



Speaker Bauer's last session stand?

Daniels, Bauer dynamic could see a big shift

By **BRIAN A. HOWEY**

INDIANAPOLIS – For two-thirds of the Daniels governorship thus far, there's been a Speaker Bauer. With sine die coming to the Indiana General Assembly early last Saturday, the riveting question becomes whether this governor gets a monolithic executive/legislative tandem for his final acts.

For Democrats, the question is whether the House caucus can do what it did in 1998 when it beat the odds under trying national trends (the impeachment of President Clinton) and retook control, setting the stage of Bauer's ascension to the helm five years later. After losing the speakership in 2004, he regained it in 2006 and has forged one of the most powerful legacies in modern Indiana history.

This past weekend, though, it was hard to avoid the notion that the Daniels-Bauer dynamic is about to



House Speaker B. Patrick Bauer during the last hours of the General Assembly on Friday when he seemed to be losing a grip on his caucus. (HPI Photo by Steve Dickerson)

change in dramatic fashion between now and next January. "I like him but he's a tough adversary," Gov. Mitch Daniels said Monday morning during his traditional sixth post sine die presser. "He looks at the world in a totally

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RICO and the King

By **CHRIS SAUTTER**

WASHINGTON - In The King of Steeltown: Hardball Politics in the Heartland, the documentary film about East Chicago's controversial 1999 Democratic primary election, a young voter is surveying the city's extensive concrete facelift. "Pastrick waited until election time," he comments, "but it's all good."



Chris Sautter Column

The public mindset that day along the freshly paved streets of East Chicago was oblivious to the storm clouds gathering on the horizon. Last week a federal judge slapped former East Chicago Mayor Robert A. Pastrick and two co-defendants with a \$108 million judgment in a civil



"If he votes his conscience and defends it, whatever it is, he'll be fine."

- FORMER HOUSE SPEAKER
JOHN GREGG, ON REP. ELLSWORTH AND HIS VOTE ON HEALTH REFORMS



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suit brought under anti-racketeering laws stemming from a massive 1999 public works project which veered out-of-control.

In the 1999 election, Pastrick easily defeated his nemesis former Lake County Sheriff Stephen Stiglich in a race which, among other things, previewed the dispute of absentee ballots that would drive him from office. Four years later, Pastrick won a short-lived victory over his former Chief of Police George Pabey, losing to Pabey on the machines but carrying the paper ballot absentee vote.

By then the vaunted Pastrick organization was decayed and crumbling. The Indiana Supreme Court overturned the 2003 result concluding by a 3-2 vote that corruption of absentee ballots was so severe it was impossible to determine who really won. The Court ordered a special election and Pabey prevailed. Pastrick's 50-year political career was at an end.

The usual ingredients—greed, hubris, and a politician hanging on well past his time—were responsible for the demise of the vaunted Pastrick machine. The arrival of riverboat gambling was the catalyst. It poured millions of new dollars into the city coffers. The administration then handed out no-bid deals to favored contractors to repave streets and sidewalks. Political insiders directed the work to include driveways and patios. Even supermarket parking lots received makeovers.

Pastrick's goal was noble and legitimate. "We're going to make the community look like a new community," he explains in the film to a group of residents at a house party

in the Harbor section of the city. The practice of steering tax dollars to cronies to perform public work in the weeks leading up to an election is hardly unique to East Chicago. But the scale of the spending spree and the extent to which the politically connected were gorging themselves at the public trough were too much for federal prosecutors to ignore.

Pastrick's inability or refusal to rein-in his public works program led to



East Chicago Mayor Robert Pastrick chats with Indiana Supreme Court Justices at the Indiana Statehouse in 2004. (HPI Photo by Ellen M. Jackson)

the unraveling of his organization and his political career. Although Pastrick was never indicted, six city officials dubbed "The Sidewalk Six" were convicted of federal corruption charges related to the matter. That Pastrick was never charged indicates the feds could not prove a case against him. He was clearly their target from the start.

Bob Pastrick was first elected mayor of East Chicago in 1971. In that same year, reform-minded Richard Lugar was re-elected to a 2nd term as mayor of Indianapolis. Frank McCloskey rode a wave of newly enfranchised 18 year-old students to capture City Hall in Bloomington. Ivan Lebamoff won in Fort Wayne. And Russell Lloyd ended 16 years of Democratic rule in Evansville. It was a year for Democratic and Republican



reformers in Indiana. Pastrick himself ran as the candidate of change. It was a formula he re-packaged many times.

Pastrick's new administration was progressive and dynamic. He was the first East Chicago mayor to elevate African Americans and Hispanics to top positions in city government. His style of ethnic power sharing preserved East Chicago's unique multi-racial and multi-cultural flavor. At a time when whites were fleeing cities in droves for the suburbs throughout Indiana and America, East Chicago looked like a UNICEF card. There were more nationalities represented in East Chicago's neighborhoods than almost anywhere else in the country.

Taking a page from Chicago's Richard J. Daley, Pastrick also set out to prove East Chicago was a city that works. His connection to power in Washington kept a steady stream of federal dollars flowing into the city even as revenues declined due to the demise of the steel industry. He created an extensive free bus service. He constructed a clinic to provide free health care for people without insurance. And, he built award-winning libraries. He named a restored library and a new marina after himself, testaments to his leadership.

