

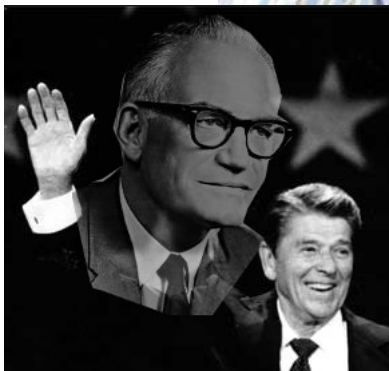
Origins of modern Hoosier conservatism

Tyrrell, Huston revisit IU's role in forging an enduring movement

By **BRIAN A. HOWEY**

BLOOMINGTON – R. Emmett Tyrrell found himself alone backstage at the Indiana University Auditorium on April 25, 1968. Before him stood U.S. Sen. Robert F. Kennedy, campaigning before a full house in the midst of the frenzied Indiana Democratic presidential primary. Behind him was an open door leading to RFK's waiting car, and no one else.

Eight years prior, Tyrrell bought into Sen. Barry Goldwater's sensational tome, "The Conscience of a Conservative," that would ultimately challenge the faculty



R. Emmett Tyrrell (left) and Tom Charles Huston (right) join Paul Helmke's Indiana University Civics Leader Class at the Memorial Union Solarium on Oct. 29, recounting how a political movement began. (HPI Photo by Brian A. Howey)

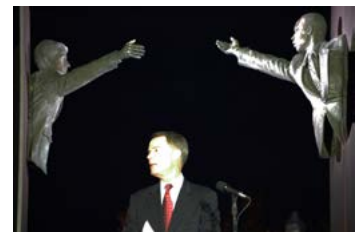
liberal status quo at IU, and launch a national movement. But on this day, as RFK finished his speech, he

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Right wing conspirators

By **MARK SOUDER**

FORT WAYNE – Indiana has always been known for producing conservative leaders, at least back to Abraham Lincoln. Sen. "Sunny Jim" Watson was a top leader in the House and the Senate in the early 20th Century, and Sen. Bill Jenner was a leading anti-Communist crusader in the 1950s. But the rise of Barry Goldwater in 1960 stimulated a new movement in America. Goldwater was perceived at the time as attracting "old ladies in tennis shoes." His crushing presidential defeat in 1964 was supposed to have turned him into "Bury Goldwater Conservatism," but instead from the



"For one night, Indianapolis could not be divided. It was one city. It was our city. And so tonight, I ask you to join me in rekindling that spirit once more as I announce my candidacy for mayor of Indianapolis."

- Democrat Joe Hogsett



is a non-partisan newsletter based in Indianapolis and Nashville, Ind. It was founded in 1994 in Fort Wayne.

It is published by
WWHHowey Media, LLC
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Suite 300 Indianapolis, IN
46204

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HPI Weekly, \$350
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ashes rose Ronald Reagan, followed by a generation of young conservative leaders.

Origins

Goldwater's rise can be attributed to publication of a book, "Conscience of a Conservative," which was mostly written by William F. Buckley's brother-in-law Brent Bozell. Goldwater was an appealing western conservative senator who could carry the message in the political arena. In 1960 young conservatives rallied around him for vice president. After his loss, around 90 gathered at Buckley's home in Sharon, Conn. The so-called Sharon Statement became the ideological grounding of a new organization called Young Americans for Freedom. M. Stanton Evans, the boy editor of the Indianapolis News, penned the statement. Evans became, along with Russell Kirk and Frank Meyer, among the most-read of the authors in the rising movement.

Young Americans for Freedom

When Barry Goldwater burst into national consciousness to challenge the longtime consensus establishment, it ignited a new movement. I turned 14 the summer Goldwater was nominated. Ronald Reagan's speech for Goldwater resulted in me sending \$5 of my hard-earned money from sorting pop bottles at our family's general store to his campaign. I switched my glasses to dark black so they could be Goldwater glasses. I put a Goldwater sticker on the black briefcase I took to school every day (didn't every 14-year-old carry a briefcase to school?). It also resulted in a non-Goldwater fan cutting up my briefcase, preparing me for a life of political activity. I did seven book reports on Goldwater books, plus one on Henry Aaron because I still liked baseball. When Goldwater was clobbered, I did not give up.

My dad subscribed to a conservative newspaper called Human Events. In it, I saw an ad for

an organization called Young Americans for Freedom, so I joined it and decided to form a chapter at Leo High School. The school was not too thrilled to suddenly be confronted with a contentious political club in this era of consensus. I had a fight on my young hands but did not give up easily.

National YAF chairman Tom Charles Huston gave me advice. In-



Barry Goldwater, Ronald Reagan and William F. Buckley were the key players in modern conservatism.

diana State Chairman William Jenner Jr. spent hours on the phone helping prepare rebuttal arguments to accusations ranging from being communist, Nazi, racist and John Birchers (which to enemies were the same, apparently). I saw an article in Sport magazine in 1965 that tied Jack Kemp to YAF, so I wrote him. He sent me a letter back on Buffalo Bills stationery accepting appointment to the Leo honorary YAF advisory board though he said that he wouldn't be able to attend meetings.

Allen County GOP Chairman Orvas Beers was a customer at our furniture store. My dad arranged through him for me to meet Congressman E. Ross Adair, another YAF supporter. This led, in 1968, to my becoming head of Youth for Adair to help him fight off the challenge from fellow Congressman Ed Roush after redistricting, which was my first real political campaign. This is an example of how movements are built.

Tyrrell and The Alternative

In 1965, M. Stanton Evans

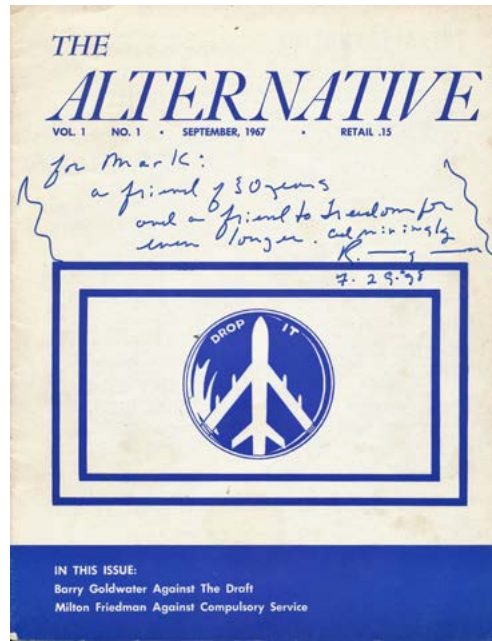
had written an influential book among conservatives called "The Liberal Establishment." In Indianapolis he formed a group called the Beer & Pizza Marching Society (BPMS). Among their token "yutes," as they lovingly called us, were college students who were not hippie leftists in the 1960s: Dan Manion, Dan Quayle, Bob Tyrrell, John Von Kannon, Dave Tudor and others including me. This Indianapolis core included people like Sen. Leslie Duvall; Councilman Bill Schneider; Marion County leader Rex Early; Don Lipsett, creator of the Adam Smith tie; the Andre brothers Fred and Herm; and many others.

Bob Tyrrell, a former IU swimmer when IU was the capital of the swimming world, had created a publication called The Alternative, which changed its name to the American Spectator after moving its headquarters from Ellettsville to Washington, D.C. It was nurtured by Buckley as sort of a junior National Review. It is hard to capture what Buckley meant to young conservatives at the time. All the protests rising in the '60s among fellow students, plus the liberal establishment dominated by easterners who viewed everything west of the Appalachian mountains as country bumpkin territory, meant that having an erudite spokesman like William F. Buckley Jr. was essential to our self-esteem. Sort of, in a way, like Sen. Richard Lugar became for Hoosiers for many years: "See, we're not dumb."

In the 1960s and into the early '70s, the basic line went like this: The Young Republicans were the conservative division of the Republicans, the College Republicans were the conservative division of the YRs, YAF were the idea leaders and activists in the CRs, and the Intercollegiate Studies Institute (ISI) were the YAFers who read books. This is a basic variation of communist cell theory, and if you think it was an accident you would be wrong; bad guys can have good strategic concepts.

The Alternative was the most prominent, best-written, humorous, and lasting of mini-National Reviews that popped up across the nation. John "the Baron" Von Kannon and Ron Burr kept the magazine going while Tyrrell's writing was developing into what led to his national reputation. Von Kannon later became the chief fundraiser for the Heritage Foundation, basically providing the financial undergirding for Ed Fuelner's dominant conservative organization.

