shall inherit a primary challenge." ❖

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



A realistic view of Indiana's economy

By **MORTON J. MARCUS**

INDIANAPOLIS - You cannot blame Mike Pence for delivering an upbeat inaugural address. Let's just hope he has a clear understanding of Indiana's real economic circumstances.



Take a look at the contrast between 2011, the last year for which we have full data, and eight years earlier. This is not to say that the Daniels' administration is responsible for the problems we face. No state administration is capable of offsetting the trends of the times.

In fact, it is best, from a purely political point of view, for governors not to raise economic expectations in areas where they are mostly powerless.

For example, Gov. Daniels set a goal of raising Indiana's per capita personal income (PCPI) closer to the national average.

In 2003, Indiana's PCPI was 9 percent below the national average. We ranked 33rd among the 50 states. Eight years later, we ranked 40th in the nation, 14 percent below the United States average. Our average annual growth rate was 2.4 percent, the fourth lowest in the nation.

PCPI is the result of dividing personal income by population. It turns out our personal income growth rate was the third lowest in America, just below Ohio and Michigan. If it were not for the slow rate of growth in population (0.6 percent annually), Indiana's PCPI could have been even lower.

In 2003, the average compensation per job in Indiana was \$42,489. This grew to \$51,297 by 2011. Sounds good, but over the course of eight years that 21 percent growth was second lowest in the nation. More important, it was a mere one percentage point greater than the increase in consumer prices. One percentage point of real increase in compensation per job over an eight year period!

As we step back and look at state's economy, we see that Indiana's Gross Domestic Product went from 15th largest in the country to 17th as we were passed by Maryland and Minnesota. Our total output of goods and services was seven percent less than it would have been if we had but grown at the national rate of increase.

In manufacturing, there is a deceptive bright point. Indiana moved from producing the eighth largest value of output to sixth place. This occurred because Pennsylvania and Michigan slipped drastically during those eight years.

While our average annual growth rate was 2.5 percent, the nation advanced by 3.7 percent and Indiana's share of all manufacturing in the U.S. shrank.

These are but a few of the economic facts of the past eight years. The self-congratulatory notes struck by the out-going and the incoming administrations concerning our fiscal circumstances highlight their values. They believe it is appropriate to sacrifice services to the disadvantaged, the poor, and the state's students in order to protect private consumption.

While Indiana enjoys a fiscal surplus, we suffer from a deficit of social responsibility. ❖

Mr. Marcus is an independent economist, writer and speaker.

Union membership in steep decline

WASHINGTON - Union membership plummeted last year to the lowest level since the 1930s as cash-strapped state and local governments shed workers and unions had difficulty organizing new members in the private sector despite signs of an improving economy (Associated Press). Government figures released Wednesday showed union membership declined from 11.8 percent to 11.3 percent of the workforce, another blow to a labor movement already stretched thin by battles in Wisconsin, Indiana, Michigan and other states to curb bargaining rights and weaken union clout.

In Indiana, where a new right-to-work law took effect last March, the state lost about 56,000 union members. The law prohibits unions from requiring workers to pay union fees, even if they benefit from a collective bargaining agreement. Michigan lawmakers approved a similar measure in December.

Overall membership fell by about 400,000 workers to 14.4 million, according to the Bureau of Labor Statistics. More than half the loss, about 234,000, came from government workers including teachers, firefighters and public administrators. But unions also saw losses in the private sector even as the economy created 1.8 million new jobs in 2012. That membership rate fell from 6.9 percent to 6.6 percent, a troubling sign for the future of organized labor, as job growth generally has taken place at non-union companies. "To employers, it's going to look like the labor movement is ready for a knockout punch," said Gary Chaison, professor of industrial relations at Clark University in Worcester, Mass. "You can't be a movement and get smaller." ❖



Some ideas for updating Congress

By **LEE H. HAMILTON**

BLOOMINGTON - A few weeks ago, the survey firm Public Policy Polling made headlines when it released a poll comparing Congress's standing to a variety of unloved things. Respondents did prefer our national legislature to the ebola virus, but otherwise the news was grim: Americans, the survey suggested, have a lower opinion of Congress than of head lice, Genghis Khan, used-car salesmen, and root canals.