Remaking the city's facade was not the only lesson he took from Chicago's Dick Daley. Pastrick became Chairman of Lake County's Democratic Party and stocked local offices with allies. The city budget bulged from the salaries of workers he put on the payroll. Every city employee—even the lowest paid worker—was considered a political hire. He was a master retail politician. When he campaigned, he made sure he was briefed on personal matters related to voters so he could inquire about them as he worked the room.

Like Daley, Pastrick's campaigns generated accusations of illegal conduct. For example, after the 1995 campaign against Stephen Stiglich, bags of Stiglich's direct mail pieces were found at the bottom of the Calumet River, thanks some said to over-zealous letter carriers supporting Pastrick.

After being re-elected in 1995, Pastrick announced it would be his last term as mayor. But those who had too much at stake in his administration talked him out of retiring. It was a mistake he will regret the rest of his life.

Stiglich began his 1999 rematch better prepared he said. He had assumed party chairmanship, appointed



Chris Sautter chats with Bob Pastrick at French Lick in August 2003. (HPI Photo by Brian A. Howey)

precinct committeemen loyal to him, and hired national consultants. He embarked on an aggressive absentee ballot program. But Pastrick's team outmaneuvered him at almost every turn and won big even though Stiglich carried the absentee vote. Pastrick's victory was pyrrhic to say the least.

State officials will have difficulty collecting any of the gigantic judgment against Pastrick, who is now 82. It is said he is nearly broke and in poor health. But a photograph in the Northwest Indiana Times Friday showed him standing next to a wall of his political memorabilia, including a handwritten personal note to him from Senator John F. Kennedy when JFK was running for President. Bob Pastrick was dressed in one of his expensive suits, looking like he was headed out to another ribbon cutting. ❖

Chris Sautter, a Washington DC-based political consultant, directed and produced *The King of Steeltown: Hardball Politics in the Heartland* (2001).



Bauer, from page 1

different way that is much friendlier to big government and much less concerned about the growth of the private sector that has to pay all of the bills.”

“Speaker Bauer is an expensive date,” Daniels added. “He believes in a lot more spending. They tried to spend more than a billion dollars just a few months ago. Think of what a fix we’d be in if we surrendered to that. The next budget will be even harder than the last one. The taxpayers would be a lot safer if we were about to work with a different general assembly.”

The 2010 legislative session also revealed cracks in the Bauer façade. While he had a 52-member majority, it was a compromised 51 when State Rep. Dennie Oxley suffered a catastrophic heart attack that has left him in what State Rep. Eric Turner described Friday night as a “semi-conscious state.”

Last month, Bauer reprimanded Speaker Pro Tempore Chet Dobis after he split with the caucus on a report on the Illiana Expressway. With Oxley never reporting for duty and Dobis defecting, the intransigence exposed the weakening underpinnings of Bauer’s grip within his own caucus. The Dobis discipline allowed Bauer to elevate State Rep. Earl Harris after repeated speculation centered on whether Bauer’s support amongst the House Black Caucus was compromised. That speculation stemmed from late in the 2009 long session when many African-Americans defiantly voted against the budget.

Daniels observed on Monday that Bauer “has shown himself over the last couple of years to be extraordinarily effective at getting his people to not ever step out of line, and if they do, the consequences are pretty severe.” Right, Chet Dobis?

In early February, Dobis described Bauer as paranoid and losing his grip on power. “I think he must see him in his dreams because he’s always lurking in the shadows even when he’s not even around,” Dobis told the Times of Northwest Indiana about the Bauer-Daniels dynamic. “You don’t get positive things done that way. The chemistry is not good in here.”

Another retiring Democrat – 36-year veteran State Rep. Dennis Avery told the Evansville Courier & Press,

“There was a time when I served here when there was much more collegiality; when Republicans and Democrats worked together. It’s frustrating that decisions are made by a handful of people; that the membership does not have the kind of input that we should have.”

Bauer and his staff could never explain the absence of Oxley, nor did they express any concern for the 67,000 disenfranchised citizens in the 73rd District that had no representation this session. On the final day, State Rep. Craig Fry disappeared, insisting he was attending to his sick



Gov. Mitch Daniels and Lt. Gov. Becky Skillman take questions from the press on the Monday after sine die. (HPI Photo by Brian A. Howey)

father in Florida while members of his own caucus were whispering that he was really attending spring training baseball games. With the UI issue wobbling and the specter of a potential party-line vote, Bauer didn’t have enough bodies to make a stand. It suggested a leader losing grip.

In the legislative aftermath, Bauer wanted to talk about jobs. “We were able to pass a series of initiatives that can put Hoosiers back to work, sooner rather than later,” he said, though that included the Illiana Expressway that took a toll within his own caucus. “We provide incentives to attract new businesses to Indiana, and we expand the assistance that can protect the small businesses often left behind in state economic development efforts. Through our Helping Indiana Restart Employment (HIRE) program, we will be working to bring \$100 million in federal dollars back to our state to create new jobs. At the same time, we will be asking the employers who receive these incentives to live up to their word and create the jobs they promised. If they don’t, we will be getting the taxpayers’ money



back.”

Bauer achieved another top priority with passage of his ethics reform package, a move that will give some cover to caucus members who will be attacked for blocking change. “We have taken substantial steps toward rebuilding public trust in state government by demanding tougher ethical standards from the Legislature, the governor’s office and lobbyists,” Bauer explained. “It does not address the potential for problems caused by ‘pay to play,’ but it does respond to many of the concerns the public has expressed about good conduct.”