During the late '60s, I regularly visited "The Estab-



lishment" as Tyrrell's house in Ellettsville was called. It was a memorable place with an FDR room (the toilet) and letters from many presidents congratulating The Alternative for its success lining its stairway. I was especially impressed with the one from Calvin Coolidge on White House stationery since he had long been dead. The Baron explained that somehow they had managed to purloin some official stationery. This possibly came with Tom Huston's help but more than likely Baron took it upon himself. He explained that he used to get a few other items under his jacket each visit, thus explaining a variety of oddities from White House cups mixed with mason jars for drinks.

Indiana University was an important link in the building of the national conservative movement. For example, there was Stephen Davis, another conservative leader and one of the few direct descendants of Eli Lilly. He co-founded The Alternative with Tyrrell and later joined the staff of fellow Indiana University alumnus Congressman Phil Crane. Two Crane staffers, Paul Weyrich and Ed Fuelner, left Crane to form the foundations Free Congress and Heritage, which were the dominant conservative organizations leading to the rise of conservatism.

Davis also engineered the movement of money to Indiana YAF from Lilly, which was then transferred to conservatives at IU to build the Impact Party. The Students for a Democratic Society (SDS) were a radical leftist organization which had successfully taken over the student government at IU. The Impact Party won, led by new IU student president Paul Helmke. He split the Student Senate leader of Impact which resulted in the left again taking over IU. The Senate leader was the YAF chairman, a guy named Jim Bopp who eventually became the longtime Vigo County Republican chairman and the vitally important legal counsel of National Right-to-Life.

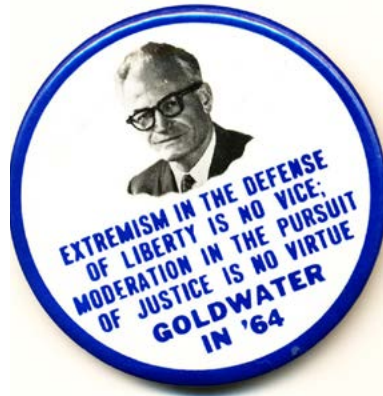
The Alternative provided a refuge for many sons of former liberal professors who were appalled at the leftist radicalism of the 1960s. The Weekly Standard is an example of a publication that benefited from the Alternative heritage. Hoosier M. Stanton Evans created the National Journalism Center in Washington which has trained more conservative writers than any other institution.

Tyrrell and Evans take on National YAF

As another illustration in movement building, in 1971 I was the pawn – admittedly an active and rather opinionated pawn – of R. Emmett Tyrrell, M. Stanton

Evans and others during one of the epic internal wars within YAF. They chose me to face off with another Hoosier for a national board seat. Morton Blackwell was brought in to manage my campaign in Houston. Charlie Black, among others, was organizing the campaign for my opponent.

Since Indiana was divided, my friends Bill Saracino, Pat Nolan and Randy Goodwin let me use California as a political base (i.e. trading votes with other candidates to assemble a coalition). Many people wound up leaders in the Reagan presidency including Frank Donatelli, Grover Rees, Loren Smith and hundreds of others. We all networked for the next 40 years. When I narrowly lost thanks to the dishonesty of Charlie Black, I was ready to storm out of the convention. I was taken to a back room for a lecture/pep talk. Included in that room with Tyrrell were Tom Charles Huston, then on President Nixon's staff, and David Keene, then on the staff of Vice President Spiro Agnew. I will not repeat the colorful language they used to describe the opposition and what we needed to do. By 1973, the other faction was vanquished.



The battle over ideas never ends

Politicians come and go, but the battle over ideas never ends. For example, there was another powerful cluster of Indiana University conservative Young Republicans that has emerged. Todd Huston, Tom's nephew and Indiana state legislator, was one chairman. State Sen. Jim Banks was another (his now wife Amanda was his vice president). State Rep. Casey Cox was another who was also elected IU student body president. Cox was a graduate of Leo High School, interned for me and I gave him some advice during his campaign for IU president, but basically he is a brilliant politician like the others. Chris Crabtree was a key leader and organizer who also played an important role in clustering many of these rising conservatives in former Congressman John Hostetler's office for additional experience and training. I could go on but you get the point. The conservative movement began with Goldwater and Reagan but it is still rising. If seeds continue to be nurtured, it will keep on offering an alternative to the liberal establishment. ❖

Souder is a former Republican congressman from Fort Wayne.

Conservatives, from page 1

turned to Tyrrell, figuring him to be on the campaign's advance team. "Where do we go?" he asked. And it was this unlikely pair who would emerge out the auditorium's back door to his left as Kennedy continued on a whirlwind last six weeks of his life. The iconic senator turned to Tyrrell and shook his hand. In the exchange, Tyrrell said, "In his hand I put a Ronald Reagan for President button."

RFK responded with a laugh.

It was a moment when establishment liberalism was confronted with the brash movement many believed was vanquished in the 1964 Lyndon B. Johnson landslide over Sen. Barry Goldwater. In 1968, three wings of the GOP battled for the nomination among the establishment Richard Nixon, the liberal future vice president Nelson Rockefeller, and the emerging conservative hero and governor of California. A dozen years later, it would be Ronald Reagan taking the oath as president. Or as Tyrrell described

it, it is the "longest dying political movement in history."

"Since 1964, conservatism's obituaries have been filed with timely regularity – and I don't know about you but I am actually feeling pretty good," said Tyrrell. "Still conservatism is more often reported on for its fragmentation, frailties, dissension, and rigor mortis, than for its vitality."

From a Hoosier perspective, not only did the conservative movement push student government in Bloomington into a new dynamic, it would eventually dominate not only the Republican Party, but Indiana Democrats as well.



Sen.. Robert F. Kennedy speaks to RCA employees in Bloomington on April 25, 1968. (Herald-Telephone Photo)

The 1964 campaign

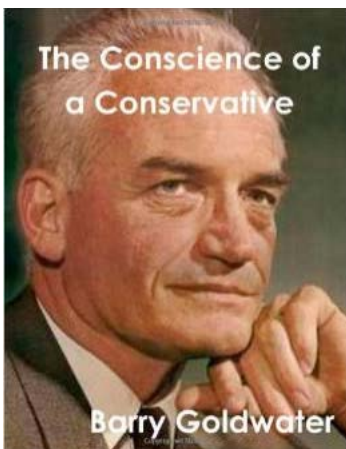
On Oct. 29, Tyrrell and another IU conservative icon, Tom Charles Huston, joined former Fort Wayne Mayor Paul Helmke's Civic Leaders Center class at IU to discuss the role Indiana played in this emerging movement. For all three, 1964 was a watershed year. Helmke attended the Republican National Convention at the Cow Palace in San Francisco carrying a "Fort Wayne for Goldwater" placard. Tyrrell use the Goldwater campaign as a springboard to launch The Alternative in September

1967. It would evolve into The American Spectator. Huston would go from Doc Counselman's legendary swim teams to graduate from IU Law School in 1966. He headed the national Young Americans for Freedom before becoming associate counsel to President Nixon from 1969 to 1971. He drafted the controversial "Huston Plan" which called for expanded domestic intelligence-gathering by the FBI, CIA and other intelligence agencies. The Washington Post described it as authorizing "the surreptitious reading of private mail" while lifting "restrictions against surreptitious entries or breakins." President Nixon approved the plan in July 1970, then rescinded authorization four days later.

From the defeat of President Hoover in 1932 through the 1960 election, not only did liberalism dominate university faculties, but, as Huston would describe, "The Republican Party was controlled by Wall Street bankers, the Dewey/Rockefeller wing of the party." There had been other prominent conservatives, such as Indiana U.S. Sen. William Jenner, who was a vociferous anti-Communist. But with the death of U.S. Sen. Robert Taft in 1953, there was a vacuum that Goldwater filled.

A nascent student movement had embraced Goldwater, and instead of letting his crushing defeat in 1964 douse the embers, it was as if a wildfire had ignited and exploded the pine cones of a future forest. "There would have been no 'Reagan Revolution' without Goldwater," Huston said. When Goldwater addressed the Young Americans for Freedom gathering in Chicago in 1960, his message was, "If you want a conservative government, grow up, go to work, and take control of this party."

'Conscience of a Conservative'



In his book, Goldwater explained: The root difference between the Conservatives and the Liberals of today is that Conservatives take account of the whole man, while the Liberals tend to look only at the material side of man's nature. The Conservative believes that man is, in part, an economic, an animal creature; but that he is also a spiritual creature with spiritual needs

and spiritual desires. What is more, these needs and desires reflect the superior side of man's nature, and thus take precedence over his economic wants. Conservatism therefore looks upon the enhancement of man's spiritual nature as the primary concern of political philosophy. Liberals, on the other hand, in the name of a concern for "human beings," regard the satisfaction of economic wants as the dominant mission of society. They are, moreover, in a hurry so that their characteristic approach is to harness the society's political and economic forces into a collective effort to compel "progress." In this approach, I believe they fight against nature.