I'll admit it: I chuckled, though I don't really agree. Having experienced both, I put Congress well ahead of root canals.

Still, in the years since I left Capitol Hill my frustration with the institution I admired and loved has grown; watching

it now is painful. Congress has shown a dispiriting unwillingness to reckon with tax reform, rein in the deficit, find ways to spur economic growth or make any of the other tough decisions that face it. When it does make a decision, it tends to limit its reach — thus, over and over, avoiding the real issues.

Its constant partisanship, lack of urgency in the face of looming fiscal threats, posturing and finger-pointing even at moments when the national interest clearly demands a resolution — all these have made it appear uninterested in actually governing.

Yet people do not run for Congress so they can become unpopular. They don't go to Washington because they want to accomplish nothing. They don't take the oath of office, surrounded by reminders of the distinguished men and women who came before them, just to disavow Congress's rich history of accomplishment.

Rather, they get caught in a destructive cycle whose dynamics are often shaped by political forces out of their control — by the demands of party loyalty or the arm-twisting of caucus leaders, by the threats and blandishments of special interests or the fear of well-funded opposition in the next primary. The challenge facing members of Congress is to rise above all this, to find a way to reassert the values and aspirations that first brought them to national office.

How can they do this? I'm convinced that it comes

down to attitude.

To begin, they have to put the country first. Not their party or their re-election or their political ambitions, but the nation's best interest. The surest way I know to earn the respect of voters is to put responsible governance first.

In part, this means acting with the future in mind. Thomas Jefferson in his first inaugural address looked toward "our descendants to the thousandth and the thousandth generation." That may be a longer time-frame than is politically realistic, but at the moment I'd even settle for just the thousandth and the thousandth day, which is more far-sighted than most members' obsession with the next election. Americans care about their country's future, and they want their representatives to do so, too.

This means that members of Congress need to accept responsibility for resolving the nation's challenges, whether they're in the majority or in the minority. Our country simply cannot survive the current reluctance to meet our problems head on or Capitol Hill's tolerance for the sort of brinksmanship that leaves the nation on tenterhooks and difficult issues put off for another day.

Members have a responsibility to make the government work, and they need to square their shoulders and step up to it: to make decisions, to vote on the issues that need addressing — rather than on legislation designed to give them political cover or to pander to deep-pocketed interests — and to move the country forward.

To do this, they will have to work out their differences — through skillful negotiation, patience, understanding, accommodation, and compromise. Being a member does not mean treating adversaries as enemies to be defeated and humiliated; they are colleagues with whom one must cooperate on the larger goal of searching for a remedy to the challenges that beset the country. Focusing on the facts — rather than on scoring ideological points — and working together to build consensus based on those facts is the only way our representatives will be able to take on the responsibilities Americans expect of them.

That is what Americans are looking for. And that is what Congress needs to deliver if it wants to be more popular than root canals. ❖

Lee Hamilton is Director of the Center on Congress at Indiana University. He was a member of the U.S. House of Representatives for 34 years.