As for the governor’s top priority – the tax caps – Bauer said, “It also must be mentioned that the people of Indiana will get the chance to vote this November on a referendum to place the 1-2-3 property tax caps into our state’s constitution. I am sorry that we did not move to close the gaps in the caps by capping the annual growth in tax bills for homes, farms and businesses.”

Facing House Democrats are political threats at just about every turn. The administration of President Obama is unpopular on the issues and about to force a critical vote on health reforms, placing the spotlight on the three Democratic congressmen – Baron Hill, Brad Ellsworth and Joe Donnelly – who went to Washington in the same 2006 election that brought Bauer back to the speakership. There is a severe recession that has left Indiana’s jobless rate a 9.7 percent and revenues falling behind projections for 17 consecutive months. And U.S. Sen. Evan Bayh, who on five occasions had long coattails that brought more Democrats into the Indiana House, is retiring. Add to that the 25 Republican recruits taking aim at Democratic incumbents as well as open seats and Bauer faces daunting political challenges.

They come four years after many observers had predicted his caucus might pick up as many as 57 seats instead of the 52 they ended up with after the 2006 elections. Bauer certainly could have used that insulation in this cycle.

The 2010 short session was the least dynamic of the Daniels governorship. It almost seemed as if Daniels realized that Bauer would remain such a barrier that he selected just three issues – the referendum on the constitutional property tax caps, ending social promotion for non-reading third graders, and the confiscation of gaming winnings from deadbeat parents – to press for this session. It was an agenda that paled compared to those in 2005 and 2006 when he told legislators not to make vacation plans.

“With maybe our least eventful session of the six I’ve been involved with, our focus will now be very much maintaining the fiscal solvency of the state,” Daniels said. “We will be using (based) on the current projections, all of the reserves we’ve built up between 2005 and 2008

and even that will be a close thing if revenues continue to disappoint. We will continue to work on savings of all kinds and save taxpayer dollars and keep you posted. For those who haven’t noticed, one is we have done everything we possibly can, that when we reached K-12 education, it was the very last resort. Everything else had been done first and more deeply. Secondly, anything occurring in Indiana is so much milder than what is happening to 42 or 43 other states in America and we’re just determined to keep it that way.”

Daniels believes the bill that ends social promotions is critical. “By the time a child has finished third grade the state has spent over \$40,000 and the school district has had over 720 days. If that child cannot read, there is a fundamental failure in that district and they will need to remedy it,” Daniels said. “The most unacceptable thing to do is to pull that child along to fourth grade and almost certain academic failure. That’s a cruel thing to do and a wrong thing to do and we’re going to put an end to it.” As for other potential education reforms, Daniels was asked if the Indiana Board of Education will be involved. “Absolutely they will,” Daniels said. “I can’t make the rules. Led by their chairman and superintendent Tony Bennett, they will.”

At his Monday press conference, Daniels gave clues as to what his priorities will be if he can regain control of the lower chamber. Asked about local government reform after Ways & Means Chairman Bill Crawford’s Trojan horse township bill failed, Daniels said, “Stand by. All I can tell you is that we will be back. Citizens of Indiana deserve modernization. Taxpayers deserve wasted dollars being reduced. Our schools deserve more dollars in the classroom and not chewed up in administration. Nobody said it would be easy.”

Asked if he would take an active role in passage of the property tax caps (the answer is yes), as well as referendums such as the Evansville/Vanderburgh County merger, Daniels described himself as an “enthusiastic cheerleader. Celebrator of successes, which have begun and I just want to commend these folks and others we can mention for doing right by their taxpayers and their citizens. I hope this will start a cascade of reform.”

After November, either Daniels will be in the best position of his governorship to ram through the rest of his reforms, or he will have to resign himself to working around a “Speaker Bauer” if the Democrats can defy odds and maintain a majority.

By that time, there will be a great deal of presidential talk swirling around Daniels. A 2011 session of dramatic reform – set against a probable backdrop of a continued challenging economic environment – will assure that the most intriguing show in town may play out at the Indiana Statehouse. ❖



Indiana Blue Dogs may hold the fate of health reforms

By **BRIAN A. HOWEY**

FRANKLIN, Ind. – In October 2006 Barack Obama came to Indianapolis to campaign for Congressional challengers Joe Donnelly, Baron Hill and Brad Ellsworth. While the Obama appearance didn't appear to be the catalytic factor in the three ousting U.S. Reps. Chris Chocola, Mike Sodrel and John Hostettler, it certainly was a precursor to the power that would flow to all four men in the following two years.

In April 2008, it was U.S. Rep. Hill who made a critical endorsement of presidential candidate Obama in the homestretch of the Indiana presidential primary. While Obama would lose narrowly to Hillary Clinton in the primary, the support of all three Blue Dogs helped Obama carry the state in November.

And in 2009, President Obama got the votes of all three Hoosier Blue Dogs late in the year, despite threats of electoral retribution and hundreds of thousands of dollars of TV ad money pouring into the state.

At this writing, the biggest early chapter of the Obama presidency could be determined by the Hoosier Blue Dogs trio. Or as U.S. Rep. Mike Pence explained at an Indiana Statehouse Tea Party on Monday, attended mostly by Republicans, "They don't have the votes" as some in the crowd yelled, "Treason!"

Pence noted that Hill, Donnelly and Ellsworth - now seeking the Democratic U.S. Senate nomination - are from Indiana. "A couple of the votes they need right now, a couple of the holdouts, are from right here in Indiana," Pence said. "They need to hear from you."