Goldwater continued, "The delicate balance that ideally exists between freedom and order has long since tipped against freedom practically everywhere on earth. In some countries, freedom is altogether down and order holds absolute sway. In our country the trend is less far advanced, but it is well along and gathering momentum every day. Thus, for the American Conservative, there is no difficulty in identifying the day's overriding political challenge: It is to preserve and extend freedom.

As he surveys the various attitudes and institutions and laws that currently prevail in America, many questions will occur to him, but the Conservative's first concern will always be: Are we maximizing freedom?"

And Goldwater set up the contrast with New Deal liberalism and the big government philosophy of Republican Arthur Larson. He quotes Dean Acheson of the New Deal, saying, liberalism "conceived of the federal government as the whole people organized to do what had to be done." Larson explained, "If a job has to be done to meet the needs of the people, and no one else can do it, then it is the proper function for the federal government."

Goldwater explained, "Here we have, by prominent spokesmen of both political parties, an unqualified repudiation of the principle of limited government. There is no reference by either of them to the Constitution, or any attempt to define the legitimate functions of government. The government can do whatever needs to be done; note, too, the implicit but necessary assumption that it is the government itself that determines what needs to be done. We must not, I think, underrate the importance of these statements. They reflect the view of a majority of the leaders of one of our parties, and of a strong minority among the leaders of the other, and they propound the first principle of totalitarianism, that the state is competent to do all things and is limited in what it actually does only by the will of those who control the state."

Not only would this conservative movement at



Tom Charles Huston talks with Indiana University students on Oct. 29. (HPI Photo by Brian A. Howey)

IU transform its student politics at the Memorial Union, it spawned a array of acolytes, with Tyrrell, Baron Von Kannon, Steve Davis and Lou Ann Sabatier establishing and then propagating what would become The American Spectator and later The Weekly Standard from an Ellettsville farmhouse, to others like Jim Bopp Jr. who would transform U.S. election law and embolden the right-to-life movement and U.S. Rep. Phil Crane.

"Goldwater was the indispensable person around whom a viable political movement could be organized," Huston said. "Nobody is running as a Rockefeller Republican these days and that's a big change."

Tyrrell called 1964 "the end of that political monstrosity." While LBJ would attempt to claim a landslide mandate, he mired the U.S. in an unpopular war in Vietnam, pushed through the Civil Rights Act that shook loose the Democratic Deep South base, setting up historic Republican midterm gains in 1966 and ushering in an era where the GOP carried the White House five of six elections between 1968 and 1988. "Nineteen sixty-four was not the end, but the beginning," Tyrrell insisted. "Or possibly the beginning of the beginning. It set off the longest running political movement in history, American conservatism."

The evolution of Hoosier conservatives

The Indiana Republican universe had its conservatives, most identified with fighting fascism and communism, though there was the historic suspicion of the federal government that had Hoosier lawmakers of the 1950s and early 1960s like U.S. Sen. William Jenner who rejected federal school lunch programs, to latter day congressmen like John Hiler and Mike Pence who assailed federal revenue sharing and earmarks for their districts, complaining that it only allowed an expanded reach of a big federal government.

Jenner influenced Hoosiers like former Republican Chairman Rex Early, who observed in 2012, Jenner was known for his fiery speeches. An Indianapolis Times reporter said, "He rang the rafters with blood-and-thunder political speeches. He wrapped himself with the American flag and charged that mysterious people in high places were undermining and subverting the country."

Early explained, "Jenner was a 'no back down' guy. He would never compromise on his conservative principals.



U.S. Sen. William Jenner (right) set the tone for Hoosier conservatives like Rex Early back in the 1950s.

I remember his last speech as a senator when he took the floor of the Senate and pronounced, 'A government with too much money to spend destroys the society it governs. I say the American people are being pushed in the direction of catastrophic inflation by wild-eyed socialists, ambitious intellectuals, power-seeking demagogues and hidden communists.'"

As IU history Prof. James H. Madison observed in his new book, "Hoosiers: A New History of Indiana," "Many Hoosiers remained wary of government at a distance, as they had been in pioneer times. Government's powers to tax to restrict freedoms continued to be worrisome. The possibilities for improving the general welfare conflicted with the deep traditions of small, low-cost government."

"For pioneers, the federal government had removed Indians, surveyed and sold public lands, and boosted economic development," Madison writes. "Hoosiers were strongly patriotic but seldom grateful. From the onset they tended to distrust government, particularly at a distance from Washington." The state grew rapidly during President Andrew Jackson's two terms in the 1830s and his distrust in centralized government became a Hoosier mainstay political component that continues to this day.

In 1947, Indiana House Concurrent Resolution No. 2 passed, reading, "Indiana needs no guardian and intends to have none. So we propose henceforward to tax ourselves and take care of ourselves. We are fed up with subsidies, doles and paternalism. We are no one's stepchild. We have grown up. We serve notice that we will resist Washington, D.C., adopting us. We respectfully petition and urge Indiana's congressmen and senators to vow to fetch our county courthouses and city halls back from Pennsylvania Avenue. We want government to come home."

In 1951, Senate Bill 86 required the names of federal welfare recipients to be made public and the General Assembly was willing to reject \$20 million in federal aid to do so, according to Madison. The Jenner Amendment backed by Sen. Jenner and U.S. Rep. Charlie Halleck of Rensselaer gave states the right to determine welfare confidentiality.

Taking over the GOP

Goldwater's book profoundly changed the Republican Party. President Eisenhower carried 39% of the black vote in 1956, Vice President Richard Nixon polled 32% in 1960, but Goldwater's chapter on states' rights was described by NAACP's Roy Wilkins as "akin to leaving civil rights in the hands of Alabama Gov. George Wallace." Goldwater received 6% of the black vote in 1964.

Tyrrell believes that LBJ's Great Society has been stagnated, while "conservatives have steadily picked up new adherents," citing Reagan Democrats, the Tea Party, neo-cons and evangelicals. "Liberalism is in decline," he said. "Barack Obama was a black man elected because he was a black man. The third time the black guy will be on our side."

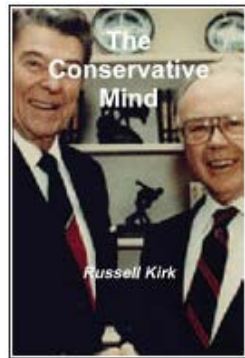
Madison describes the Indiana governors Whitcomb, Bowen and Orr as "moderately conservative." Govs. Daniels and Pence practice a closer version of Goldwater's vision of limited government.

Pence grew up as a Democrat with the Kennedy brothers as heroes. "I still find great inspirational value in the leadership and many of the ideals both President Kennedy and Sen. Kennedy expressed," Pence said on Wednesday. But it was the next generation of conservatives beyond Goldwater that convinced Pence to shift parties. Entering Hanover College in 1977, he studied American history and began challenging his own political perspectives. Graduating in 1981, he ventured to Indianapolis where he met Huston and Peter Rusthoven. "That was when I turned my attention to more conservative thought," Pence said of his IU Law School days.

In the era of his two unsuccessful congressional runs in 1988 and 1990, he studied Russell Kirk, whose 1953 book, "The Conservative Mind," had a similar impact to Goldwater's book a generation before. Pence said that Kirk's "philosophy of government shaped my career." The other later influence was former U.S. Rep. Jack Kemp. "I became aware of Jack Kemp when he was in the Congress, and found him to be an extraordinary champion of free market economics and pro-growth politics and a strong national defense," Pence explained.

Kemp encouraged Pence to run for House Republican Conference chair. "He was as great an influence and perhaps greater because we were friends," Pence said. "I felt like Jack understood the foundation of Lincoln's party, which is a foundation about quality of opportunity and a boundless confidence in the American people." His 1988 campaign kindled the Kemp friendship and included a White House Blue Room meeting with President Reagan. Pence thanked Reagan for "everything you've done to inspire me and my generation to believe in this country again."

Gov. Mitch Daniels, who worked in the Reagan White House, raised eyebrows in 2008 when he suggested that it was time for Republicans to "let Ronald Reagan go," later clarifying that by saying, "I served him for years, and



Mike Pence, challenging U.S. Rep. Phil Sharp in 1988, meets with President Reagan in the White House Blue Room,

no one reveres Ronald Reagan more than I. My caution was that his present-day admirers must not appear to be stuck in the past, but always face forward, and apply the eternal principles of individual liberty to the problems of today and tomorrow. No one taught this lesson better than President Reagan himself."

