



IN Senate race begins to take shape

Stutzman in, Delph, Merritt poised, Young preparing

By **BRIAN A. HOWEY**
 and **MATTHEW BUTLER**

ROANOKE, Ind. –

The Indiana U.S. Senate race is a work in progress and it may be well into summer before the field is set. U.S. Rep. Marlin Stutzman joined Eric Holcomb in the Republican field last weekend, hewing to the far right in an attempt to draw a sharp contrast to the former GOP chairman. Sources tell HPI that State Sens. Jim Merritt and Mike Delph are poised to jump in, while U.S. Rep. Todd Young is seriously weighing a run.

On the Democratic side, former senator Evan Bayh will freeze his party's field potentially for months until he decides whether to jump in with his unprecedented \$10



U.S. Rep. Marlin Stutzman kicks off his U.S. Senate campaign in Roanoke joined by legislators and the Tea Party's Monica Boyer second from right in front row. (HPI Photo by Matthew Butler)

million war chest, essentially squeezing other potential candidates such as former congressman Baron Hill and State Rep. Christina Hale.

Multiple Washington and Indiana Democratic sources tell Howey Politics Indiana that the Democratic

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Chaos in the 3rd CD?

By **MARK SOUDER**

FORT WAYNE – The northeast Indiana congressional seat anchored by Fort Wayne seldom is open. It has shifted many times between the parties but usually only when an incumbent is defeated. In fact, other than in 1980, the last open seat nomination was in 1892 when Congressman Charles McClellan of Waterloo decided not to run for reelection.

In 2010 there was a caucus after I resigned, but that is not the same. About half the residents of the district sought the Republican nomination, but given that Marlin Stutzman had just carried half the area in the Senate primary his nomination



“I don’t think there’s any question that we need new leadership here in Indiana. It’s been a disaster for the last three years.”

- Bob Thomas, the auto dealer who says he might challenge Gov. Mike Pence



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was a virtual lock. Dan Coats' defeat of Paul Helmke and Elmer MacDonald in 1980 is the only example of a primary for an open seat since the 19th century.

So it is no great surprise that within three days of Congressman Stutzman announcing that he was leaving the seat, the Republicans had four declared candidates and three more who have confirmed to me that they are considering the race. The Democrats are likely to have many candidates as well. And obviously, since the primary is nearly a year from now, more will likely join.

It certainly was a weird start to the race. First in, by press release, was Dr. Pam Galloway of Kosciusko County. She moved to Indiana recently from Wisconsin, where she served as a state senator. It does not appear that she is a serious candidate, though she seems to be qualified.

Kip Thom announced via Facebook Tuesday morning that he was exploring a run for the seat. He is owner of Thom Farms of Kosciusko County, the largest operation in north-east Indiana. He has considered a run before, but this time seems more serious. Because of his considerable wealth, he could become a factor.

Apparently upon learning that State Sen. Jim Banks of Columbia City was holding a press conference to announce at noon Tuesday, fellow State Sen. Liz Brown of Fort Wayne released her intention to run for Congress via Facebook, which jumped Banks' story in the pre-noon news cycle. Banks actually held a press conference with supporters which Brown also plans to do in late May.

State Sen. Travis Holdman of Markle confirmed to me that he is definitely considering entering the race. His electoral political involvement began as my Wells County coordinator in the 1994 primary. (I have personal

ties to all of the potential candidates with the exception of Galloway who only recently moved to the area.) State Rep. Martin Carbaugh of Fort Wayne and State Rep. David Ober also confirmed to me that they are considering a run. My guess is that Holdman will likely run, Carbaugh might, and Ober is the least likely to officially declare.

There are all or parts of 12



State Sen. Jim Banks kicks off his 3rd CD campaign with an endorsement from Senate President David Long (Talk of the Town Photo by Jennifer Zartman Romano)

counties in the district. Using the 2012 primary vote for Congress as a relative gauge of likely county Republican vote, 58% of the vote is from outside Allen County and 42% from Allen County. However, it isn't that simple. The counties north of Fort Wayne total about 23%, counties south, 21%, and counties west, 14%. The counties to the north and south of Fort Wayne have closer ties to Allen than they do to each other because Fort Wayne is the central point in the district. The key to my winning 16 contested elections in 16 years, and serving the second longest time for the area since Indiana was founded, was never losing Allen County but running well outside it.

The three state senators seem, at this time, to be the strongest. All three are pro-life and pro-2nd amendment, which are the two issues that will doom a candidate in our area. No one doubts the leadership and intellectual ability of any of them.



Sen. Liz Brown (from left), Rep, Martin Carbaugh, Rep. David Ober, and Sen. Travis Holdman are exploring 3rd CD bids. (HPI Photos by Mark Curry)

Banks and his wife Amanda, who served as state senator for Jim while he recently served in Afghanistan, both have been leaders in Allen County Right-to-Life, with Amanda serving as the current vice-chairman.

Liz Brown, a graduate of Notre Dame and the University of Iowa Law School, began her political career with an upset win for Fort Wayne City Council at large specifically because of her pro-life support. Travis Holdman has also been a pro-life leader and is a graduate of Indiana University Law School.

Because of his business and community leadership, Holdman would presumably be strongest south of Fort Wayne with some potential in Allen County. While a strong candidate, he has not received the television coverage in the Fort Wayne market that Brown and Banks have over the past year, nor would he have as strong a fundraising potential in Allen County where the largest group of donors reside, including many business owners from all the other counties.

Brown has a strong base in vote-rich St. Joe Township in Allen. She is closely aligned with State Rep. Bob Morris who also represents that area. Morris is one of the hardest working candidates ever seen in our area, which is how he survived his "Girl Scout vote" fiasco. However, both Brown and Morris left some bruises from their campaigns. Incumbent Morris only held off Michael Barranda by 250 votes in 2014. Brown won her senate seat by only 349 votes over Ken Fries (39.6% in a four-person race). In other words, her base is not exactly locked down.

The only surprising development thus far is Banks' aggressive approach in Allen County. He chose to announce in Fort Wayne and his early declared supporters are a stunning, diverse list for a contested primary. Most elected officials refuse to take sides. Among those in Allen County publicly committed to supporting Banks are: City Councilmen Tom Didier and Russ Jehl (from the north and northeast sides of the city); city council nominees Michael Barranda (at large nominee) and Jason Arp (nominated to replace mayoral candidate Mitch Harper in the heavily Republican Aboite Township area); State Rep. Casey Cox of Leo (the highest percentage Republican area of Allen) and Christopher Judy (Aboite); and long-time GOP leaders Paula Hughes (who defeated Brown in the 2011 mayoral primary) and Cathy Hawks (former Allen GOP vice-chair).

Banks' most important public recruit is arguably Bill Bean. Bean, along with Bruce Dye, are the major fundraising powers of Republicans in the northeast, for governor, senator, mayor, Congress and all other races. Since the primary race will likely cost at least a half million dollars, it gives Banks an incredible edge in seeking early PAC support (they want to back winners).

With Banks' base outside of Allen, and his choosing to become the dominant Allen County candidate, he is certainly the clear early leader. But the primary is in 2016, not 2015. ❖

Souder is a former Republican congressman.

Senate race, from page 1

Senatorial Campaign Committee is trying to sway Bayh to attempt to reclaim his old seat, and if he enters, this race will be primed for a Democratic pickup. The DSCC told HPI that it believes other Democrats can make this race competitive.

U.S. Rep. Todd Young has just returned from a week in Israel and a Senate decision is still likely weeks away, perhaps until after Memorial Day. Delph of Carmel is traveling the state and appeared at the Kosciusko County Lincoln Dinner last night and will do another in Sullivan

County. Tea Party activist Monica Boyer described the scene on Facebook: "I am actually speechless. A high ranking local GOP woman, Jean Northernor, introducing Eric Holcomb tonight spent her time praising Mitch Daniels and telling us social issues and religion do not belong in the Republican Party or politics. The party has really left their base. It's time for the base to speak and speak loudly. I am absolutely disgusted."