By Tuesday afternoon, the House Telecommunications office was reporting "very heavy volume" and that many callers "are getting the busy signal. It has been like this for over a week and seems to be getting worse."

Pence put the drama in basketball terms. "You



Barack Obama (top photo) campaigned on behalf of Brad Ellsworth, Baron Hill and Joe Donnelly in October 2006 in Indianapolis. U.S. Rep. Mike Pence spoke at the Tea Party rally Monday at the Statehouse. (HPI Photos by Brian A. Howey and Steve Dickerson)

know, the fact that it all comes down to Indiana in March feels kind of right to me," he said. "Hoosiers are used to coming through in a clutch. We're used to storybook endings and last minute buzzer-beating shots. It's time for one more last minute shot at the buzzer. Where's Bobby Plump when you need him?"

It has set up a dramatic conclusion to the fate of President Obama's health care initiative that will likely define the earliest part of his presidency. Some pundits say that if the package fails, the Obama presidency will be doomed. Many said that about President Bill Clinton after his health reform package failed in 1993 and his Democrats lost Congress in 1994. Clinton was easily reelected in 1996.

On Wednesday, however, there was a double-



edged sword hanging over Washington. An NBC-Wall Street Journal poll revealed that 46 percent of Americans favored passage of the health reforms and 45 percent opposed. As to how the public approves of Congressional Republicans, that number stood at 35 percent approve, 59 percent disapprove. As for Congress as a whole, only 17 percent approve, and a staggering 77 percent disapproved, including 59 percent of Democrats and 69 percent of independents.

On Tuesday, U.S. Rep. Bart Stupak was asked how many votes Pelosi has for the bill during an interview Monday with Fox News' Greta Van Susteren, and he responded, "I'd be surprised if they have 200 votes."

Last week Stupak said that at least 11 Democrats would vote against the bill if abortion language in the Senate version up for a vote in the House wasn't changed. There has been speculation that Ellsworth might join Stupak, though he has not stated one way or another what he will do.

A call to Ellsworth on Tuesday by HPI was not returned, but he released a statement saying, "I am looking carefully at the current language in the bill to ensure it meets my pro-life principles, and I will continue to work to ensure pro-life concerns are addressed."

Ellsworth helped Stupak craft the language prohibiting the federal funding of abortion late last year. Ellsworth's potential 8th CD opponent until he opted for the U.S. Senate race, Dr. Larry Bucshon, said on Tuesday, "Even though he is waiting for the Democratic Party's approval from Indianapolis to run for the U.S. Senate, Rep. Brad Ellsworth remains southwestern Indiana's representative in the U.S. House. As such, he should vote against this monstrosity. As a physician, I actually know what's in this bill and know how bad it is for your health - physically and financially."

Bucshon cited five significant flaws in underscoring his own opposition and calling on the incumbents to take a pro-taxpayer position: The bill takes \$500 billion from Medicare, making medical rationing for senior citizens far more likely; the bill is filled with special provisions that

amount to taxpayer-funded bribes, such as the Cornhusker kickback for U.S. Sen. Ben Nelson, the Louisiana Purchase for U.S. Sen. Mary Landrieu, and \$100 million for U.S. Sen. Chris Dodd for a Connecticut hospital as his retirement gift; the bill will subsidize abortion with tax dollars for the first time since Congress first approved the Hyde Amendment in the mid-1970s; it places nearly one-fifth of the American economy under the federal government's control; and the bill is filled with new boards, commissions and procedures that will take a medical marvel - the American health care system - and render it a bureaucracy with neither compassion nor efficiency.

On Tuesday, House Democratic leaders were signaling there would be no more "Cornhusker kickbacks" for wavering House members. ABC News reported Tuesday morning that of the 37 Democrats who voted against the bill last fall, 21 said they would consider changing their vote and none have committed.

A huge problem is the text of the reconciliation bill has not been made public. Katie Moreau, spokeswoman for Rep. Hill, told HPI Tuesday afternoon, "The reconciliation bill text isn't out yet. I think he should have a chance to read that before deciding either way."

On Tuesday, House Democrats were pondering a scenario that would pass the bill without a vote, which would be a political disaster.

Donnelly, who voted against Obama on the Cap-and-Trade legislation in the summer of 2009, said that the abortion language in the Senate version is a deal breaker.

"I support health insurance reform because we need to level the playing field between Hoosier families and insurance companies," Donnelly said. "But if I'm asked to vote on the Senate health care reform bill as is, I will vote no. The process over the past few months has been frustrating, including the cutting of unacceptable special deals to assure a few senators' votes. Also, the Senate version of health care reform does not meet my standards for assuring that no federal funds are used for abortion-related services." ❖





Daniels urges Hoosier Congressmen to reject health reforms

By **BRIAN A. HOWEY**

INDIANAPOLIS – For the second time in the health care reform debate facing Congress, Gov. Mitch Daniels weighed in, urging wavering U.S. Reps. Joe Donnelly, Baron Hill and Brad Ellsworth to reject the current bill.

In a press release on Tuesday, Daniels noted that although “a few modifications have been made by President Obama, the enormous costs and impact to Hoosier taxpayers have not changed.”

Daniels has sent a letter to Indiana members of Congress to urge them to reject the bill. The letter reads:

“A few months ago I expressed the view that the health care bills then pending before Congress were hopelessly misguided, unaffordable, and dangerously adverse to the interests of Hoosiers today and tomorrow. I have hoped that these schemes would be modified and improved given their clear defects and the public’s quite sensible rejection of them. Instead, they have become, if anything, even worse.