Michael Gerson, Washington Post: Just before noon Jan. 14, Mitch Daniels ceased to be governor of Indiana. By 2 p.m. he was in West Lafayette conducting a meeting as the soon-to-be president of Purdue University. A true Hoosier calls that a promotion. But his elevated new stage is a smaller one. And as national Republicans contemplate the second half of the Obama era, they wonder what might have been. Daniels pronounces himself "at peace" with his decision not to run for president — the sort of thing a man says after many restless nights. "I made the right decision," he tells me. The objection of his family was "a showstopper, in and of itself." And remaining on the job as governor "allowed me to fulfill a commitment, to get some big stuff done right to the end." Even his strongest critics don't deny that "big stuff" has been achieved. Daniels was arguably the most ambitious, effective conservative governor in America. In the process, Daniels demonstrated two paradoxes of conservative governance. First, it often requires a strong executive to encourage limited government. Margaret Thatcher, for example, used executive power to break up existing arrangements favorable to calcified liberalism. Daniels came into office promising a "freight train of change" directed at state bureaucracies that had grown comfortable in dysfunction and mediocrity. Second, Daniels demonstrated that a smaller, more focused government can restore the reputation of government. Grasping, ineffective bureaucracies cultivate public disdain. Daniels is a man of libertarian leanings who improved the public standing of the Bureau of Motor Vehicles and the Department of Revenue by making them more efficient and responsive.

"I set out with two faint hopes," he says. "For a change-averse state to be a leader. And for this to be a less cynical state. Skepticism about big government is as American as can be. But we must never allow skepticism about big government to become contempt for all government. We can disagree about the scope of government activity. But a free society requires a consensus that government is operated by people of good will achieving reasonable results." Daniels's parting observations on the state of the Republican Party are broadly consistent with those of a rising generation of conservative reformers. On immigration, the GOP needs an approach "that embraces those who are here, not castigates them." He remains an advocate for a "truce" on social issues — "leaving aside some irreconcilable debates to focus on a few priorities, such as the fiscal crisis" — and notes that most Republicans have implicitly adopted this approach already. And he believes Republicans should be speaking more directly to "people seeking to rise. To young people. To poor people. I never went to a GOP dinner without saying: 'We should be proud of the success of people in this room. But we really need to do something

for people who would like to come to dinners like this someday.'" ❖

Maureen Hayden, CHNI: Love him or hate him, there's one area of consensus on the soon-to-be departing Gov. Mitch Daniels: He transformed Indiana state government in ways few of his predecessors ever did. In 2004, he was the first Republican in 16 years to take the governor's office, and he wasted little time firing up what he called a "freight train of change." One of his first acts in office was to sign an executive order doing away with collective bargaining for state employees. One of the big pieces of legislation he signed into law in his final year in office was the right-to-work bill that bars labor contracts from requiring non-union members to pay union dues. There was much more in between than room in this column to list. He pushed for the property tax caps that are locked into Indiana law; championed the creation of the nation's largest voucher program that gives low-income parents public dollars to put their children in private schools; outsourced the Indiana toll road and the welfare system to private entities; and changed our clocks when he shoved the state onto daylight saving time. Brian Howey, longtime chronicler of Indiana politics and publisher of *Howey Indiana Politics*, has described — with more much eloquence than I can muster — how transformative Daniels has been both in politics and governing. In the foreword he wrote for a book that contains excerpts from speeches Daniels made over 22 years, Howey lists Daniels among the 10 governors in Indiana's almost 200-year history who were true change agents. Given how we cautious, conservative, stubborn Hoosiers tend to loathe change, that's a big deal. ❖



William Nangle, NWI Times: Mark Lopez is the warm-up act. Pete Visclosky is the star. For as many years as I can remember, the Northwest Indiana congressman has been listening to his constituents at community forums. Visclosky, or Pete as most of those attending called him, starts answering questions — written and verbal. How about the Illiana Expressway? It is, after all, not a federal project, Visclosky notes. But "the benefit is to relieve traffic on the Borman and U.S. 30." The obvious national issues of the day get equal time. The escalating debt. The future of Social Security and Medicare. The congressman takes his time, answering with facts and his view on each issue. No issue gets a louder response than gun control. It is quickly obvious the crowd wants no part of further controls. One man rises, saying, "I worry that honest, hardworking people who need guns to protect" won't be able to have them. ❖