Soures tell HPI that Delph rebutting the notion and defended the pursuit of social issues. Delph is expected to continue to speak to Tea Party and evangelical/fundamentalist supporters.

In the early read on this GOP race, a Delph candidacy would pit him against Stutzman when it comes to lining up Tea Party and evangelical/fundamentalist support. Both have a loose cannon history. Delph's Twitter outbursts during the HJR-3 episode in 2014 brought him sanctions and rebukes from Indiana Senate leadership. At this point, Delph really has no future in the Indiana Senate and will almost certainly have a primary opponent in 2018.

Stutzman has earned a reputation as a House contrarian who has alternately broken ranks from House Speaker John Boehner while attempting to join his leadership. In October 2013, the Washington Post saddled him with "Worst Week in Washington" designation after Stutzman attempted to link the ill-fated defunding of Obamacare to a government shutdown that was widely panned. "We're not going to be disrespected," Stutzman told the Washington Examiner. "We have to get something out of this. And I don't know what that even is."

Proof of the hesitancy to embrace the Stutzman Senate candidacy comes from Club For Growth. In the Florida Senate race to replace presidential candidate and U.S. Sen. Marco Rubio, the Club For Growth quickly endorsed U.S. Rep. Ron DeSantis, who, like Stutzman, hasn't hesitated to buck Boehner. But Club For Growth was burned in the 2012 Indiana Senate race when it backed former Indiana Treasurer Richard Mourdock against U.S. Sen. Dick Lugar, only to watch him implode late in his race against Democrat Joe Donnelly, helping to propel a safe Republican seat into the Democratic column. New Club For Growth President David McIntosh, the former Indiana congressman and gubernatorial nominee, knows of that fiasco and will likely proceed cautiously in the 2016 cycle. While Stutzman has a better Club score than Rep. Young, the Bloomington Republican has worked with McIntosh on the Reins Act and the Congressional Review Act, so the two have a working relationship.

The Senate Conservatives Fund, which endorsed DeSantis, endorsed Stutzman on Tuesday.

Once the two major party fields are set, Hoosiers should brace for what could be another \$50 million race that could help determine which party controls the U.S. Senate. But until sometime this summer, there are so many moving parts that this race has become the proverbial Rubik's Cube.



While Rep. Stutzman has a better Club For Growth score, Rep. Todd Young (above) has worked on legislation with Club President David McIntosh. (HPI Photo by Brian A. Howey)

The Republican field

Stutzman made it a two-man race on Saturday, kicking off his second U.S. Senate campaign at a rally and barbecue in downtown Roanoke. He wasted no time in drawing a contrast with Holcomb. Stutzman said Hoosiers and the country were being held back by inaction and failed policies in the nation's capital. "Unchecked spending, secret deals, special interests, and a broken system have been the root of the problem for our country," Stutzman said during his speech. "From Obamacare to 'Fast and Furious,' the IRS to the EPA, from Benghazi to ISIS, this administration has weakened us at home and abroad.

They have pandered to our enemies; they have ignored our allies. They have taken us back to deficits and doubts."

The nation's \$18-trillion debt was mentioned more than once Saturday. Stutzman touted his authorship of the "conservative budget" last month. As he described, "It balanced in six years without raising taxes. It repealed Obamacare. It increased defense spending to keep America safe and secure. It secured Social Security and Medicare for future generations. And, it made sure our veterans were given the proper care they deserve for fighting for our freedom." But, Stutzman lamented, when his Republican colleagues were given a chance to support that budget proposal, "only half of them voted for it."

"Actions speak louder than words, folks. The letter after your name on the ballot doesn't matter if your voting record doesn't match up to it," Stutzman said. Someone from the crowd added loudly, "Like Lugar!"

"You have to have the right type of people in office," Stutzman asserted. "If we send the right people to Washington, we can change the way Washington operates." That record of being the "right" conservative is proven, he and his supporters argue, by his "tough votes," i.e., votes out of line with leadership items like continuing funding resolutions and the last government shutdown and near shutdown.

Christy Stutzman touched on this when she introduced her husband to the crowd. "Unwavering dedication to conservative principles," she stressed, was the reason Stutzman ran afoul with House leadership: "He's risked position and title in D.C. because he was willing to try to change a corrupt and broken system. He has been able to stand strong even when it means standing alone."

Last June Stutzman ran unsuccessfully for House whip, losing to Louisiana Congressman Steve Scalise. After which there was speculation he might seek to chair the

Republican Study Committee. Fellow delegation member Luke Messer, however, won the balloting for that leadership position. Other delegation members also hold prime committee postings and even subcommittee chairs.

Asked how much these disagreements factored into forging a "safe house seat" for a Senate bid, Stutzman said, "Not much at all. I just see that the Senate is a place where I can serve the entire state of Indiana. I've always communicated with leadership and told them where I've been."

On some of those key "tough votes," Stutzman differed with his fellow Republicans in the Indiana delegation. HPI asked if they were not conservative enough. "That's up for the voters to decide," Stutzman answered. "We're going to be talking about what my vision is and what I believe is the right direction for our country. When a bill gets to the floor we all have to decide what we think is the best vote to cast. I just know I have a sense of urgency that we have to get things fixed. Maybe I push a little harder than others, but I think that's OK. What I hear from people back home is that they want things fixed and want things to be put on the right track."

Stutzman acknowledged a statewide run is difficult, but his 2010 attempt was something to build on and his base from northeast Indiana is a great platform to reach fellow Republicans. "Our strategy is to be all over the state of Indiana," he told reporters. "Eric is a friend and a fine man," Stutzman said when he was asked about Holcomb being the presumed establishment candidate and fundraising favorite. He added, "I think people are going to look for proven leadership and a conservative who's already stood up and said he's going to stick to his values, and that's what I've done."

As for the potential of a contentious primary, Stutzman said, "I work to unify. I want to bring people together because, like I said, we agree on more things than we disagree on. We shouldn't be focused on those small differences."

Boyer on Stutzman

Small differences have sometimes been the key bones of contention in recent Republican Senate primaries across the country and, quite recently, in Indiana. Monica Boyer, northeast Indiana Tea Party activist and Stutzman supporter, told HPI, "I don't think it's going to be divisive." Instead, one's record is what's going to count, Boyer said. "I have his (Stutzman's) proven record in my hand. I know



State Sen. Mike Delph is traveling the state and is said to be preparing for a U.S. Senate bid (HPI Photo by Mark Curry)

where he is going to vote. I know where he is going to stand on the issues," Boyer said. "You can use all the right jargon and say everything right, but when they go, they vote the wrong way." Asked if that was a big problem with Indiana Republicans, Boyer told HPI, "Absolutely, yes. We have a big problem in Indiana."

With Boyer and others, Stutzman has secured the support of a number of conservative activists and opinion leaders. "I no longer need someone to sound conservative," WOWO talk radio host Pat Miller told the crowd before introducing Christy Stutzman. "I need someone to be conservative." Miller said Stutzman's record as a lawmaker in Indianapolis and Washington, D.C., had proven he not only "has talked the talk, but walked the walk. He's he walked it in spades. He's walked it when others wouldn't walk it. When Boehner wanted him to walk a different direction he wouldn't do it. That's the kind of person we need in Washington."

High marks and grades by those national conservative groups certainly played well with Stutzman supporters Saturday. "Heritage Action, a 89 percent lifetime, but in the 114th Congress they gave him 93 percent rating," Miller told the gathering. "The Club For Growth, 93 percent for 2014 and 93 percent for lifetime. The NRA gives him an A rating. The National Taxpayers Union gives him an A rating. The Americans for Prosperity gives him a 100 percent rating. And, Freedom Works gives him a 90 percent rating."

Contrasting kickoffs

The announcement of Stutzman's candidacy could not have been more removed from the staging of Holcomb's back in March at the downtown Indianapolis Westin Hotel. It was widely commented on as having been attended by a who's who of the Daniels Administration. Stutzman, however, had a block of Roanoke's historic downtown district reserved for the stage and crowd. There were a youth choir and a local middle school band for entertainment. "This is main street America right here folks," Stutzman said at the beginning of his speech. "That's why we wanted to do our announcement in a place that reminded all of us about how great America is, on main streets like this."