“Again I ask your leadership in preventing this disastrous national mistake. You will soon be presented with the most anti-jobs, anti-taxpayer, anti-Indiana measure you may ever see in your Congressional career, and I hope you will represent us well by voting against it.”

The governor also shared an Indiana impact statement with the House members. Here is a copy:

Through a massive expansion of Medicaid, half a million (500,000) new Hoosiers would become eligible, costing Hoosier taxpayers billions more in state taxes. One in four Hoosiers would be on public assistance.

Without a costly increase in the Medicaid provider reimbursement rates, there will not be enough health care professionals to care for this huge new influx of Medicaid patients.

The Healthy Indiana Plan (HIP) would be eliminated as the new federal rules would force the 45,000 families who are currently covered into the Medicaid fee-for-service delivery model, losing the cost saving and qual-

ity advantages of consumer-driven health care.

Many Hoosiers who currently have health insurance will pay higher premiums – the Congressional Budget Office estimates an average increase nationally of \$2,100 for some families, and a study of the effects in Indiana showed premium increases ranging up to 78 percent. Premiums will continue to rise because the drivers of rising costs in the health care system are exacerbated rather than controlled by the legislation.

A growing and job-creating life sciences sector in Indiana will be hit with huge new tax increases: at least \$20 billion for the device manufacturers and \$90 billion for pharmaceutical companies. These costs will be passed to consumers and will result in job losses in Indiana.

A job killing tax of \$2,000 per employee will be levied on many companies which cannot afford or choose not to provide coverage to their employees, including Indiana.

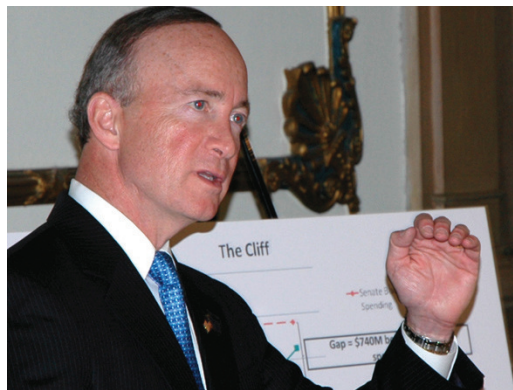
The costs for this massive entitlement expansion are vastly and misleadingly understated: An honest estimate would show an addition of more than a trillion dollars to the national debt.

On Monday, Daniels was asked by the press about the health reforms. “I think in the short term, there are things – portability, being

able to buy insurance across statelines; there are short term steps to take.”

Daniels explained, “I favor a more fundamental step to take instead of the state run system this bill aims at, which we start by giving the tax benefit not to the business but the individual. This currently favors rich people over poor people and there’s over consumption and over spending.”

The governor continued, “In the short term there are things we can do to improve the existing employer run system and if we don’t make a fatal mistake as a nation this year, I hope for a serious debate that looks at individualizing with the funds and the decision making powers to run their own health care. The tax benefit should go to the individual. It’s very uneven today. The wealthy people get more benefit than the low-income people. Giving people themselves the resources and the information they need to pick the health benefits for them. And once they’re working with their own money, watch what good consumers they become. The power of consumerism starts to hold down costs. I think there are some things most people agree on. ❖





The Indianapolis Tea Party had a distinctly Republican tilt on Monday at the Statehouse, with (from left) State Rep. Jackie Walorski, State Rep. Cindy Noe, U.S. Rep. Mike Pence, State Sen. Mike Young (fifth from left), Eric Miller and former congressman Mike Sodrel. Pence and Wes Robinson, the GOP candidate in HD97, spoke, but no Democrats took part. (HPI Photo by Brian A. Howey)

Daniels praises Tea Party movement for raising hell

By **BRIAN A. HOWEY**

INDIANAPOLIS - Gov. Mitch Daniels once again lauded the Tea Party movement for the willingness to "raise hell" but cautioned Republicans that the party needs to do much more than that to be successful this November.

"It's a healthy phenomenon," Daniels said at his Monday press conference. "It has really helped Americans focus on the single biggest threat to our democracy and our future which is the completely unaffordable federal government and unaffordable promises in our entitlement system."

The Indianapolis Star's editorial page on Sunday along with my statewide column ("Apogee to Armageddon on the butterfly wing") both dealt with the subject of catastrophic debt, and neither might have been written without activism of the Tea Party movement.

"I don't think it's too strong a word - an 'immoral' burden to leave to our children," Daniels said. "So I think the Tea Party has helped get people's attention to that. A little constructive hell raising is a good place to start."

Republicans will have to do much more. "We have to move from there to constructive answers to these prob-

lems," Daniels said. "But I think because of this spontaneous movement people are thinking about, talking about and learning about the really dangerous corner our debts are painting us into."

The wakeup call for Republicans who are getting over confident about retaking Congress in November is an NBC-Wall Street Journal poll released on Tuesday that shows Congressional Republicans had a 35/59 percent approve/disapprove rating, while Congress as a whole stood at 17/77 percent. NBC Nightly News anchor Brian Williams said a large majority of poll respondents were open to the idea of voting out the entire Congress, "even if it meant voting against their own congressman."

That scenario would return Congress to the GOP, but with new leadership.

Farm Bureau endorses Murphy

State Rep. Mike Murphy received the endorsement of the Indiana Farm Bureau in his race to unseat U.S. Rep. Dan Burton. "It requires a two-thirds majority in the 5th District," Murphy observed.