Conservatism dominates Indiana

It is nearly impossible to find a Hoosier Republican lawmaker or candidate who does not describe himself or herself as a "conservative." Many trace their ideological roots to Reagan and ultimately Goldwater, though the conservative movement in some ways has left the two architects closer to today's center. Reagan raised taxes 11 times. Goldwater would famously say he didn't care if a U.S. soldier was gay or straight, only that he could "shoot straight." The conservative movement went so far in 2012 to defeat U.S. Sen. Dick Lugar in the Republican primary for not being ideologically pure enough.

But perhaps even more profound was the shift of Indiana Democrats from the liberalism practiced by Sens. Birch Bayh, Vance Hartke and congressmen like Andy Jacobs Jr., to the second Bayh era. In 1980, Evan Bayh, a recent University of Virginia law graduate, managed his father's fourth Senate campaign, losing to Dan Quayle in the "Reagan Revolution." When Bayh emerged in 1986 to lead the party out of the wilderness, he was far more conservative than his father. Gov. Bayh would cut taxes, limit Medicaid, close the Central State Hospital mental facility, and back welfare-to-work laws similar to what marked the administration of President Bill Clinton. Indiana Democrats would join Republicans on social legislation like the Defense of Marriage Act, only repudiating that brand of conservatism over the past couple of years.

Guy Loftin, who headed IU's Students for a Democratic Society, then bolted the SDS when the Weathermen Underground advocated a violent path, challenged the two conservatives in Helmke's class, citing a steadily increasing concentration of wealth, the "vilification of poor people" and mass incarceration of minorities which he described as a "terrible disaster."

Tyrrell responded, "Incarceration is a good thing. Crime has gone down and incarceration has gone up. You're welcome to your little world of racism. I don't agree with you."

Just days before the election, Tyrrell was one publisher who openly forecast a Republican wave. "Twenty-ten will be a precursor to Tuesday and 2016," Tyrrell predicted, saying independents would join conservatives over the issues of terrorism and ebola. "I see the alliance of conservatives and independents as lasting for years to come."

It was a half century in the making. ❖

Coats mulls new Senate dynamic

By MAUREEN HAYDEN
CNHI Statehouse Bureau

INDIANAPOLIS – Two days before returning to Washington, D.C., to help set an agenda for a GOP-controlled Senate, Indiana's senior senator sat in a coffee-house sipping hot chocolate and contemplating a best-case scenario.

U.S. Sen. Dan Coats envisioned a cooperative Democratic president humbled by midterm election defeats and Republican lawmakers eager to seek agreement across the aisle. But Coats, who came out of retirement four years ago for a second stint in the Senate, knows it could go the other way – with angry finger-pointers on both sides who can “blow it all up.”

“It’s easy to say right after every election, ‘We’re going to work together,’ but then ideology and politics gets in the way,” said Coats, 71. “I think the public is sick and tired of it.”

A conservative Republican, Coats already sees an alliance with Indiana's junior senator, Democrat Joe Donnelly, on a couple of key issues. One is an effort to revise the Affordable Care Act to repeal the tax on medical devices, which should please an industry with a strong presence in Indiana. The other is a bill to permit construction of the Keystone XL pipeline, which would carry oil from Canada to the Gulf Coast.

Senate Minority Leader Mitch McConnell, R-Kentucky, soon to become majority leader, has named both as priorities.

And Donnelly, an early supporter of both measures, has expressed hope for compromise. “What I see moving forward is a chance for those in the middle to help drive policy,” he said.

But, Coats warns, the work could get harder after that. He worries, for example, that President Barack Obama has already inflamed Republican passions by vowing an executive order allowing millions of undocumented immigrants to stay in the United States.

He also predicts Tea Party Republicans will be furious if they can't flat-out repeal the Affordable Care Act – despite Republican majorities in both houses of Con-

gress – since such a measure would most certainly face a presidential veto.

Coats is already discouraging colleagues from overreacting, including shutting down the government, if they don't get their way.

“Our responsibility is to really move forward on reasonable things that are not ‘dead on arrival’ and not so ideologically driven,” said Coats, who previously served in Congress when Ronald Reagan, then Bill Clinton, were in the White House. “We’ve proven that only results in stalemate.”

Coats' strategy favors Republicans moving forward where they can, and accepting when they can't. “Reagan said, ‘If you give me 80 percent of what I want, I'll take it,’ because the reality is, we have a divided government,” he said. “And a lot can get done in a divided government if

there's cooperation on both sides.”

One area for movement, he predicts, is tax reform. Coats has co-authored a plan with Sen. Ron Wyden, D-Oregon, that would set a flat corporate rate of 24 percent, as well as a three-tiered structure for individuals, ranging from 15 percent to 35 percent.

Coats is in line to chair the Joint Economic Committee and may end up with a seat on the Sen-

ate Finance Committee, both positions with clout. But it's likely that he'll be working with some colleagues who don't share his views on compromise.

The run-up to the 2016 presidential election could spur some ambitious Republicans to be more committed to promoting themselves than governing, he said.

“They see it to their benefit to draw a hard, sharp line, and they're not willing to compromise at all,” he said. “In a divided government, that means gridlock.”

Coats added that those colleagues may see gridlock as positive. Asked to name those members, he deflected. “I think we all know who they are,” he said.

As he prepared to return to the Capitol, Coats said he's convinced that he and his colleagues can “stick to their beliefs” while finding a way to boost their dismally low approval ratings.

“We have to regain the trust of the American people, whether we're Republicans or Democrats, conservative or liberals,” he said. “We have to use good judgment and make sound decisions, on their behalf, not on our behalf.”

❖



Hogsett kicks off Indy campaign; Harrison eyes candidacy

By **BRIAN A. HOWEY**

INDIANAPOLIS – Joe Hogsett commenced his Indianapolis mayoral campaign, invoking personal heroes Robert F. Kennedy and the Rev. Martin Luther King Jr., on the site where the two have been inextricably linked in history.



Speaking at the monument where Sen. Kennedy calmed an alarmed crowd after informing them of King's assassination during the 1968 presidential campaign, Hogsett told several

hundred people, "For one night, Indianapolis could not be divided. It was one city. It was our city. And so tonight, I ask you to join me in rekindling that spirit once more as I announce my candidacy for mayor of Indianapolis."

Kennedy is widely credited with keeping Indianapolis calm on April 4, 1968 while most other big American cities exploded into violence. RFK's speech is considered one of the greatest extemporaneous political speeches in U.S. history, and part of the speech is etched in stone at his Arlington National Cemetery grave site after his murder in Los Angeles two months after King's death.

Hogsett's declaration came as Indiana's capital city has endured a murderous crime spike as well as the death of two IMPD officers over the past year. The former southern district attorney, who resigned that post last summer to seek the Democratic mayoral nomination, told the throng at the Kennedy/King Memorial, "Whenever someone is shot and killed, our whole city is degraded. Whenever a student drops out, our whole city is devalued. And on this very night, as one in three children in Indianapolis lives in poverty, our whole city is ashamed."

He added, "We could easily lie down and lament our circumstances. We could complain and then

retreat back into complacency, but that's not who we are. And that is certainly not who we're meant to be."

Hogsett enters the 2015 mayoral race with State Rep. Ed DeLaney also seeking the Democratic nomination. Informed and reliable sources are telling Howey Politics that the Rev. Charles Harrison, a pastor at Barnes United Methodist Church who has been part of the Ten Point Coalition, is also pondering a mayoral bid.

And it comes a week after Republican two-term Mayor Greg Ballard announced he would not seek a third term. No Republicans have declared for the race, but State Sen. Jim Merritt, former senator J. Murray Clark, former councilman Jeff Cardwell and others are pondering a run or are being urged to do so. The Republican faces a dynamic where a Democrat would have over a 20,000 vote advantage based on party affiliation.

Hogsett was appointed secretary of state after Gov. Evan Bayh left that office in 1988. Hogsett then defeated Indianapolis Mayor Bill Hudnut two years later, lost U.S. Senate and U.S. House races in 1992 and 1994, as well as a bid for attorney general. He was appointed by President Obama as the D.A. four years ago, and as Bayh noted in his introduction, Hogsett increased gun prosecutions by 600%, while targeting public corruption.

"Joe also understands the need for good fiscal management. My friend Joe Hogsett is tight with a buck," Bayh said of Hogsett's penchant for reducing the budgets of all offices he's held.