A good many Republican legislators within Stutzman's district were among the crowd or stood on risers behind the podium. They included State Sens. Dennis Kruse (Auburn), Carlin Yoder (Middlebury), and Jim Banks (Columbia City) and State Reps.

Matt Lehman (Berne), David Ober (Albion), Ben Smaltz (Auburn), and Martin Carbaugh (Fort Wayne). Allen County Republican Chairman Steve Shine and former Rep. Bill Davis (Portland) were also spotted at the gathering.

Sen. Delph, who was in attendance when Stutzman won the June 2010 3rd CD caucus in Columbia City to replace the resigned U.S. Rep. Mark Souder, was not in Roanoke. Delph said on March 25, "In less than 24 hours, I have heard from supporters and well wishers from across the state of Indiana encouraging me to consider running for the United States Senate. I will be honest to let you know that I am interested in considering this opportunity."

In Delph's mind, he is the true champion of the Tea Party wing of the party.

GOP insiders say there is resistance to Stutzman. Don Bates Jr., who believes he was burned by Rep. Stutzman and his wife, Christy, during the 2014 Republican convention when they threw their support to Kelly Mitchell for treasurer, is encouraging Delph to run. Conventional wisdom is that a Delph candidacy would split part of the Tea Party support away from Stutzman.

Young and Holcomb

The other intraparty showdown could come among "establishment" Republicans that would pit Holcomb against Young. While Holcomb quickly entered the race two days after U.S. Sen. Dan Coats announced he would retire and his rally featured many Daniels insiders and supporters, Young sits on a war chest of \$1.4 million, dwarfing the \$400,000 cash on hand for Stutzman and the \$125,000 that Holcomb mustered during the first week of his campaign.

Young also has more exposure across the state. Running in the old 9th CD in 2010, when he defeated two congressmen (former Rep. Mike Sodrel in the GOP primary and U.S. Rep. Hill in the general), Young ran TV ads in the Indianapolis, Louisville, Cincinnati and Evansville TV markets, spending close to \$2 million. In 2012, he advertised extensively in the Indianapolis and Louisville markets. In contrast to Stutzman, the Howe Republican has not had competitive House races in his three cycles after winning the seat via caucus, and his advertising has been confined to the smaller Fort Wayne and South Bend media markets. In his first Senate race against Coats and three other contenders, Stutzman did not get much financial traction. In fact, it was the lack of funding for Stutzman and the existing field that prompted Coats to become a late entry in that race.

Some of this was borne out in the Howey Politics Indiana Poll conducted in April. Young's impressions of heard/unheard cross-tabulations show up as 78/22 in the 9th CD, 54/46% in Indianapolis, 43/57% in the doughnut and 43/57% in the 5th CD, and 58/42% in the 4th CD. That contrasts with Stutzman, 41/59% in the 4th, 33/67% in the 5th, 41/59% in Indianapolis, 27/73% in the 9th and 44/56% in the doughnut. Stutzman does best in his home

3rd CD at 75/25%. Holcomb has 51% awareness in Indianapolis, but reaches 40% in only one CD, the 8th where he lost a legislative race in 2002.

While Holcomb has crisscrossed the state and earned the support of about a dozen legislators and mayors, along with several dozen county and GOP activists, multiple Republican sources are telling Howey Politics Indiana that much of the "establishment" party support is awaiting a decision by Young. If the Bloomington Republican doesn't get into the race, much of that support could migrate to Holcomb. If Young does, the two will battle for that support.

Sen. Merritt is a bit of a wild card in all of this. His district straddles Republican voter/donor rich Marion



State Sen. Jim Merritt is preparing a U.S. Senate bid. (HPI Photo by Mark Curry)

and Hamilton counties, and the senator could be expected to pick up some support from Indianapolis and Fishers. But a Merritt Senate bid, while expanding the field, would have to be considered at the onset a long shot.

One other wildcard is House Speaker Brian Bosma, who has been on vacation since the end of the General Assembly session. Most Republicans perceive Bosma as on the gubernatorial track, most likely in 2020 after a potential second term by Gov. Mike Pence or by a

Democrat after an upset. Political associates of Bosma tell HPI they have not had in-depth conversations about the Senate race. Our guess – and it's only a guess – is that Bosma passes on the Senate race. The fact that a number of Republican state representatives have signed on or have appeared with Holcomb and Stutzman is indicative that a Bosma Senate bid is not expected.

If Bosma does opt for the Senate race, and he has an extensive statewide network, having recruited many House members and raised millions for the caucus, then wad these pages of analysis into a ball and throw it away. The political calculations of almost everyone will go into a heavy revamp mode.

Epilogue

Barring a surprise entry by Bosma, the true dynamic of the Republican Senate field will be determined by whether Sen. Delph or Rep. Young enters. At this point, Delph looks to be a candidate. Young is harder to read, but he has the resources and a track record of not only raising millions of dollars, but matching them with internal campaign infrastructure to wage competitive and campaigns that upset the status quo. ❖

Evan Bayh, Indiana's \$10 million man

By **BRIAN A. HOWEY**

NASHVILLE, Ind. – He is, quite literally and im-
 posingly, Indiana's \$10 Million Man, though perhaps not
 the most interesting. He is Evan Bayh, former secretary
 of state, governor and U.S. senator. He is from Indiana,
 though like most of our former
 senators, he didn't move back
 here.



The reason he's the \$10
 Million Man is that he raised that
 money from Democratic donors
 up through February 2010, and
 then abruptly announced he
 would leave the Senate. Perhaps
 it was the rise of the Hoosier
 Tea Party, or internal polling that
 revealed stark vulnerability, or
 the fact that the Bayh family left
 the Senate far wealthier than

when he entered, due to his wife serving on several high-
 paying corporate boards.

For historical perspective, in the two decades of
 publishing Howey Politics Indiana, and my 30 years of
 political reporting, this is unprecedented. No former public
 servant in either party ever carried around a few million
 dollars, let alone \$10 million. Former Indiana Democratic
 chairman Dan Parker, reacting to an earlier version of this
 column, noted, "The reason he has \$10 million instead of
 \$15 million is that he returned money and has given close
 to \$2 million to candidates and
 the IDP."

His official reason was
 that the Senate was a dysfunc-
 tional place that frustrated him.
 In a New York Times op-ed
 piece, Bayh wrote of the Sen-
 ate, "There are many causes for
 the dysfunction: Strident parti-
 sanship, unyielding ideology, a
 corrosive system of campaign
 financing, gerrymandering of
 House districts, endless filibus-
 ters, holds on executive appoin-
 tees in the Senate, dwindling so-
 cial interaction between senators
 of opposing parties and a caucus system that promotes
 party unity at the expense of bipartisan consensus."

He added, "What is required from members of
 Congress and the public alike is a new spirit of devotion to
 the national welfare beyond party or self-interest."

The \$10 Million Man revived the Indiana Demo-
 cratic Party in 1986 and launched a 16-year gubernatorial

dynasty two years later. He won most of his elections with
 more than 60 percent of the vote. But the \$10 Million Man
 had an alpha/omega dynamic. When he walked away from
 the Senate seat just hours before the 2010 filing deadline,
 it triggered a Hoosier version of a Chinese fire drill consisting
 of candidate shifts – the "Bayh dominoes" as I called it –
 that were precursors of disaster for the party in the crucial
 election before the new congressional and legislative maps
 were drawn.

As for 2010 and the Democratic losses in the
 wake of his late decision not to seek reelection, Parker
 explained, "To blame him for the 2010 disaster is quite
 literally the most ridiculous thing every written. Had Demo-
 crats won everywhere but here I can understand it, but it
 was the worst midterm election since 1938 for the Demo-
 cratic Party nationally, not just in Indiana."