Donnelly presses Obama on Keystone

WASHINGTON - Two freshman Senate Democrats have jumped into the fight over the Keystone XL oil pipeline, joining seven other Democrats and dozens of Republicans in pressuring President Obama to approve the project. Freshman Sens. Heidi Heitkamp (D-N.D.) and Joe Donnelly (D-Ind.) both backed the proposed pipeline well before they arrived in the Senate. But their signatures on a letter, just days into their Senate tenure, from 53 senators calling for Obama to quickly approve Keystone signals that the red-state lawmakers won't hesitate to stake out positions at odds with more liberal members of their caucus. Heitkamp accused the Obama administration of dragging its feet on Keystone as she joined more than half the Senate on the new letter calling for approval. "We have gone through a process with the Keystone pipeline where it has taken us longer to evaluate that pipeline than it took us to fight a world war. That is a frustrating point to the American public who realizes this is not only a great security project, but it's a jobs project, it's an economic project," Heitkamp said at a bipartisan press conference in the Capitol Wednesday. "We ask you not to move the goalposts as opponents of this project have pressed you to do. We urge you to choose jobs, economic development and American energy security," the letter states.



Bucshon backs No Budget, No Pay

WASHINGTON - U.S. Rep.

Larry Bucshon backed the passage of the No Budget, No Pay Act. "The first step to any responsible debt reduction plan is to pass a budget, the most basic responsibility of government, which also happens to be the law," Bucshon said. "Today, I voted in favor of the No Budget, No Pay Act to require both the Senate and the House to pass a budget, or their pay will be withheld." Only U.S. Rep. Andre Carson from Indiana opposed the bill.

Ballard presses for mass transit bill

INDIANAPOLIS - Transit advocates inundated an Indiana House committee Wednesday afternoon with testimony urging authorization of local referendums that could set a \$1.3 billion expansion in motion (Indianapolis Star). Indianapolis Mayor Greg Ballard characterized expanded transit as necessary to the city's economic vitality, as younger professionals look to live in communities with convenient transportation options. Other local mayors and transit boosters echoed his point, tying expanded transit to the metro area's job-creation and workforce expansion prospects. "Clearly, now isn't the time to handcuff the economic base of the 11th-largest city," Ballard told the House Roads and Transportation Committee, which met in the House chamber to accommodate the crowd.

Judge tosses social media ban

INDIANAPOLIS - An Indiana law that bans registered sex offenders from using Facebook and other social networking sites that can be accessed by children is unconstitutional, a federal appeals court ruled Wednesday (Associated Press). The 7th U.S. Circuit of Appeals in Chicago overturned a federal judge's decision upholding the

law, saying the state was justified in trying to protect children but that the "blanket ban" went too far. The 2008 law "broadly prohibits substantial protected speech rather than specifically targeting the evil of improper communications to minors," the judges wrote.

Evansville selects hotel developer

EVANSVILLE — A new Downtown hotel developed by a Branson, Mo., firm will usher Evansville back into the convention market for the first time since the Executive Inn closed in 2009, Mayor Lloyd Winnecke said Wednesday (Evansville Courier & Press). The property at Martin Luther King Boulevard and Walnut Street is to include a hotel with approximately 250 rooms, a residential tower and businesses. Wednesday morning's 5-0 vote by the Evansville Redevelopment Commission signaled the formal opening of negotiations between city officials and Branson-based HCW.

LaPorte Council bucks Milo

LaPORTE — A member of the LaPorte Historic Preservation Commission who is accused of attempting to elude police because he was not wearing a seat belt will retain his seat — over the objections of the mayor. Mayor Blair Milo Tuesday called for the city council to rescind its appointment of Tim Stabosz to the commission. However, by a 5-2 vote, the council rejected the mayor's request in front of dozens of vocal supporters of Stabosz, who is a former member of the city council. "He's not the first person involved in politics that has made mistakes. To set a precedent to remove people I think is bad judgment," council member Joe Mrozinske.