"Our committee interviewed the major candidates in this race and voted to endorse Mike Murphy due to his commitment to agriculture," said Mark Nigh, chairman of CD5 ELECT and president of the Shelby County Farm Bureau. "He has a well-thought-out plan regarding ag policy and has a great record of working with Indiana Farm Bureau."

"Mike Murphy took the time to meet with me at my farm and, from my understanding, with all the other county Farm Bureau presidents within the congressional district," added Eric Wright, president of the Grant County Farm Bureau. "That level of commitment went a long way toward winning our committee's support." ❖

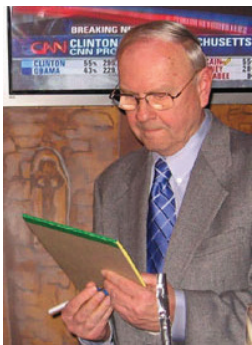




U.S. Supreme Court opens up the campaign TV mud gates

By JACK COLWELL

SOUTH BEND - Fiery projectiles intended to blind you will fill the air in unprecedented numbers. Brace for it. The U.S. Supreme Court said it's OK.



With conservative members turning activist to overturn two important precedents and change the law, the court decided 5-4 to allow unlimited, unfettered spending by corporations on political campaigns.

President Obama called the decision "a major victory for big oil, Wall Street banks, health insurance companies and the other powerful interests that marshal their power every day in Washington to drown out the voices of everyday Americans."

True. Presumably, although the decision dealt specifically with corporations and a smear movie attacking Hillary Clinton, the decision also will allow unfettered sending by labor unions as well.

In his State of the Union address, the president said the decision even will allow foreign corporations "to spend without limit on our elections." Justice Samuel Alito, one of the architects of the decision, mouthed "not true." And it is uncertain just what floodgates will be opened. Justice John Paul Stevens, in a dissenting opinion, said reasoning in the ruling "would appear to afford the same protection to multinational corporations controlled by foreigners as to individual Americans."

No doubt, however, the new flood of money will finance special interest blasts patterned after the fiery projectiles on TV by MoveOn.org on the left and Swift Boat Veterans for Truth on the right.

Nor is there any doubt about what a great "convincer" this will be for special interest lobbyists.

A lobbyist for corporate interests opposing health care reform could say to a congressman:

"We sure would like to support you for reelection, what with that tough race you have coming up. But the most important vote for us is against that health care bill. It would ruin our business. So, we're gonna spend millions on TV to help our friends. Sure hope we can count on you and then help you get back here."

Bribery? Of course not. Just political reality now.

Or maybe this approach:

"That amendment to tighten regulation would be a tight noose around the neck of our industry. So, we've got some killer TV spots ready for a hell of a blitz against any committee members who support it. But we know you'll be with us. Right?"

Threat? Of course not. Just political reality now.

Some practitioners of the dark arts of the very negative in campaigns say they really aren't trying to blind voters but rather to enlighten them. "Gosh," they ask in all innocence. "Are critics trying to say the American people can be so easily misled?"

Well, yes.

People say they detest negative TV spots.

But they work. That's why you see so many. If they didn't work, campaign consultants, some of whom actually don't personally like the tactics, would reject them. They want to go with what wins, not reject what wins.

Polling and focus groups test the spots in major campaigns to make sure the attacks will "build negatives" on the target, causing a diminished approval rating. Blinding rather than informing the voter with the truth is too often the tactic.

Want to trash a fiscal conservative by building a negative image of really being a wild-eyed spender? Hammer in a TV blitz about some silly sounding expenditure in some appropriation bill that the representative once voted for to keep a vital government service operating.

Want to defend an actual wild-eyed spender as really being a fiscal moderate? Cite in your blitz some votes cast against some appropriations that had no chance of passage anyway.

Want to portray a statesman as a crook? Just hammer at some trip taken to Iraq or Afghanistan as a junket because dinners with foreign leaders were included.

Want to defend some crook as actually a statesman? Play up again and again some vote the slob cast for enhancing the power of the ethics committee, even though the strengthening was approved almost unanimously.

Try not to be blinded by the fiery projectiles that will fill the air in unprecedented numbers. Brace for it. Look into it. Respond to facts, not fear. Just because those activists on the Supreme Court say it's OK, that doesn't mean that it is. ❖

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



Lower business taxes don't stimulate hiring

By **MORTON J. MARCUS**

INDIANAPOLIS - "I am so proud," Puffy Possum says as we wait for our lunch orders. "Mighty proud indeed," he intones, "to live in this great land where an educated electorate has chosen ladies and gentlemen of fine judgment to serve in public offices where they boldly take steps to resolve the most pressing problems of our trying times."



Morton Marcus
Column

"And what might those 'most pressing problems' be, Puffy?" I ask.

"Jobs," Puffy responds. "Jobs are the essential necessity of every era. People need work. A job is the foundation of self-esteem, the linchpin for connecting to the community, the instrument by and through which the individual connects with the greater international marketplace and derives the income that provides security for the family. A job is identity, the credential for health insurance, the badge of respectability, the affirmation of personal morality."

Our orders have arrived. I turn my attention to the bowl of chili before me while Puffy admires his red, white and bleu burger (bleu cheese and horseradish sauce on a very rare half-pound of ground beef).

And, I ask, "What makes you so proud?"

"These sensational proposals from Indianapolis and Washington," Puffy says as he plans to attack his burger. "I admire the legislative bodies that propose to increase jobs by reducing or keeping low taxes on businesses, particularly small business – the heart of American capitalism."