Hogsett launched the office's first Public Corruption Working Group, a Civil Rights Task Force and the Violent Crime Initiative focused on punishing illegally-armed felons. ❖



Democrat Joe Hogsett used the Kennedy/King Memorial as the backdrop to his campaign kickoff Wednesday night. (HPI Photo by Brian A. Howey)

Pelath hopes to exploit GOP disagreements

By **MATTHEW BUTLER**

INDIANAPOLIS – House Democrats are daunted but unbowed by last week’s election result: A two-seat addition to the Republicans’ super majority, now 71. The super minority party saw their imprint on a number of important controversial issues from this last session and believe they are already influencing upcoming items. Last Thursday House Democratic Leader Scott Pelath, along with his leadership team of Reps. Linda Lawson, Minority Floor Leader, and John Bartlett, Minority Caucus chair,



held a press conference in the wake of the 2014 election.

“It was my goal all along to try to make some progress, to pick up some seats, to show the people of Indiana that we’re ready to govern again, and that we’re in the process of building a new long-term governing coalition,” Pelath began. “Not every election goes like I would like, or any of us would hope. We lost a couple of members. I’m very sad Maria Candelaria Reardon and Shelli VanDenburgh will not have the opportunity to serve with us any longer.”

“We took a very small step backwards,” Pelath said. “That is on me; it’s on nobody else. It’s my responsibility. It’s not the President’s fault. It’s not the party’s fault. It’s not the people who work very hard for us.”

Putting the Indiana defeats in the wider context of Tuesday’s national wave, Pelath added, “I have to say as I look around at the carnage around the nation, I saw a few silver linings. The fact of the matter is that it could have been a heck of a lot worse. I know that’s a very small consolation.

“We’re going to continue to be about the things we always cared about: A positive vision for the economic prosperity; a dedication to assure that every child in Indiana has a fair and equal opportunity to get a quality education in a system of common schools free of charge; and, finally, we have led Indiana to avoid some of the very worst and most divisive social issues that merely serve to separate people for the benefit of politicians along moral, spiritual, ethical, and cultural lines. We don’t do that and we won’t.”

Viewing the election as only “a very small, short-term setback,” Pelath was optimistic about the next cycle. “As you know, 2016 is going to be a very, very different

election,” he told reporters. “You’re going to have Hillary Rodham Clinton probably leading our ticket. You’re going to have a gubernatorial candidate. You’re going to have a U.S. Senate candidate. You’re going to have a completely different universe of voters and we believe we’re going to be well positioned to appeal to the center of the state for a new direction.” He also pointed to Melanie Wright who defeated Rep. Frank Lutz (HD 35).

As for Republican gains in the traditional Democratic stronghold of Lake County, Pelath attributed them to gerrymandering. “It’s partisan redistricting,” he said. “Let’s call it what it is.”

Looking to another two years of a Republican super majority, Pelath emphasized several times that Democrats could again be relevant in guiding (and hindering) legislation. “The truth is we have been a very effective caucus,” he remarked. “We gave it as good as we got with 31, we’ll do the same with 29. We know how to make a difference for this state. We’ll give you a couple of examples: Mass transit in central Indiana would not be anywhere without Indiana House Democrats. Another one, we would have been voting on marriage this past election if it were not for Indiana House Democrats. We make a difference.”

Since the Republican House Caucus is so large, Pelath believes there is a high likelihood of party infighting and disagreement. He called attention to the growth of the more conservative faction of the House Republicans having successfully “primaried” Reps. Kathy Heuer and Rebecca Kubacki. That, he argues, leaves a space for Democrats to influence events. “We’re pretty good at what we do,” Pelath remarked, “at seeing where Republicans disagree and getting in the middle of it. I know how to do that and that’s going to continue.” Forcing votes and discussion on topics the Republican leadership would otherwise not address will be a priority, he elaborated. “If you think those procedural votes don’t turn into campaign issues, go talk to their consultants, because I assure you that they do.”

“I had a chance to talk to Speaker Bosma,” Pelath said. “We know there are many a things that we are going to have the opportunity to work together on. In certain areas where there is commonality we set a positive tone. I thank him for that and we’re going to continue to do that. That’s what differentiates us from Washington, D.C., we are able to do the things we agree on.”

Pelath went into detail regarding the role of Democrats this upcoming General Assembly and was asked about particular policies and priorities. For example, he accused House Republicans of borrowing pages from the Democratic playbook before the November election on



the education funding formula. "We noticed in the closing weeks of the election that the Republican Party was adopting our very verbiage on public education," he remarked. "I think that's very interesting; it shows the influence we have and continue to have."

The following is a transcript of selected and paraphrased questions and Leader Pelath's answers:

Q: Education was a major issue this cycle, does it appear educators did not come out for Democrats this November?

Pelath: I don't know if they didn't come out. We don't know the answer to that question. You have to remember there were a lot of different issues in this election. A lot of citizens were worried about ebola, what's going on over in the Middle East. Public education is what we talk about but there is lots of influence on the universe of electorate that turns out. We didn't get it done. We didn't do a good enough job of getting our folks out. We have to work on that.

Q: Do you have second thoughts about HJR-3 not having been on the ballot since it could have perhaps increased Democratic turnout?

Pelath: For me to take that point of view would be a cynical posture that I couldn't take. We took the stand on HJR-3 because we sincerely believed it was the right thing to do. You can't make big decisions like that based on that line of reasoning. Major issues of that magnitude, you play them straight up. It's good for Indiana we weren't dragged through that. I'm proud we weren't dragged through it and that is an accomplishment.

Q: You said the top ticket races would benefit House Democrats in 2016. How important is a strong Democratic gubernatorial candidate?

Pelath: It's absolutely essential; it's unambiguously essential.

Q: Should it be John Gregg?

Pelath: John Gregg was an outstanding candidate. I'm a big John Gregg fan. I don't know what John Gregg is going to do yet. People are going to be making some decisions. I will say one thing, you can do a lot worse. There may be folks we haven't even thought of yet. Fortunately we have a process for reconciling those things and we have a process that tends to produce strong candidates at the statewide level.

Q: Is the Indiana Democratic Party in the shape it needs to be to strongly contend for governor?

Pelath: Even though this election wasn't quite what we wanted in terms of outcome, we've done some good long term things. We've laid a lot of groundwork in terms of our operations, the way we make decisions, the

way we focus resources. Just because the result wasn't exactly what we wanted, doesn't mean we weren't executing very well in a number of ways. We're getting better at some things. The payoff is not always in the short term.

Q: What would you like to see in reforming the school funding formula?

Pelath: For it to be made fair. They're claiming they're putting more increases into education but by golly every time I talk to my local superintendent and folks at home, local public schools are getting slashed because you're taking voucher



State Rep. John Bartlett speaks as House Minority Leader Scott Pelath and Rep. Linda Lawson look on. (HPI Photo by Matthew Butler)

money right off the top, you're taking sort of wild west charter school dollars right off the top, and you're leaving everyone else to fight over what's left. You're seeing increases go to certain school districts and cuts in other places. It just needs to be made more fair, not every kid is getting the same fair chance in

Indiana...I do notice they've started to change their tone a little bit, but we'll see. The way it's happening right now

is unfair and I think they know it. I think they've been stung a little bit and that's why we're starting to see the words differ from some of their previous statements.

Q: It sounds like there will be emphasis on increasing funding in schools with growing enrollment, like suburban schools.

Pelath: Well, that's what they've been doing. The problem is that the at-risk kids and the kids that need a little more help don't necessarily live there. We used to have a long-term compromise on that in our school funding formula. When we had bipartisan government we had ways to reconcile the competing interests of school districts with declining enrollment but a lot of at-risk kids against school districts that are growing. They just do it all one way now. Frankly, I don't know if this is the bunch I trust to get the school funding formula right. They've seemed to care much about it but a few weeks before the election, but we'll see.

Q: Speaker Bosma said one their goals is to entice and encourage more school corporation consolidation to increase funding for classrooms. Would you support that?

Pelath: I let them go talk about consolidation if that's their plan. They can go through southern Indiana and make that pitch. People like their local schools. We need to get our dollars aligned with our words. So far they haven't done that.

Q: What are some areas Republicans will likely disagree and where House Democrats can enter the debate?

Pelath: There are clearly areas where Republi-

cans disagree with each other. I've always said there are two Republican parties which means you're going to need tri-partisanship. You've got your social agenda conservatives, you've got your ideological conservatives, and then you have what I'd call your governing conservatives. They don't agree. They're still going to want to push that social agenda because that's why they're here to serve. The governing conservatives are a little more interested in getting the budget matched up with their spending priorities and trying to do a little good for the folks back home. That's where we have a role to step in and help govern, not just help think you're fulfilling an ideological mission.

Q: Do you have any examples?

Pelath: We could see all kinds of things that have to do with women's health. We could see all sorts of things that happens with people's personal lives. There are folks over there who still care about those things and think folks sent them here to work on them. We believe we need to be working on other things. And I believe there are Republicans who agree with us on those things.

Q: Is Speaker Bosma a governing conservative or social conservative?