The result became new maps that allowed
 Republicans to forge the super majorities they now have
 in the legislature (to a sound akin to something like "r-r-
 r-r-RFRa-a-a-a-a"), while controlling seven of the nine
 Congressional seats. There are just a handful of Demo-
 cratic legislators in the Ohio/Wabash river corridors, and
 no members of Congress from an area that once fueled
 Democratic statewide election victories, helping Indiana be
 the true two-party state that it barely is today.

Last year the \$10 Million Man kept us on the edge
 of our chairs, awaiting word on whether he would seek a
 return to the governorship. He didn't, saying that being a
 Democratic governor with the two Republican super ma-
 jorities that he helped create wouldn't be any fun.

And now he's at it again!

With U.S. Sen. Dan Coats retiring, his old Senate
 seat is open. There are legacy Democrats like former con-
 gressmen Baron Hill and Brad Ellsworth (both washed out
 of Congress in part due to the Bayh domino dynamic in 2010)
 looking it this race, as are young-
 er public servants like State Rep.
 Christina Hale or Hammond
 Mayor Thomas McDermott Jr.

Hale is an example of the
 kind of new generation Democrat
 that the party should be excited
 about. She upset Republican
 State Rep. Cindy Noe in 2012,
 then held on to this Indianapo-
 lis swing district in 2014, which
 was a terrible year for the party.
 She observes that some 350,000
 Hoosier children are living in



food-insecure homes, one in six girls are sexually as-
 sailed by the time they get in high school and household
 income has been declining by double digits since 2000. For
 Hale, these are "third world problems."

If you need a poster for Hale's perspective, look
 at Scott County, home of a festering HIV/heroin crisis
 and a place where dominant Republican majorities cut off

Planned Parenthood funding which closed the only local clinic that provided HIV testing as well as services such as prenatal care (Indiana also has an embarrassing infant mortality crisis statistically worse than Russia's, where seven babies out of 1,000 don't see a first birthday).

Her work with Kiwanis International had her developing programs in Asia and Africa dealing with those pesky third-world issues. "I have had the privilege of working in some of the many countries around the world on projects that impact people's daily lives," Hale told me. "It gave me great insight to what kind of issues are relevant here in Indiana. It's just the right time to start talking about some of these issues. I want someone to address these issues right now and I am willing to be that person."

A potential Senate candidate like Rep. Hale doesn't have a chance as long as the \$10 Million Man sits and ponders what's best for him. It's like waiting outside a lavatory while the \$10 Million Man sits on the commode, poring

through the Dow Jones industrials.

One Democratic source called the current situation, where Democrats await a Bayh decision as they did in the gubernatorial race last year, another "dance of the seven veils." The veils were to reveal dreams, reason, passion, bliss, courage, compassion, and knowledge. Senate Minority Leader Tim Lanane told HPI, "Time is wasting and we need to make a decision and go forward. Evan needs to make his decisions, but other people do as well."

At last week's Democratic Jefferson/Jackson dinner, U.S. Rep. André Carson in a pre-recorded video, observed that Bayh "was not ruling out considering, not ruling out pondering, not ruling out a special announcement this evening."

It drew laughs. Painful laughs, perhaps. Haunting, wincing laughs. ❖

The columnist publishes at www.howeypolitics.

Governors race inches toward definition; awaits Pence, Ritz and Pelath decisions

By **BRIAN A. HOWEY**
and **MATTHEW BUTLER**

INDIANAPOLIS – Indiana's 2016 gubernatorial race inched toward definition this week, with Republican auto dealer Bob Thomas preparing a Republican primary challenge to Gov. Mike Pence, and State Sen. Karen Tallian kicking off a long-shot Democratic campaign. But it will be three others, Gov. Pence, Supt. Glenda Ritz and House Minority Leader Scott Pelath, and their decisions that will truly determine the early trajectory of this race.

The most profound decision will come from Gov. Pence when he returns from his week-long trip to China on Saturday. While there is persistent talk of the political damage he took during the Religious Freedom Restoration Act saga, and a few less-than-credible thoughts he might not run, the expectation is that Pence will seek a second term, though he could face a primary challenge from Thomas, who unsuc-

cessfully challenged U.S. Rep. Mark Souder in 2010.

Thomas told HPI on Wednesday that he is the "true conservative" and Gov. Mike Pence isn't. It is a distinction he points out as he walks through a potential Republican primary challenge to the governor, having lined up a campaign team while preparing strategy.

"Pence is not a conservative," said Thomas, who announced to Fort Wayne media Wednesday afternoon that he is considering the challenge to Pence. "A conservative is somebody who doesn't believe that government should be used to things it shouldn't be involved with. Liberals want government to do all sorts of things. The right wing conservatives, the social conservatives, want to do the same thing. But a true conservative wants government out of their bedrooms, out of their churches. I am the true conservative."

Thomas first surfaced in a political context in 2010, after decades of owning auto dealerships in Fort Wayne and Indianapolis, when he considered a challenge to then U.S. Sen. Dick Lugar. He began that process too late to gather enough signatures, then opted to challenge U.S. Rep. Mark Souder. Thomas spent \$250,000 and ran a credible race, with Souder winning 49-34% over Thomas, while two other candidates polled the other 17%.



State Sen. Karen Tallian kicked off her campaign at the Statehouse on Monday. (HPI Photo by Mark Curry)

Thomas will decide by July whether to challenge Pence in the primary, calling the last three years a “disaster.”

Chief among Pence’s problems was the Religious Freedom Restoration Act. “He blew it,” Thomas said. “If Mitch Daniels had been governor, they would have never floated that vote. And then he comes up with the propaganda bureau. There are tons of things that we need to address in Indiana, including all the meth labs in the northern part of the state.”

Thomas, 64, said that “there are a fairly large number of Republicans who believe that if Pence leads the ticket, the Democrats will beat him. He barely beat John Gregg who didn’t have much money and ran a lousy campaign. The only thing Mike Pence came to Indiana to do was to run for governor so he could pad his resume to run for president.”

Pence and a negative campaign

Beyond that from Thomas, Pence faces some daunting challenges. One frequently mentioned point about his 2012 victory over John Gregg was the 49% he drew in a much tighter race than anyone expected. A good part of this was due to his defense of Richard Mourdock and the loss of 18% of the female vote over the final five weeks of the campaign.

Worth noting is Pence’s decision not to go negative, the roots of which go back to his October 1991 “Confessions of a Negative Campaigner” for the Indiana Policy Review following his second congressional campaign loss. If Pence had opted to go negative in the final weeks of his race with Gregg on an issue such as legislative health care for life, his margin probably would have been much more comfortable.

In his 1991 article, Pence writes, “Negative campaigning is wrong. That is not to say that a negative campaign is an ineffective option in a tough political race. Pollsters will attest – with great conviction – that it is the negatives that move voters. The mantra of a modern political campaign is ‘drive up the negatives.’ That is the advice political pros give to Republican and Democratic candidates alike, even though negative ads sell better for Democrats. (My admittedly biased explanation is that Republican voters disregard a Democrat’s negative ads as ‘predictable’ while expecting a Republican to be ‘above that sort of thing.’) But none of that explains my conversion. It would be ludicrous to argue that negative campaigning is wrong merely because it is ‘unfair,’ or because it works better for one side than the other, or because it breaks some tactical rule. The wrongness is not of rule violated but of opportunity lost. It is wrong, quite [simply,



Gov. Mike Pence makes a diplomatic toast in China this week during his trade mission.

because] he or she could have brought critical issues before the citizenry.”

Pence will be faced with the 2016 dynamic of needing to go negative as all arrows will be pointed at him. Sometimes a politician has to do things he or she doesn’t like to do. If that’s a line in the sand for him, that might be the one reason he opts for a single term, takes the Huckabee slot on Fox News, and reinvents himself for a 2020 national campaign. While we’ve seen other mega political figures (Mitch Daniels and Evan Bayh) walk away citing family concerns, there is no evidence of this occurring in the Pence household, though he has said the reelection bid will be a “family decision.”