"Some folks," I say, "would call small business the heartburn, heartache, or heart attack of American business."

"Fallacious, fatuous and fractious," he says.

"Nonetheless," say I, "It's very unlikely that small businesses will hire workers because of the tax breaks politicians want to throw at them. Neither Democrats nor Republicans realize that the demand for workers is based on or derived from the sales of the firm. If customers are not buying more, the firm has no incentive to hire more.

"Lowering the cost to business of hiring new workers sounds great. But how much of a tax break is needed to get the firm to hire a worker? The incentives being offered are trivial compared to the cost of an added worker. If there were enough business to hire that worker, the

company would probably do it without any push from the government.

"Indiana just voted to forestall increasing the unemployment compensation tax on business. That will amount to a savings of approximately \$140 per worker over the course of a year. A firm would need more than 100 workers to have saved enough money to hire one worker at \$15,000 per year. Since when does a small firm have 100 workers?"

"Now, now," says Puffy, "some of the finest, sharpest, most informed leaders in the state supported that bill."

"They supported keeping taxes on business low," I retort. "That means all companies, large and small pay less in taxes regardless of their hiring efforts. There is nothing that says that if companies have lower taxes they will hire more workers, cut prices, increase dividends, or raise wages. They may do some or none of those things. They may just sit on the money, enjoying larger cash reserves, or they may pay bigger bonuses to executives."

"Everyone knows," Puffy starts to say

"What everyone should know," I interrupt, "is that we don't know what any given tax cut or increase will do at any specific point in time. We have theory, but not knowledge. It's wonderful so many politicians subscribe to theory. It's a shame they are so ignorant of reality."

Puffy does not like these statements and turns to talk with people at the next table. I focus on my developing indigestion. ❖

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





Eric Bradner, Evansville Courier & Press: It wasn't pretty, but state lawmakers got the job done early Saturday morning. They passed the handful of bills they had left, and then they left Indianapolis for the year. Here are three thoughts I had as the session concluded: More and more, Gov. Mitch Daniels' impact on this state is being felt. The school funding flexibility bill, which was one of four to pass in the wee morning hours of Saturday, allows school districts to use up to 10 percent of the money levied for capital projects such as building repairs in the classroom instead. That adds up to about \$75 million across the state. It's modest, compared to the \$300 million in K-12 funding cuts Daniels ordered three months ago. But it's helpful nonetheless. The question no one wanted to answer, though, was why just 10 percent? Why not more? The answer, I suspect, is because capital projects funds are made of property tax dollars. Two years ago, Daniels played an integral role in significantly reducing schools' reliance on property taxes as a revenue stream. He surely doesn't want to reverse course and give schools room to depend once again on property tax dollars. Considering his nickname is "The Blade," it's exactly what you'd expect. But it's noteworthy that even as cash-strapped schools lay off teachers and shutter buildings, neither tax hikes nor more significant financing adjustments were ever part of the discussion in the General Assembly this year. If someone else was governor, do you think it'd be a different story? I do. Republican lawmakers might come back to the Statehouse next year seeking to delay by yet another year the onset of higher business taxes necessary to replenish Indiana's bankrupt unemployment fund. If they do, remember this: They could have had a two-year delay this year. The Democratic-led House put it on the table. To get it, majority Senate Republicans would have had to do was green-light Village Earth, the educational attraction developers want to build in northern Warrick County. Multiple House Democrats and Senate Republicans confirmed that the dayslong gridlock was unclogged Friday night when Democrats finally agreed to drop the project's financing mechanism — a Sales Tax Increment Financing district, which would have captured sales tax dollars from retailers and restaurants surrounding the facility and directed them to pay down bonds for its construction, rather than sending that money into state coffers. "I'm disappointed. I'm extraordinarily angry," a raging-mad House Democratic Floor Leader Russ Stilwell of Boonville, the chief Village Earth proponent, told me as he sat in his office late Friday night, tie loosened and face burning red. I still don't understand why House Speaker Patrick Bauer, D-South Bend, wasn't willing to move on redistricting reform this year. Yes, the issue is a once-a-decade political ploy.



But with Democrats' chances of hanging onto their 52-48 House majority looking slim as could be, it could have been helpful. ❖

Abdul Hakim-Shabazz, Indiana Barrister:

Now that the 2010 Legislative session has come and gone, we can discuss who won, who lost, who was basically a draw. Actually, there are different degrees of how much individuals win and lose based on what they hoped to accomplish, what they got done and how this all plays into the upcoming elections. So with that said, the awards go to... Governor Mitch Daniels — Big winner. He got his property tax caps as well as lawmakers to hold the line on spending. Senate Republicans — Winners. It was getting shaky towards the end and I was starting to wonder if I was watching the Manhattan tribe, but they held together at the end. Senate Democrats — Draw, they're the Senate Dems, what else needs to said. House Democrats — Losers. The House Ds took it on the chin this session. They didn't stop the tax caps, there was major dissention in the ranks, and the proposed Warrick County aquarium and museum tax district kept everyone here a week longer than necessary. House Republicans — Biggest Winners. They got about 80% of their agenda through and, politically speaking, the winds are at their backs for now. Business — Winner. Any time you can get a tax increase delayed for a year, you're in good shape. They also scored a victory on employee classification, however, they lost on guns in the workplace. Schools — Draw. They lost money due to the economy, but they also got more flexibility to move money around in their budgets to mitigate their financial situations. Unions — Loser. They wanted the state to change the rules on how independent contractors are classified so more of them can be considered full-time employees and thus eligible for more union membership. 2nd Amendment Crowd — Winner. Got guns in the workplace as long as it stays locked in the car and also access to permit database restricted to media. Local Government — Draw. The tax caps are coming, but that just means more opportunities to be creative and consolidate. Local Government reform — Loser. But keep trying guys, I'm with you. Redistricting Advocates — Draw. It was a loss for now, but will be back next year. Gaming — Loser. They didn't get any help from lawmakers this year, but this may have to be revisited next year because no one has a choice. Lobbyists — Winners. Despite ethics reform, anyone who hung around the rail the last days and paid attention saw how much pull they have with lawmakers and it has nothing to do with money or gifts. Taxpayers — Biggest Winners. They get to vote on tax caps. Media — The real winners. Because we always are! ❖