Pelath: I think he has a very difficult job of governing because has to straddle those two hemispheres. I'll let him describe himself. It's on Brian Bosma to get a budget passed. It's on Brian Bosma to meet constitutional obligations. So, maybe by default, I'll give him the governing title.

Q: What are some of the issues you and the Republicans can work together on?

Pelath: I don't know all the issues we might find commonality of purpose on. Fortunately, the Speaker and I have the kind of relationship where we can listen to each other. Certainly making sure that we have a good institution is an interest that we both share and I am looking forward to working with him on (ethics reform). One other area where we have commonality of purpose, because we listen to each other, is on workforce development. We probably disagree about the cost and the way of doing it, but we do agree it's a major issue. The next great leap in economic development that this state needs to make is keeping and retaining highly-skilled, highly-paid workers because that's what's going to draw employers to Indiana. I think we're saying the right things. Now we have to turn that into real action.

Q: Voters in four 'Red' states passed minimum wage increases on their ballot, what are the chances of any movement on that front this session? We didn't hear too many Democrats talking about the minimum wage in Indiana on the campaign trail.

Pelath: Well, we'll find out. We're going to continue to talk about that because wages, middle class wages in particular, remain a problem in this state. We're going backwards instead of forwards. My friends across the aisle can take it to the bank they're going to have to deal with that issue this session. ❖

Bruised Lanane says Dems are advocates

By MAUREEN HAYDEN
CNHI Statehouse Bureau

INDIANAPOLIS – State Sen. Tim Lanane spent much of Election Day in the cold rain, cloaked against the wind as he greeted voters outside polls around his district in Anderson.

By early evening, as he headed home to watch returns with his family, he wasn't feeling well. By late evening, as he arrived at Democratic headquarters in Indianapolis, he felt much worse.



Senate Minority Leader Tim Lanane has just 10 caucus members. (HPI Photo by Brian A. Howey)

The grim results, delivered by historically low voter turnout, put Lanane in a near historic position, leader of the smallest Democratic caucus in the General Assembly since 1952, when a horde of Republicans rode into office on the long coattails of President Dwight Eisenhower.

At 10 members, Lanane's caucus has so little standing that, by chamber rules, the 40-member Republican super majority can conduct business and pass bills even if the Democrats don't show up for work.

A similar scenario holds in the House, where Republicans have 71 of 100 seats. As one pundit put it: Jesus had more apostles at the Last Supper than there are Democrats in the Senate.

Feeling bruised, Lanane's advice to his Democratic colleagues echoes what he offered them back in 2012, when first elected minority leader by a caucus of 13 members: Keep your chin up and stay in the fight.

"The people who elected us still expect us to do our job," he said. "And they still expect us to be their advocates."

Of four caucus leaders in the Legislature, Lanane, 62, has the mildest manner. He can be a vocal dissenter but shies from the bombast that often echoes through both chambers. As I've written before, he prefers the policy-making process to political grappling.

And he's had to adopt a long view. He's spent all

16 of his years as a lawmaker in a party that's been in the minority in the Senate since 1978. Still, he looks for an advantage when he can. Since rising to a leadership role, Lanane has sought opportunities to build bipartisan bridges.

Next year, look for him to join Republicans from casino communities in a push to loosen restrictive gaming rules, an effort that would benefit Hoosier Park in his district.

Also look for him to identify issues where he can align Democrats with moderate Republicans who are wary of the social conservatives in their party who, having failed in their fight on same-sex marriage, are itching to protect business owners who deny services to gay couples. Lanane at first worried about the morale of his

dwindling caucus when he met with them two days after the election. Their losses included two longtime members, Tim Skinner of Terre Haute, who'd served 12 years, and Richard Young, in the Senate since 1988.

Instead, he found his small battalion energized. "People expect us to be the counterbalance to the party in power," he said. "And we're still fired up to do that."

It will be tougher for a dwindling group of lawmakers already scrambling to keep up with what's supposed to be the parttime job of citizen legislator.

"We used to have 13 pairs of eyes watching what was going on, and now we're down to 10," he said. "We'll have to be even more committed to the job." ❖

Will 4 Republicans give Lake County a voice?

By RICH JAMES

MERRILLVILLE – Are Lake County's fortunes about to rise in the Indiana General Assembly? Could it be that for the first time under Republican control in Indianapolis that Lake County will have a voice? Could it be that the GOP powers in Indianapolis may break from tradition and even listen to what the Republican legislators from Lake County have to say?



Time will tell. But one thing is certain: Lake County will have its greatest Republican presence ever in the GOP-controlled Indiana House. Looking at the roster of House Republicans and Democrats, one would think the county was fairly evenly split. The lineup belies the fact that Lake County remains the most heavily Demo-

cratic in the state.

But the reality is that following last week's election, Lake County has four Republicans and four Democrats in the House. Following the 2010 election, Lake County had one Republican in the House, but redistricting by the majority Republicans helped them pick up three seats at the expense of Democrats.

Republicans made the gains in the House because: In District 19, Julie Olthoff defeated incumbent Democrat Shelli VanDenburgh. In District 12, Bill Fine ousted Democrat Mara Candelaria Reardon. In District 15, Republican Hal Slager won a second term in a district that was drawn for him. And in District 11, Republican Michael

Aylesworth won the seat vacated by fellow Republican Rick Niemeyer. Niemeyer was elected to the Senate in the seat held by his late father, Ernest Niemeyer.

The four Lake County House Democrats are all veterans, Linda Lawson, Earl Harris, Vernon Smith and Charlie Brown. The Lake County delegation is divided because the four Democrats represent heavily Democratic districts in north county. Fine, Slager and Olthoff represent split districts in the middle part of the county. The Aylesworth district in south county is heavily Republican.

While the Lake County political split helps Republicans hold onto the supermajority in the House, there is more involved. With such a heavy presence in the majority party in Indianapolis, the Lake County Republicans will be counted on to help the county with any number of fiscal projects.

Perhaps at the top of the list is a renewal of the state commitment over the last decade to provide \$10 million annually to the Northwest Indiana Regional Development Authority. Gov. Mike Pence hasn't voiced an opinion on the renewal of the funding.

And since virtually nothing has happened on the Cline Avenue project, perhaps the Republicans can convince their GOP partners to rebuild the bridge that is a highway to the most heavily industrialized area in the state, as well as the heaviest concentration of casino gambling in Indiana.

It is nice to be a part of the majority, but to stay there, one has to deliver. ❖

Rich James has been writing about state and local government and politics for more than 30 years. He is a columnist for The Times of Northwest Indiana.

Federal funds and Indiana's cities

By **MORTON MARCUS**

INDIANAPOLIS – The elections of 2014 are over and now we must turn to another set of extremely important elections, those of 2015. Next year we will elect mayors in Indiana's cities and those races are crucially important for our future.

The basic framework of how we live is determined, in large measure, by where we live. What businesses are available to us for jobs and for shopping? Are our streets and homes safe? Are health regulations for our children and our seniors enforced? Are businesses and families protected by intelligent zoning and code enforcement?



Answers to these and a dozen other questions are strongly dependent on whom we elect as our mayors. Indiana is fortunate to have many fine mayors who promote community harmony and progress. But it becomes increasingly difficult to find good people to run for those demanding offices.

Of course we do have a few mayors who sow discord and retard the development of their communities. It's our job to see they do not get reelected.

Each mayor must choose what services to augment and how to finance improvements in his/her city. Take these two examples: In Gary, Mayor Karen Freeman-Wilson is using federal funds to assist in clearing away many vacant, dilapidated properties for redevelopment. In Indianapolis, Mayor Greg Ballard has used and is being urged to use federal funds to make downtown streets exciting places for dining and entertainment.

Gary is a city that needs all the help it can get. The consequences of accumulated neglect and mismanagement are being addressed by an energetic, practical mayor. It is consistent with our national interest to see to it that endangered cities are given a chance to be resuscitated. Gary has suffered at the hands of the state legislature and its own internal conflicts. Mayor Freeman-Wilson looks forward without blaming anyone. Her gaze is fixed firmly on what can be done today with available resources to build consensus and community.

Indianapolis, the core of Indiana's most thriving metropolitan area, is the polar opposite of Gary. It has been on an upward trajectory of more than 30 years with a string of prudent, but progressive, mayors. Yet, Indianapolis, like Gary and other Hoosier cities, has been

throttled by the small-town, small-minded General Assembly.

Should Indianapolis use federal or state funds to create more outdoor eating on the Circle? What is the national or state interest in this \$60 million project? Will Indianapolis fail to thrive if local property owners, the presumed beneficiaries of this project, foot the bill?

Gov. Pence turned down the opportunity to receive \$80 million in federal funding for pre-K education because strings "might be" attached.