Pence walking away is a bet I would not take, as Evan Bayh might say, at this point in time. Pence and First Lady Karen Pence are resilient and the governor fashions himself as a happy warrior. But how he defends his administration and fends off Republican and Democratic challenges is going to require deep thought.

The governor faces several quandaries. Right now just about everyone is upset with him, including his base (over the RFRA fix), independents (RFRA), legislative Republicans over his shaky performance on ABC’s “This Week,” and the business community. But the election is 16 months away, and he has time to reach out to these constituencies, but he’ll have to be on his “A” game to do this and it will be a tight-rope walk.

The “keep-you-up-late-at-night” issue will be a civil rights expansion expected to surface in the 2016 General Assembly, and this will be a dangerous chapter for the governor. He will be pulled like taffy between the business community and his base, which RFRA exposed. Some Republicans we’ve talked with discount threats from the NCAA and high tech companies about leaving the state without a civil rights expansion to include sexual orientation, but they do acknowledge that these interests won’t be inclined to expand operations in the state without it.

Another troubling notion for the governor is the cascading problems at the BMV, an agency where past controversies have scuttled gubernatorial bids, as John Mutz can attest. If there are other agency bomblets and other undisciplined forays such as “Just IN,” those could

make a challenging reelection bid even more precarious. And then there are the Indiana Democrats . . .

Pelath and Ritz

As things stand now, the party is facing a gubernatorial contested primary which cuts against the historical Bayh/O'Bannon school of thought that such an exercise must be avoided. They point to the 2008 Jim Schellinger/Jill Long Thompson gubernatorial primary as Exhibit A on how such a showdown wastes resources. But Thompson's 18% loss came to Gov. Mitch Daniels, arguably the most powerful political figure of this generation. For argument's sake on that point, Daniels left the Indiana Republican Party as a super power, while Bayh's 2010 bug-out set the stage for the mine shaft the Democratic Party finds itself today.

Neither Tallian nor Gregg appears to be inclined to do what Frank O'Bannon did in 1988 and take a subservient role to a younger, fresher rising star.

Informed and reliable Democratic sources tell HPI that Supt. Ritz is finding a wide array of encouragement to challenge Pence. The school of thought here – pun intended – is that Ritz is the perfect candidate to accentuate the deep education divisions that exist, and exploit them to bring out a coalition of teachers, educators, their wider families and friends, and the hundreds of thousands of moms out there who have lived with ISTEP glitches while adults feud on the State Board of Education.

Pelath, sources say, is also seriously weighing a bid. Some who attended Schellinger's party leadership confab last Thursday reported to HPI that Pelath will not run in a contested primary. With Ritz likely to get in, while Gregg and Tallian unlikely to get out, there are some who don't believe Pelath will run.

What was hard to ignore, however, were Pelath's remarks to Howey Politics in the May 7 edition, which was a continuation of the communication skills he exhibited on the national stage during the RFRA debacle, as well as how he has handled his loyal opposition to Gov. Pence on an array of economic and social issues. The takeaways from Pelath in HPI were his deliberative mood, the lack of ego, his willingness to do what's best for the party, and the conscientious way he discussed what the next gubernatorial nominee needs to do to become competitive.

"Let's talk about what a Democratic governor has to be," Pelath told HPI. "First, you have to be an outstanding communicator. I'm going to be working with a Republican legislature and the use of the bully pulpit is going to

be essential for leadership. Secondly, you have to have a clear vision for what's going to allow the state to prosper. You have to be able to articulate that vision. Thirdly, you're going to have to be prepared to work with the Republican legislature. Sometimes that's going to mean cooperation and sometimes having a very vociferous debate. A governor is going to have to be prepared to do those things."

Pelath has raised millions of dollars for his caucus, has a U.S. Army Reserve background, works in the health care industry, and has good relations with labor. At age 45, he represents a post-Baby Boom generation and a potential new chapter for Democrats.

For Democratic leaders, it may come down to who can best meet the criteria that Pelath laid out. Unless Gregg shows a profound ability to raise the kind of money he lacked in 2012, a ticket of some combination of Ritz and Pelath could be hard to resist. As we mentioned before, one obstacle facing Gregg is that

a losing nominee has never received a second chance in modern Hoosier politics.

The fact that there are now one declared option and two potential heavyweights looking at the race tells us that Democrats are restless and not convinced that Gregg can deliver them to the land of milk and honey. They know that on an array of metrics, Pence is vulnerable. They know they have to be on-message and aggressive to make the race competitive. And they know that the wrong combination could extend Republican gubernatorial rule to 16 years.

Tallian declares

From the south steps of the Indiana Statehouse on Tuesday, Sen. Tallian formally announced she was running for governor in 2016. "I'm running for governor of Indiana. Let me say this perfectly clearly: I am not thinking about it. I'm not talking about maybe doing it. I'm not going to let you know next week. I'm running. I'm in," Tallian said. "I spent a long time thinking about this and it's a tough decision, but I'm in." Later during questions with the media, Tallian added, "I actually made this decision like almost two years ago. I thought then, and there was a time when John Gregg said he was not going to run, I looked around at our party and asked, 'Who's going to do this? Someone has to speak for the progressive point of view, the other point of view.'"

The Republican super majorities and governorship of Mike Pence are her motivation. "What we have in this building right now is a one-party government," Tallian asserted. "One party government is not always a good



Supt. Glenda Ritz is receiving encouragement to challenge Gov. Pence. She is seen here at a Statehouse rally on her behalf. (HPI Photo by Mark Curry)

thing. The basic, fundamental principle of politics is that you need to have balance of power. What we need to do is, here right now, is get that. It's been said that, 'Absolute power corrupts absolutely.' And, I don't mean in terms of graft and corruption, I mean in terms of abuse of power: Not listening to the minority, not thinking that anybody else's voice matters."

As an example of that political overreach, Tallian referred to this last legislative session's "trifecta" of the Religious Freedom Restoration Act, repeal of the common construction wage, and drastic reforms to the State Board of Education. She also criticized the legislative agenda items of Gov. Pence's first two years, such as proposals to cut the income tax and repeal the business personal property tax. The former was eventually reduced considerably, yet passed, whereas the latter became only a local county option.

"I don't think Indiana is as conservative as this legislature would have you think," she said.

As for her primary opponent, Tallian told reporters, "I will not be baited into saying anything bad about John. John was our candidate in 2012 and I worked for his campaign. But we are two very different people; it's kind of obvious, we're two different people. I'm going to give Democrats that choice." As for a potential candidacy by State Superintendent of Public Instruction Glenda Ritz, Tallian said Ritz was needed in that position and would like to see her remain there.

Tallian's nascent campaign

Tallian said she was not concerned about her statewide name ID: "Not yet. I'll get there. I think I have a following."

HPI asked Tallian if she had a campaign chairman or staff assembled. "I have various people ready," she answered. "I do not have the official campaign chairman yet. You know, it's only been 10 days since session left."

What is the tentative plan for the campaign in the coming weeks? "I'm already doing a lot of things," she replied to HPI. "I've done some J-J dinners. I've done meetings. I've always gone where I've been asked to go and now it's just going to get stepped up. I imagine now that my name is out there I'll have a few more invitations."

In regard to fundraising, she said she did not know how much was necessary to win. She said she would be trying to raise money, but wanted to stress that she believes "campaign finance in this country is just obscene."

Fellow legislators present included Rep. Linda Lawson, D-Hammond, and Democratic Senate Leader Tim Lanane, Anderson. Lanane, however, would not state flatly he was endorsing Tallian, but was pleased she was entering the race.

Asked about the differences between Gregg and Tallian, Lanane said, "John is just a little bit more conservative when it comes to his beliefs and Karen, I believe, is a moderate, to progressively moderate." ❖

Pence describes three campaign propositions

In October 1991 in his article, "Confessions of a Negative Campaigner," Mike Pence lays out what a campaign should consist of.