TV ad targets Ellsworth on health care vote

WASHINGTON - Health Care for America Now (HCAN) teamed up with Catholics United to release a new television ad (Tuesday) urging U.S. Rep. Brad Ellsworth (IN-8) to stay strong and vote YES again for comprehensive health care for Hoosier families. The ad is part of a large national buy starting Tuesday and Wednesday in 17 districts

It is paid for by Health Care for America Now along with the Service Employees International Union (SEIU), the American Federations of State, County and Municipal Employees (AFSCME), and Catholics United. HCAN partner MoveOn.org is also sponsoring ads beginning Tuesday in three overlapping districts. The \$1.7 million ad buy runs Tuesday or Wednesday through Friday and is scheduled to coincide with the expectation of a vote on health care legislation by week's end. Ads start running in 11 districts on Tuesday. Those are as follows: Jason Altmire (PA-04), John Bocchieri (OH-16), Jim Costa (CA-20), Suzanne Kosmas (FL-24), Harry Mitchell (AZ-05), Scott Murphy (NY-20), Brad Ellsworth (IN-08), Earl Pomeroy (ND), Bill Foster (IL-14), Steve Driehaus (OH-01), and Alan Mollohan (WV-01). HCAN partner MoveOn.org is also sponsoring ads beginning Tuesday in PA-04, NY-20, and North Dakota. On Wednesday, six more ads will hit the air in new districts. "We're on the verge of an historic moment, and now is the time Congressman Ellsworth must stand strong and side with us, not the insurance companies," said Richard Kirsch, National Campaign Manager, Health Care for America Now. "The health insurance companies have unleashed



their armies of lobbyists on Washington and have sunk millions into TV ads designed to derail reform, but Congressman Ellsworth can and should ignore the corporate fear mongering and side with the people of Indiana. Our ad is a reminder to Congress."

Rachel Hatcher eyes Gary mayoral run

GARY - Ragen Hatcher, the daughter of former Gary Mayor Richard Hatcher, is one step closer to following in her father's footsteps (Times of Northwest Indiana). The 31-year old member of the Gary Common Council and attorney for the Gary school system filed papers Tuesday at the Lake County Election Board office to form a mayoral exploratory committee. "The committee will look at if running for mayor (of Gary) is a viable option," Hatcher said. The committee will include representatives from the Democratic Party and from the fields of business and education as well as private citizens and family members, she said. "I'm looking for anybody who has Gary at heart." During a news conference outside the election board office, Hatcher said Gary's "deteriorating conditions" have led her to consider running for mayor. She would face a primary election in May. The issues challenging Gary include "alarm at the city's high unemployment rate, crime problems, poverty and the lack of investment," she said. Elected in 2007 to the at-large council seat of the Gary Common Council, Hatcher said in that position she hears daily from citizens who are concerned about conditions in the city.

Merritt presses Daniels on net metering

INDIANAPOLIS - State Sen. Jim Merritt said (Tuesday) he's asked Gov. Mitch Daniels to do what lawmakers ultimately could not during the recently concluded legislative session – push for progress on the issue of net

metering (Howey Politics Indiana). Net metering would provide homeowners, schools and businesses greater financial incentives to produce their own renewable energy and allow them to sell any excess electricity back to the utilities. Legislation authored by Merritt (R-Indianapolis) to broaden both the customer class and type of renewable generation eligible for net metering failed in the final days of the 2010 session when Senate and House negotiators couldn't agree on a final conference committee report. But Merritt emphasized in a letter to Gov. Mitch Daniels that the Indiana Utility Regulatory Commission doesn't need a new law to begin updating Indiana's restrictive net metering regulations. "The IURC currently has the authority to declare net metering rules without legislative guidance or mandate," Merritt today wrote to Daniels. "In fact, the IURC currently has effective net metering administrative rules in place for residential and K-12 schools." Merritt said he's asked the governor to request IURC officials begin rulemaking activities and believes the initial conference committee report produced by Senate negotiators "is a reasonable template" for the agency's work. "My proposals broaden both the customer class and type of renewable generation eligible for net metering while maintaining the necessary cost-benefit balance for all electricity customers whether they engage in net metering generation or not," Merritt said.

Daniels traveling today

INDIANAPOLIS Gov. Mitch Daniels will hold a question and answer session with students at Ball State University at 10 a.m. today. The governor will provide remarks at a Greater Elkhart Chamber of Commerce luncheon event at noon at Christiana Creek Country Club. At 4 p.m., he will join company officials from a Northeast Indiana firm for an economic development announcement in North Manchester at Dexter Axle.