This sets up questions for Indiana and the nation. Should Hoosiers reject federal funds to improve our most damaged cities because of strings? Or should there be strings (safeguards) on federal funds to prevent them from being used to further enhance already prosperous communities? ❖

Mr. Marcus is an economist, writer, and speaker who may be reached at mortonjmarcus@yahoo.com.



We need thoughtful policies for growth, not gimmicks

By **MICHAEL HICKS**

MUNCIE – My hometown paper ran an interesting story last week outlining the 10 hottest jobs in the region. These jobs looked a lot like the help wanted ads outside of large cities in Indiana; production and quality control, packaging, laborers, drivers, retailers and home



and personal care aides. None of these jobs require post-secondary education and none of them offer a decent shot at a middle class income.

This story should be a sobering story to anyone thinking about entering the job market with only a high school diploma, but more than just high school kids need some schooling on these matters. Without even a hint of irony, the same paper's

opinion page offered a puerile editorial bemoaning the growing income gap and the pain it causes the middle class.

The solutions offered in this piece were as follows: A higher minimum wage, higher earned income tax credit, higher family tax deductions and lower sales

tax. What gimmicky hogwash. If excessive government spending and artificially inflated wages offered actual help for America's dwindling middle class, then East Central Indiana would've had seen unbridled economic growth and prosperity over the past half century. Instead the region is in its fifth decade of decline. There are other empirical problems with last week's opinion piece; from misunderstanding who gets hurt by a minimum wage (it is workers, not small businesses) to repeating the myth of Indiana's high sales tax rate (misremembering local option sales taxes and exemptions). This editorial was far less than the sum of its parts. That is unfortunate because the dwindling middle class is one of the most important issues of our time.

For more than a half century employment in the US has been shifting. The 1950s model of low-skilled, high-wage jobs is long gone. These jobs have been replaced by jobs that require more formal skills, and the technology that accompanies this change exhibits a skill bias. High-skilled workers get machines that enhance their productivity by complementing their skills. Low-skilled workers get machines that enhance their productivity by substituting for their lack of skills.

This is easy to see in the real world. A nurse practitioner gets sophisticated software and time management assistance to make sure she can see more patients. The cashier at the fast food restaurant gets little food icons on a cash register to substitute for the lack of elementary math skills. Guess who gets the better wages?

This gets us back to the basic problem. Over time, economies adjust to the type of workers they have available, workers move to the places they want to live and business relocate to seek out these workers. Among the few things government can do to influence these outcomes is by improving education, crafting a healthy business climate and creating places to live that are more desirable. That is where we need real sustained policy focus.

The folks chatting up the minimum wage and more income tax deductions as cures for middle class woes have simply run out of good ideas. ❖

Michael J. Hicks, PhD, is the director of the Center for Business and Economic Research and the George and Frances Ball distinguished professor of economics in the Miller College of Business at Ball

Tax panel recommends business tax repeal

By **MATTHEW BUTLER**

INDIANAPOLIS — The Commission on Business Personal Property and Business Taxation released a report Tuesday that recommends additional reforms to the state's business personal property tax (BPPT), a levy that collects some \$1 billion every year for local government units. The study panel was a creation of the last General Assembly's reforms to the tax. After considerable opposition from local government leaders across the state, instead of eliminating the BPPT, lawmakers settled on passing county option eliminations and abatements set to take effect in July 2015.

The Indiana Chamber of Commerce, tax groups, and some economists have argued the BPPT is not only a clumsy tax to both impose and collect, but it also makes Indiana less competitive. Gov. Mike Pence continues to argue as the nation's most manufacturing intensive state, Indiana should not tax business equipment and machinery; BPPT elimination was a keystone element to his legislative agenda last session.

The panel's findings and 18 recommendations were the product of three days of testimony and over 30 witnesses. The weightiest recommendation is probably a mandate that small businesses be exempt from the BPPT. Figures provided to the panel suggest collection and

compliance costs for the tax are not worth the candle; the levy amounts to only \$13 million in revenue statewide. The panel also recommends lowering the minimum assessment floors for business equipment and expanding the sales tax exemption for direct inputs in manufacturing and agricultural production.

Senate Tax and Fiscal Policy Chairman Brandt Hershman, who also led the study committee, sees these recommendations as a basis from which to draft and consider legislation next year. Business groups can be counted on to rally around and lobby for these key recommendations. Indiana Chamber President Kevin Brinegar said, "This is part of the evolutionary process of moving to eliminate the negative impacts of the BPPT on employers and their workers, while ensuring local governments have resources to provide needed services."

Unless the details can be worked out, one can expect continued opposition at the Statehouse come January. The Indiana Association of Cities and Towns (IACT) and the Association of Indiana Counties have said all along they could agree to BPPT elimination as long as it was accompanied by full state replacement revenue.

Democrats, like panel member Rep. Greg Porter, have argued replacing business taxes with higher income taxes amounts to yet another 'tax shift' on Hoosiers and their public services. Terre Haute Mayor Duke Bennett, who sat on the study panel and is the 2015 president-elect for IACT, told Howey Politics he was not aware of any cities and counties seriously considering or even interested in exercising the local option. ❖

How Democratic is St. Joe County? Not very

By JACK COLWELL

SOUTH BEND – Two weeks ago I asked: How Democratic is St. Joseph County? Only the voters could provide the answer, and they did on Tuesday.



The answer, marked in the polling places, is that St. Joseph County is Democratic. But not very. Not at all in state office races. Only a smidgen in providing a margin in the congressional race. Yet, decisive enough to win the county offices and retain Democratic control of the county council.

St. Joseph County voters gave Democratic congressional nominee Joe Bock the smallest county plurality for a Democrat in a congressional race in 68 years, just 563 votes. (Guess who had a margin almost as small not long ago. He's now a U.S. senator.)

That small margin for Bock over Republican Congresswoman Jackie Walorski in St. Joseph County, supposed bastion of Democratic strength, enabled her to go on in the other nine 2nd District counties, most real bastions of Republican strength, for a landslide win. She carried the other counties, most by margins of better than 2 to 1.

Two years ago, with voting higher in a presidential election, Democratic congressional nominee Brendan Mullen carried St. Joseph County by 21,438 votes. And lost. That shows the Republican strength in the other counties in the Republican-drawn redistricting.

Bock faced an impossible situation – not a cent of funding from the Democratic Congressional Campaign Committee, lack of funds to match an early and effective TV blitz by Walorski, a superb Walorski campaign effort to soften her image and become seen more as a reach-across-the-aisle problem solver and, at the close, a Repub-

lican tide sweeping across the nation.

Bock carried St. Joseph County by the smallest plurality for a Democratic congressional nominee since 1946. Back then, there was no plurality at all. Republican Congressman Robert A. Grant actually carried the county over Democrat John S. Gonas in winning reelection.

If Bock wants to try again, he could consider that Democrat Joe Donnelly carried St. Joseph County by a plurality almost as small in 2004, just 621 votes, in losing to Republican Chris Chocola. Donnelly two years later defeated Chocola and went on to win a U.S. Senate seat.

A county's political flavor sometimes is evaluated on results for state office races below governor level, such as secretary of state, state treasurer and state auditor. That's because there usually is little attention to races for those offices, and they tend to go the way the county is trending politically. Calculation on that basis would define St. Joseph County as a Republican county. Republican nominees for all three of those state offices won in the county on Tuesday.

The story is different for county offices, however. Democrat Ken Cotter won big in the prosecutor race. Democrat Mike Hamann also won easily for county auditor. Democratic County Clerk Terri Rethlake won reelection by more than a thousand votes despite Republican negative attacks against her. Democrats won reelection for sheriff and county assessor without Republican opposition. Democrats won the two key county council races Republicans targeted, one just barely, to dash GOP hopes of winning control of the council, the legislative branch of county government. Republicans already control the executive branch, the board of commis-

sioners. St. Joseph County Democratic Chairman Jason Critchlow says victory in all the key county-level races involved a solid "ground game," identifying supporters and persuading them to vote at a time when so many Democrats, here and nationwide, stayed home.

Critchlow tells of arguments over strategy after Republicans sent a flurry of negative mailings attacking Democratic nominees. Fire back? He decided against that.

"We decided we were going to stay positive," Critchlow says. That was risky, but he thinks it worked. And he credits the candidates with providing a "positive" choice.