* * *

By MIKE PENCE Indiana Policy Review Foundation

Campaigns ought to be about three simple propositions:

First, a campaign ought to demonstrate the basic human decency of the candidate. That means your First Amendment rights end at the tip of your opponent's nose, even in the matter of political rhetoric.

Second, a campaign ought to be about the advancement of issues whose success or failure is more significant than that of the candidate. Whether on the left or the right, candidates ought to leave a legacy – a foundation of arguments – in favor of policies upon which their successors can build. William Buckley



carries with him a purposeful malapropism, "Don't just do something," it says, "stand there."

Third and very much last, campaigns should be about winning. A fellow member of the Failed Politician's Club told me recently, "Our only mistake was that we thought that winning was the most important thing we could do." He considers it more than a literal correction that Vince Lombardi's exact words were, "Winning isn't everything, but wanting to win is." (The "winning is everything" line was spoken by the ignoble and now forgotten Red Sanders.)

Negative campaigning is born of that trap. But one day soon the new candidates will step forward, faces as fresh as the morning and hearts as brave as the dawn. This breed will turn away from running "to win" and toward running "to stand." And its representatives will see the inside of as many offices as their party will nominate them to fill. ❖

Two things motivated Sen. Tallian to run

By MAUREEN HAYDEN
CNHI Statehouse Bureau

INDIANAPOLIS – Two things made state Sen. Karen Tallian start thinking about jumping into the 2016 governor's race two years ago.



The expected Democrat candidate, John Gregg, who lost the governor's race to Republican Mike Pence in 2012, hinted he might not run again. The other was a scary heart attack that forced her into emergency surgery late one evening. "I might have died that night," Tallian, 64, said Tuesday, reflecting on the lessons she drew from the experience. "You should do what you're going to do. It doesn't help to be

afraid."

A self-described progressive, liberal Democrat, Tallian sounded fearless Tuesday as she stood on the Statehouse steps to formally announce her candidacy for governor. She quickly dismissed reporters' many questions about whether she had the name recognition, money or political appeal to take on Gregg in the primary, much less knock off the well-financed incumbent Republican, Mike Pence. "It's just the media who's asking me those kinds of questions," she said. "My Facebook page has blown up. I have people on a lot of different issues following me, and I think I'm going to have a lot more support than the media thinks."

Tallian, a lawyer from the affluent Lake Michigan town of Ogden Dunes, was first elected to the Senate in 2005 with labor support, and she's never been in a Statehouse majority. But she's convinced that Indiana isn't as conservative as the supermajority Republican Legislature makes it look.

"I think we're going to show that Indiana is in the middle of the road, and our governor is way far out," she

said.

She hopes to capitalize on her own story, that of a single mother who raised three children while earning a law degree and starting a legal practice. "I think personal stories resonate the best, when you tell people what you've done," she said. "I worked my behind off."

Supporters who gathered Tuesday to cheer for her included teachers unhappy with Pence for funneling money into vouchers and charter schools, and some members of the National Organization of Women who are unhappy with Pence for curbing reproductive rights.

Among the group were Indianapolis attorneys and marijuana-legalization advocates Bill Levin, founder of The First Church of Cannibis, and Fred Pfenninger, leader of Republicans Against Marijuana Prohibition. Other candidates may have shied away from the duo, but not Tallian. She posed for pictures with Levin and Pfenninger and welcomed their support.

Tallian was an early champion of decriminalizing marijuana, a position strongly opposed by Pence, and her annual attempts to get a hearing on medical marijuana legislation have failed. Tallian said reporters' questions about marijuana "always get a laugh," but she finds support on the issue whenever she ventures outside the Statehouse.

She offered the example of an 80-year-old friend of her elderly mother who told her on the pot bill: "You go, girl." "I don't think anybody should go to jail because they've smoked pot," Tallian said.

Also in the crowd was state Senate Minority Leader Tim Lanane. The Anderson lawmaker said he wasn't ready to officially endorse Tallian over Gregg, but he welcomes a competitive primary that could get more crowded as other candidates, including state schools chief Glenda Ritz and House Minority Leader Scott Pelath, contemplate a run.

"I think it's wonderful she's declared and that she's a candidate," Lanane said. "I think, as a Democrat, we need to have a choice." ❖

Maureen Hayden covers the Statehouse for CNHI's Indiana newspapers. Reach her at mhayden@cnhi.com. Follow her on Twitter @MaureenHayden



State Sen. Karen Tallian speaks to the press following her gubernatorial campaign announcement as Bill Levine looks on. (HPI Photo by Mark Curry)

The most effective TV ad buy in South Bend

By JACK COLWELL

SOUTH BEND – One of the most effective political TV ads ever to sway South Bend voters overcame one of the most extensive door-to-door campaigns ever waged in the city.

The \$69,800 TV blitz in the final week of the recent primary campaign, featuring Mayor Pete Buttigieg saying he needs Kareemah Fowler as city clerk to work with him for South Bend progress, helped to bring about these results:



Buttigieg carried all six council districts and 78 of the 83 city precincts to win the Democratic nomination for a second mayoral term. He got 78% of the vote in defeating Henry Davis Jr., the controversial council member who counted on council battles with the mayor to propel his campaign. Buttigieg was certain to win easily, but the TV helped him go beyond the 75% plateau needed to claim

an impressive victory.

Fowler carried all the districts and lost only one precinct to win the Democratic nomination for clerk over council member Derek Dieter, who campaigned door to door for months, reaching as many as 9,000 homes. Fowler, little known and an unsure campaigner at the start, won with an astounding 75% of the vote in the highlight race of the primary. She might have won without TV, but not like that.

Buttigieg and Fowler ran as a team, with mailings supplementing the call by the mayor for votes for both of them. Each gambled on the teamwork. Each won big, Fowler in terms of her amazing vote total, helped by her own improved ability as a candidate, and Buttigieg in showing the popularity to bring along another candidate to victory.

Their totals were nearly the same, Buttigieg, 8,369; Fowler, 8,198. The five precincts the mayor lost were all in an area with high concentration of black voters. Fowler, an African-American, won there and ran close to the mayor's pace almost everywhere else.

The TV blitz carried an effective and positive message time after time, on cable as well as on local channels, reaching instantly into more homes than Dieter could reach with all his walking and knocking on doors. Dieter said the results would show whether voters would respond to "someone

looking them in the eye" at their doors or instead to TV and mailings with endorsement of his opponent by the mayor. The answer? Door-to-door can be effective. But not as effective this time as that TV endorsement by a popular mayor.

Why was the TV ad so effective, especially when so many campaigns end with voters saying they hate political TV spots? It was the only such TV spot of this primary campaign. In election years with races for many offices – senator, U.S. House, governor, other state offices, president – there are so many political ads that viewers, sick of them, tune them out by the final week of the campaign. This time the Buttigieg-Fowler ad was something new to capture attention.

The ad was positive, never mentioning or criticizing an opponent, just stressing working for a better South Bend future. It suggested, however, a positive contrast with nasty battles and disputes on the council on which Davis and Dieter serve.

Without competition from other campaigns for TV time, Buttigieg could buy choice times on newscasts and other programs likely to be watched by people who vote.

While Dieter certainly did not want to be seen as running on a team with the argumentative, controversial Davis, the TV portrayal of a smiling, positive, likeable Buttigieg-Fowler team created an impression of their opponents being on the negative, nasty, obstructionist team.

The total vote for the mayoral nomination was 10,774, down from 13,957 voting in a highly contested, four-candidate race for the party's nomination last time, in 2011. But it was way above the 6,043 in 2007, the last time an incumbent mayor, Steve Luecke, ran against a guy named Davis, William Davis. Luecke won with 79%.

That TV ad, highlighting a clerk race, was a key factor in bringing out more voters this time. ❖

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

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YOUR FRIENDS ALL HANG OUT HERE... DO YOU?

Schizophrenia rampant at our Statehouse

By **MORTON MARCUS**

INDIANAPOLIS – The General Assembly has gone home; Hoosiers are breathing easier again. Although our legislators did a few sensible things, this session will be remembered for the continuing irresponsible behavior of basically decent people.



Lacking as I do the background to understand the deeper forces at work in Indiana politics, I turned to the preeminent Indiana psychiatrist, Victor VonNutt, PhD, MD, MBA, JD, DJ, and Knight of the Garter. "Victor," I said, "what's going on in Indiana? It seems we are at odds with ourselves."

"Classic political schizophrenia," he pronounced in his distinct Cass County dialect. "Members of the legislature, as individuals, believe in the sanctity of local government and

the virtue of small business. However, when they gather in caucus and don the scarlet and purple robes of office, they swear allegiance to the supreme wisdom of the state and the supremacy of corporate giants."

"You mean?" I asked. "Yes," he smiled, "they are certifiably wacko, but nonetheless walking the streets. Unfortunately we have no medication to ameliorate their condition." I must have looked depressed.

"Oh, cheer up," Victor said. "Indiana has endured this situation for many decades and will survive despite the 150 representatives and senators we elect and reelect."

"Is survival our goal?" I asked. "Don't we have higher aspirations? Will we continue to be a backwater of the nation, a punch line in the scripts of TV comedies?"

"My friend," he said kindly, "the borders are open. Our children can leave and no one can be forced to live here. But most of the disaffected have no real desire to leave their families, friends and memories.

"If we wanted local control of schools, we never would have allowed the state to take over financing education. If we wanted strong communities, we would not have voted for property tax controls starting with Otis Bowen and ended up supporting a constitutional amendment capping those taxes. On the other hand, if we wanted economy in government, we would have eliminated township governments, merged adjacent cities and towns, and merged under-populated counties.

"Then," he went on, "if we truly believed in the virtues of small business, we wouldn't yield our tax policies to the imagined desires of out-of-state corporations, hoping they will bring any kind of jobs to Indiana.

"We would stop shifting taxes to households and away from the big corporations. Remember, many small

businesses are basically households not paying corporate taxes. We would not be anti-union since small businesses are not likely to be unionized."

"What can be done?" I asked. "Hoosiers," he answered, "need to retake control of state government. This requires voting and reforming the way voting districts are set. This will be a drawn out process, possibly taking the better part of two decades. Meanwhile, citizens could finance local initiatives through contributions to community foundations to improve schools, libraries, and restore services local governments have seemingly abandoned."

"That means," I started to say. "Yes," Victor said, "individuals dedicating themselves to the concept of community, becoming active citizens rather than passive residents." ❖

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



Are abatements & low wages responsible for lack of growth?

By **MICHAEL HICKS**

MUNCIE – Despite the continued tightening of labor markets, average wages are stalled at 1990s levels.



This can only be partially explained by the Great Recession. Something else more worrisome is occurring. That trend and its causes are far more worrisome.

The flat average wages mask the underlying reality that highly educated folks have seen their incomes rise over that time, while poorly educated have seen them decline. Much of this may be tied to inevitable technological change that favors skilled workers

over the unskilled. If so, the role of effective public policy will be limited to helping better educate workers. Alas, there are no limits to ineffective public policy. For this reason, it is time to ask again whether or not public policy has played a role in speeding this technological adoption, and whether that has made our labor markets worse. Let me explain.

Businesses combine workers and equipment to provide goods or services. The price of the people is their wages and fringe benefits, and the price of the equipment is the cost of capital, primarily interest rates and taxes.

People and machinery are what economists call “gross complements,” which is a jargon-esque way of saying that men and machines work together. So, more capital investment will tend to increase the demand for labor.

Over the long run, capital is a “gross complement” to labor, but individual capital investments and many new innovations are “substitutes” to labor. These substitutes replace expensive skills and expensive workers with machines, reducing the demand for labor in a particular factory or skill. Over the long run, we call this economic growth. Typically the change is sufficiently gradual that workers can adapt. But what if our public policies have mistakenly accelerated this change, making it so rapid that workers in large numbers had no time to learn new skills? That may be what is happening.

Since the run-up to the Y2K bug, interest rates have been kept very low, for very good reasons: Potential computer problems, two recessions and wars. These lower interest rates have dramatically reduced the cost of capital, while the cost of labor and their fringe benefits rose. This

means that the economy has been through a decade and a half of much reduced capital costs, while labor costs have risen. It would seem almost impossible that this would not have hastened the substitution of capital for labor.

At the state level, taxes on capital have been slashed. Indiana alone forgives taxes on more than \$8 billion of new investment a year. As an aside, this means the reduction in local revenues of perhaps a billion dollars per year.

To be clear, we need business investment to grow, but hastening investment past the rate at which free markets would dictate is not necessarily a path to prosperity any more than raising the minimum wage to \$20 an hour. For as long as wages have been stagnant, we have in place public policies that heavily favor capital over workers. It is time to question this approach. ❖

Michael J. Hicks, PhD, is the director of the Center for Business and Economic Research at Ball State University.

Lake County Council grapples with ethics

By **RICH JAMES**

MERRILLVILLE – This week the Lake County Council, kicking and screaming, finally joined the Shared Ethics Advisory Commission. The county council has used every excuse in the book to stiff-arm the commission over much of the last decade.



Although none of the excuses held water, the council continued to insist that the county and its 1,900 employees didn't need to be taught what is ethical.

Given the large number of public corruption indictments and other incidents of unethical behavior, many in Lake County found it hard to accept that the council wouldn't join the advisory commission. Nevertheless, the county council came up with an excuse on an annual basis.

Calvin Bellamy, the founder and president of the advisory commission, launched the organization in an effort to bring credibility to county government and advance Northwest Indiana on a number of fronts. Despite the stance of Lake County government, Bellamy has been able to sign up communities across Northwest Indiana.

But the Lake County Council didn't approve joining

without a fight. The most critical was Councilwoman Christine Cid, an East Chicago Democrat, who generally votes the way the political wind is blowing. Cid objected to the fact that Bellamy's group releases the names of political candidates who sign pledges to support the work of the commission. That, Cid said, is unfair to those who don't sign the pledge. “It gives the perception that you aren't ethical, that you are not trustworthy, that you don't have integrity, but I do,” Cid said. “I think it is unethical of this commission to print those names of those who don't sign their pledge.”

Councilman David Hamm, D-Hammond, put the issue in perspective, saying, “I think there are always things we can learn. Whether they print the names of those who don't sign or not, is freedom of the press.”

Councilman Eldon Strong, R-Crown Point, is a retired law enforcement officer who seems to think elected officials already are steeped in ethics. “There is no amount of ethics training that will teach us to do the right thing. This won't fix things,” Strong said.

Although Strong seems to be living in another world, new Councilman Jamal Washington, D-Gary, said the ethics training is needed to help Lake County overcome its reputation of official misconduct. And as for Strong, it would seem that a former police officer, who sees all of society's problems, would be among the first to embrace the need for ethics training. Strong also ran unsuccessfully for Crown Point mayor in 2011. ❖

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.