Something worked, at least enough to show St. Joseph County still is Democratic. But not very. ❖



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

Mark Bennett, Terre Haute Tribune-Star:

Indiana voter participation hit historic lows in the Nov. 4 election. The state recorded the lowest voter turnout in America, with just 28 percent of the voting-eligible Hoosier population showing up to cast ballots, according to early calculations by the United States Election Project and cited in a Washington Post report. Indiana's performance looks even more bleak in light of the national statistics. Voter turnout nationally — 36.4 percent of voting-eligible Americans — was the lowest since World War II. The last time voter turnout dipped below 36.4 percent in a U.S. general election was 1942, when 33.9 percent hit the polls. In last Tuesday's election, Maine recorded the highest voter turnout at 59.3 percent. Others with turnouts above 50 percent were Alaska (55.3), Colorado (53), Iowa (50.6), Minnesota (51.3), Oregon (52) and Wisconsin (56.9). The states joining Indiana with turnouts below 30 percent were Mississippi (29.7), New York (28.8), Oklahoma (29.8), Tennessee (29.1), Texas (28.5) and Utah (28.8). ❖

Yuval Levin, National Review:

Next January, Republicans will control both houses of Congress, three fifths of the nation's governorships, and about 70 of its 99 state legislative chambers. That should mean the Republican Party is basically the nation's governing party. But Republicans give every impression of still understanding themselves as the opposition party, because they do not control the presidency. Republicans can't really get any laws enacted that Democrats are not willing to abide. But that does not mean that "it is the president who sets the agenda" in American politics. In fact, setting the agenda—provided they recognize they won't be able to achieve much of it—is precisely what a reasonably unified Republican congress could do, and should try to do. They could play the key role in determining the questions that everyone in national politics has to answer, even if they could not determine the answers. To do that well, Republicans will need to understand and to describe their efforts in these terms—to be clear that they are working to set the right agenda rather than that they are trying either to "prove they can govern" from Congress alone or to "sketch clear contrasts" with a president who will never be on the ballot again. Understanding their role as putting forward an agenda and pursuing it would help Republicans do both of those things while helping them avoid unrealistic expectations about either. The key difference between the divided congress we have had and the divided government we will now have is that Republicans can now set the agenda, require Democrats to vote on the best of their ideas, and see which of them Democrats might agree with enough (or find painful enough to oppose) to actually bring them to fruition. That doesn't mean that lots of Republican ideas get enacted, or even reach the president. The filibuster will prevent that. It means, rather, that those ideas get killed in Senate votes instead



of getting killed by the Senate's unwillingness to vote. And that's a significant difference, because it puts both Republicans and (for the first time) Democrats on the record in a meaningful way. ❖

Charlie Cook, National Journal:

Seventy-eight percent of voters said they were either "very" or "some-what" worried about the direction of the economy for the next year in the National Election Pool exit poll for ABC, AP, CBS, CNN, Fox, and NBC. Only 21 percent said they were "not too worried" or "not at all worried" about it. Only 29 percent of those polled said they thought the state of the economy was either "excellent" or "good," while 70 percent said either "not so good" or "poor." Just 32 percent felt that the economy is "getting better," the same percentage said it was "getting worse." Thirty-four percent of those polled said the economy was staying about the same. Only 28 percent of respondents said their family's financial situation is better now than it was two years ago; 25 percent said worse, and 45 percent said about the same. Just 32 percent said they thought the U.S economic system is fair to most Americans, compared to 63 percent who say it favors the wealthy. Finally, and most devastating, just 22 percent said that life for the next generation will be better than it is today. More than twice as many—48 percent—said it will be worse, while 27 percent said it will be about the same. As has been reported often, real median family income is no higher today than it was in 2000. Obama, congressional Democrats, and members of the Democratic Party outside of Washington are paying dearly for having simply checked the box on an economic stimulus package in early 2009 and then quickly moving on to climate change. In mid-summer 2009, polls universally showed that Americans wanted the president, along with the overwhelmingly Democratic Congress, to focus on the economy and job creation. ❖

Tim Etheridge, Evansville Courier & Press:

So, on Tuesday night, a batch of fresh and not-so-fresh candidates survived the tough part: They were elected (or re-elected). For the next two, four or six years comes the tougher part: Living up to their campaign promises. There are challenges across the board. for U.S. Rep. Larry Burchon, it will come to truly proving he can work across the aisle. Yes, Republicans now control both the House and the Senate, which hopefully will encourage Barack Obama to be more congenial. But the GOP should be careful not to, as they say, throw out the baby with the bath water. It was discouraging to hear Mitch McConnell call out the Affordable Care Act after retaining his Senate seat, especially because so many Kentuckians now are insured because Gov. Steve Beshear embraced the health care exchange. With power comes responsibility, and hopefully Congress — and the local governing bodies — will come through. ❖

LaPorte seeks consortium to lease Toll Road

LaPORTE - LaPorte County officials announced Wednesday that they are reaching out to officials in other Toll Road corridor counties to attempt to put together a multi-county bid for the Indiana Toll Road lease by the upcoming preliminary deadline that has been laid out as part of the Chapter 11 bankruptcy process. The current leaseholder for the Indiana Toll Road – ITR Concession Company LLC – filed for Chapter 11 bankruptcy protection in September and a process has been established for interested parties to bid on the lease. LaPorte County officials were recently briefed by the investment banking firm Piper Jaffray, who developed an analysis that evaluates the benefits of public ownership. This analysis included an evaluation of the potential significant cash flow that would accrue to participating counties by such a bid. LaPorte County Attorney Shaw Friedman said he and the county's Special Counsel Goldstein & McClintock LLLP have conferred with "the nationally respected investment banking firm of Piper Jaffray. There is a realistic scenario where several northern Indiana counties could join together to sponsor a not-for-profit corporation that would submit a bid on the existing lease agreement. This not-for-profit corporation would utilize a 'conduit financing' that would issue non-recourse toll revenue bonds and take ownership of the Toll Road lease agreement." Added LaPorte County Commissioner Dave Decker, "The analysis provided by Piper Jaffray backs up what Sen. Joe Donnelly has been telling us all along – with the toll increases, the Indiana Toll Road is now a highly lucrative, revenue generating asset. No wonder why banks and hedge funds from Australia to



Abu Dhabi are considering putting in a bid by November 20th. The LaPorte County Commissioners believe that rather than shipping toll road profits – estimated to be tens of millions every year – off to European banks and hedge funds for the next 67 years, let's keep that money here at home to help fix roads, bridges, streets, water and sewer systems right in our own communities."

Coats blasts climate pact

WASHINGTON – Senator Dan Coats (R-Ind.) today made the following statement regarding President Obama's one-sided agreement with China on carbon emissions: "President Obama continues to pursue policies that will drive up U.S. energy prices, kill American jobs and make our economy less competitive. This agreement doubles down on the administration's misguided war on coal, threatening the reliability of our electricity grid. More troubling, President Obama continues to use executive action to go around Congress, even though the American people, through their elected representatives, explicitly rejected policies similar to the president's Climate Action Plan."

Pence approval at 62% in BSU poll

INDIANAPOLIS – Governor Mike Pence is halfway through his first term and the results of the WISH-TV/ Ball State Hoosier Survey show that most Hoosiers think he's doing a good job. The governor's approval rating is 62 percent. Just 24 percent disapprove of the job he's done with 14 percent undecided. Ball State Professor Ray Scheele analyzed the results. "Generally speaking there's more trust in state government across the board and in the people, the main leaders of state government than there is in Washington," explained Scheele. The Hoosier Survey also found that

more people have heard good things about Governor Pence than any other potential GOP candidate for President for 2016. More than half said there is some chance they would vote for Pence for President. It's still not known if the governor will make a bid for the White House, though conservatives have urged him to do so.

Lawsuit filed vs. new senator Ford

TERRE HAUTE - A newly elected state senator has been sued by his stepmother's family-owned business for, as a legal document alleges, misappropriating corporate funds "for personal or private use" (Trigg, Terre Haute Tribune-Star). Jon Ford is the sole defendant in a civil lawsuit filed by All State Manufacturing Co., a Terre Haute-based manufacturer and distributor of metal food service equipment. The lawsuit, filed Oct. 29 — six days before the fall election on Nov. 4 — in Vigo Superior Court 6, claims that Ford misappropriated more than \$56,400 in "inappropriate and unjustifiable expenses" from the company while he was employed as All State's chief operating officer from Jan. 1, 2011, through this past April, when the company's board of directors terminated his employment. Ford had claimed to own the company during his recent political campaign for Senate District 38. His resume submitted to media during his political campaign stated that he was president of All State. However, upon further questioning for a Tribune-Star election preview, he clarified his status as past president. He told the Tribune-Star on Wednesday that he is still a shareholder and an owner in the company, with which he's been associated for the past 17 years. "This is the first I've heard of it," he said. Court records indicated as of Wednesday that Ford had not yet been served with the legal paperwork notifying him of the lawsuit. Ford said he would refer the matter to his attorney for review.