Dan Shaughnessy, Boston Globe: This will stick with Tom Brady and the Super Bowl champions forever. The NFL dropped the hammer on Brady and the Patriots late Monday afternoon. In the wake of NFL investigator Ted Wells's 243-page "Deflategate" report, the league suspended Brady for four games, fined the Patriots \$1 million (largest in NFL history), and took away two draft picks, including the club's No. 1 selection in 2016. The penalties were stiffer than the Patriots and their fans expected. As recently as January, owner Robert Kraft was asking for an apology from the league for raising the issue and embarrassing the team during Super Bowl week. Now the league has determined that the Patriots are serial cheaters. In the eyes of the NFL, and much of Football America, the Patriots are Alex Rodriguez. For the second time in eight years, New England is being punished in the name of "the integrity of the game." And now it's a field day for the army of Patriots enemies. It might be time to stop minimizing the actual infraction in question. It doesn't matter that New England won the AFC Championship game, 45-7. What matters is the notion that perhaps the Patriots were in position to crush the Colts because of systematic cheating over the course of the season, or perhaps longer. A deflated football is easier to pass, catch, and secure. Ask the Ravens how they feel about losing the playoff game in Foxborough, in bad weather, a week before the AFC title game. It is now established that Brady gained a competitive advantage with his involvement in the deflation of the footballs. It's a violation of the integrity of the game. Rules were circumvented for a competitive advantage. And Brady has yet to admit anything. His Salem State pep rally with Jim Gray last Thursday looks more ridiculous every hour. Brady also has made Kraft look like a fool. In his defiant moment in Arizona, Kraft spoke of how Brady and Belichick have never lied to him. One can only wonder what these folks are saying to one another now inside the imposing walls of Fort Foxborough. It's probably time for some truth and humility from Gillette. All in all, it just doesn't get much worse than this, Patriots fans. New England's precious, hard-fought legacy is tarnished. Tom Brady and the Super Bowl champions have been branded as liars and cheaters. ❖



Marc Chase, NWI Times: We've grown accustomed to Lake County politics providing a frequent barrage of the things most glaringly wrong with the region. Anyone who follows Northwest Indiana headlines knows of the revolving door between local elected offices and federal criminal court. We're also frequently known for repeatedly reelecting folks who haven't been the best stewards of our taxes and resources. It's become a hot iron branding our region as the butt of downstate jokes and the prime example of abhorrent behavior in government ethics classes. So when federal prosecutors indicted sitting Lake Station Mayor Keith Soderquist on criminal public cor-

ruption charges last year, the cadence of Lake County's shame continued to tap out its disgraceful beat. It became even more embarrassing when Soderquist, who granted is merely charged and not yet convicted of anything, announced he would be running in the 2015 municipal elections to retain his mayoral seat. "Why carry such a controversy into an election?" I, like so many others, asked. "Why drag your city through the gut-wrenching process of a pending federal criminal case and all it entails?" Then the voters of Lake Station did what mattered — what none of the rest of us could control. During the Tuesday Democratic primary, Soderquist's leading challenger and city court Judge Chris Anderson won. More importantly, voters sent an electoral message that should reverberate all the way to the Illinois border. Soderquist finished second in a field of four candidates, but voters ensured not so much as a hint of moral victory could be gleaned by the criminally indicted incumbent — not so much as a ribbon for participation. In the end, nearly 1,200 votes separated the victor Anderson from the vanquished Soderquist. The mayor managed to capture less than 14 percent of the votes cast for the office's Democratic nomination. ❖

John Krull, Statehouse File: Everyone wants to write Mike Pence's political obituary. To be sure, the Indiana governor is in trouble. Even many of his fellow Republicans are upset with him. Most are business people who believe Pence has damaged the Indiana brand with a series of ill-considered actions, culminating in the political and public relations debacles involving his proposed state-run news agency and the Religious Freedom Restoration Act. These GOP business people question his judgment. But the social conservatives who long have formed Pence's core support group also aren't happy with him. As a pastors' letter and Statehouse press conference attested, activists on the religious right feel he folded on them when the going got tough during the RFRA fight. These social conservatives question his commitment to the cause. As one GOP stalwart told me, "First the governor ticked off most of the business community. Then he alienated his own base with the RFRA 'fix.' He never had labor or the Democrats to begin with, so now he's got everyone mad at him." Does that mean he's done? No. Pence has been in these waters before. He lost his first two races for public office — in 1988 and 1990 — when he challenged a vulnerable Democrat, U.S. Rep. Phil Sharp. Not only did Pence lose, but he embarrassed himself the second time by running a political ad that featured an ill-trained actor attempting a Middle Eastern accent attacking Sharp in an incomprehensible fashion. Pence bounced back by learning to measure his rhetoric and allow his natural geniality to guide him more than his often extreme ideological instincts. He learned that, if he wanted to win, he'd have to be a happy warrior. Some lessons, though, require relearning. ❖

Ritz on science tour in Fort Wayne

FORT WAYNE — Before she toured Science Central on Wednesday, state Superintendent of Public Instruction Glenda Ritz praised the new A-F accountability for schools going into effect in 2016 (Duffy, Fort Wayne Journal Gazette). She also plans to announce in June whether she will run for governor next year. She called legislative and gubernatorial efforts to remove her as chairwoman of the Indiana State Board of Education "totally political in nature." But Ritz's trip to Fort Wayne was educational in nature, not political, as she spent an hour privately touring the science education facility with Martin Fisher, Science Central's executive director. "I'm a big science person," said Ritz, who was visiting the facility for the first time. "The more opportunities they have to learn, the better." Ritz reiterated that she was "seriously considering a run for governor," but first, she has to finish the school year, she said.



Porter Democrats buoyed by Tallian

VALPARAISO — On the heels of an announcement that Sen. Karen Tallian, D-Portage, will make a run for Indiana governor next year, Porter County Democrats described her as someone who could offer a fresh political viewpoint against Republican Gov. Mike Pence (Post-Tribune). "She's a wonderful person. She's smart, she thinks outside the box, she's progressive, and she is a fireball," said Portage Township Trustee Brendan Clancy. A lot the state's leadership "seems like it's stuck in the 1800s," Clancy said, and needs someone who looks to the future. "I think she represents the working ethic for those in Northwest Indiana and maybe throughout the state," he said, adding she always has working people in

mind and cares about quality of life issues. Pence has displayed an inability to lead, indecisiveness, made one misstep after another, and made Indiana a laughingstock across the country, said Porter County Council President Dan Whitten, D-At-large, who's known Tallian for more than 20 years. "We definitely need a change of direction down there, a new focus, and Karen would definitely do that," he said.

BMV chief plans fixes

INDIANAPOLIS — In an exclusive RTV6 report, the Indiana BMV commissioner is talking about plans to make fixes and another round of refunds after a report details serious problems within the agency (WRTV). Commissioner Kent Abernathy oversees the BMV and says he's making leadership changes at the top to confront the issues ahead. He says the agency found Hoosiers were overcharged on possibly 16 fees. The exact fees and scope of that problem won't be known until the end of June at the earliest. The agency also found people underpaid on possibly 10 separate fees. Those who underpaid will not get a bill from the state. "It was a mistake, and would be unfair to ask for the money back," Abernathy said.

Tribe says law violates federal law

SOUTH BEND — The chairman for the Pokagon Band of Pottawatomi Indians who are seeking to build a casino in South Bend said Wednesday a new law approved by the General Assembly prevents Gov. Mike Pence from negotiating in good faith with the tribe on a compact, voiding the need for such an agreement. Tribal Chairman John Warren said the law specifying the process for the state to enter into a compact violates the Indian Gaming Regulatory Act because it includes stipulations on what the compact must include. "They just passed legislation that tied

the governor's hands in negotiating with us in good faith and everything they had in their bill is against federal law. So we don't have to negotiate with them to open," he said. Gov. Mike Pence was in China on a business trip Wednesday. Spokeswoman Kara Brooks said the administration "is currently reviewing our options both at the federal and state level as they relate to a new casino being built in South Bend."

Coats wants politics out of fed judge

INDIANAPOLIS — U.S. Senator Dan Coats says he wants to take the politics out of appointing federal judges, proposing a bipartisan commission to fill vacancies (Indiana Public Media). Currently, to fill judicial vacancies at the federal level, U.S. senators submit recommendations to the president, who then submits a candidate for nomination to the Senate. Senator Coats says that system is fraught with politics, particularly when, as in Indiana, the two senators are from different parties. The Hoosier Republican says he wants to create a bipartisan judicial nominating commission. "In this case, we've got a vetting process," he says, "and hopefully they will provide with the names of qualified individuals that we can both agree on."

Laramie Council extends civil rights

LARAMIE, Wyoming — When Matthew Shepard was beaten, tied to a fence and left for dead nearly 20 years ago, his murder became a rallying cry in the gay rights movement (Associated Press). The Laramie City Council on Wednesday approved a local anti-discrimination ordinance. It voted 7-2 in favor of the measure that prohibits discrimination based on sexual orientation and gender identity in housing, employment and access to public facilities such as restaurants..