



Gregg ponders Pence reunion

Governor's race takes definition with Pocket Dems exiting

By **BRIAN A. HOWEY**

NASHVILLE, Ind. - Earlier this decade Mike Pence had John Gregg sit in with him on his WIBC radio show. Shortly thereafter Pence recommended the station give Gregg a Saturday morning show of his own.

"Mike Pence got me my job on WIBC radio that I had for five years," Gregg said Wednesday of his former Indiana University Law School classmate. "Mike Pence and I are friends. He called me last week and asked how I was doing. We talked about our kids. Mike Pence is not a bad guy."

In a week that brought sharper - though not complete - definition to the 2012 Indiana governor's race, the Pence-Gregg axis cuts through party lines and could present Hoosiers with an audio special of two glib-to-earthy-to-passionate communicators. Gregg told HPI last Saturday that he was "seriously considering" the governor's race that most assume Rep.



Pence will make after he completes the Republican Lincoln Day circuit later this spring.

Gregg's announcement came as the Democratic pocket drained. Evansville Mayor Jonathan Weinzapfel dropped out on Saturday and former congressman Brad Ellsworth did so on Tuesday. Sandwiched between was Gregg, who had been supporting the mayor. But along with that support was advice and since the spring of 2009 when Weinzapfel secretly rescinded the Vanderburgh County home-
stead tax - essentially raising taxes on 40,000 households - his political blood was

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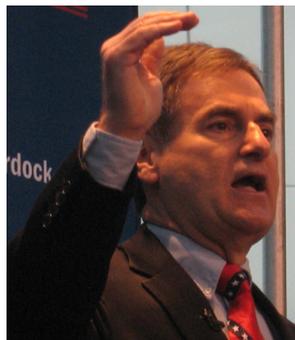
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Partisan Mourdock runs

By **BRIAN A. HOWEY**

INDIANAPOLIS - When Evan Bayh announced he was leaving the U.S. Senate in 2010, he lamented the lack of "bipartisanship."

When Richard Mourdock declared his Republican primary candidacy against U.S. Sen. Dick Lugar on Tuesday, he blamed "bipartisanship" for the current state of affairs. With great irony, as 37 Indiana House Democrats bolted for Illinois in a fit of partisanship, it sank the conservative



"The House Democrats have shown a complete contempt for the democratic process."

- Gov. Mitch Daniels, on Wednesday during the second day of the House walkout



Howey Politics Indiana

is a non-partisan newsletter based in Indianapolis and published on the campus of Franklin College. It was founded in 1994 in Fort Wayne.

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Subscriptions

\$350 annually HPI Weekly
\$550 annually HPI Weekly and HPI Daily Wire.

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dream of a Right to Work state and knocked Mourdock off the front pages and first minutes of the newscasts. This partisan curveball now threatens school voucher and charter legislation.

"It is bipartisanship that has brought us to the brink of bankruptcy," Mourdock said, though a case could be made that it was two unpaid wars, the biggest post-Great Society expansion of the Medicare prescription drug plan, and the Bush tax cuts, along with Wall Street deregulation - all coming when the GOP controlled Congress and the White House early last decade.

Mourdock cited the "lame duck" session of Congress last December and Lugar's role in successfully pushing for the START Treaty and unsuccessfully the Dream Act that triggered his decision to run. "I was amazed at the lame duck session," Mourdock told a couple hundred supporters at the Indianapolis Artsgarden. "He's known for his bipartisanship."

After the speech, Mourdock added, "I think there needs to be more partisanship and frankly it's based on principle. Again, elections have consequences. We should have

consequences. Each party should define itself on those principles. We have one party who thinks government should grow ever more bigger, send bigger bills to ordinary Americans and our party thinks we should have limited government and lower taxes. It's a clear difference." That is a statement Lugar will exploit: His Nunn-Lugar program has been a national security bargain. He has cut more than \$5 billion in farm subsidies.

But clearly there is a movement afoot whether it is the Tea Party or rural Republicans skeptical of internationalism and doesn't want to negotiate with President Obama. To them, "compromise" is a dirty word. Lugar's career in public service is all about compromise. Mourdock's candidacy is just one more coming across America in waves where the political center is in the crosshairs.

As for Nunn-Lugar, Mourdock said, "Without question Sen. Lugar has provided great service to the nation with his participation with Nunn-Lugar and helping reduce nuclear proliferation. I give him full credit for that. But again, Hoosiers are less concerned about that than the



economy.”

And energy? With the Libyan revolt pushing gasoline prices higher, Mourdock was asked where he parted with Lugar on that front. “On the energy policy we have to quit thinking that energy comes in colors,” Mourdock responded. “We have to have low cost energy. Right now we have all kinds of green energy programs that are much subsidized because there is no real place for them in the competition of the energy world. Every time we have to subsidize something it makes us less competitive globally because costs go up. Energy is a component of the cost of every product for every service. We keep raising the cost of energy that bring green projects that are of no value.”

Murdock announced the endorsements of Republican county chairmen in 67 of Indiana’s 92 counties. But missing were the urban counties of Marion, Hamilton, Allen, Hendricks, St. Joseph, Johnson and Porter where Lugar is expected to run stronger. Allen County GOP Chairman Steve Shine told HPI he plans to stay neutral, saying there is support for both candidates in the Fort Wayne area.

Murdock blasted Lugar for being President Obama’s favorite Republican.

“You know, President Obama once said that Dick Lugar was among those ‘who have shaped my ideas and who will be surrounding me in the White House.’ But, instead, it appears that Obama has shaped Lugar,” Mourdock said. “To turn our country around, we need fresh ideas from new leaders who hold conservative principles. As Indiana State Treasurer, I single-handedly challenged the Obama Administration’s illegal bailout and takeover of Chrysler. I took this case all the way to the U.S. Supreme Court on behalf of Indiana pensioners and all the while, Dick Lugar never once protested the fact that Indiana’s teachers and State Police officers were having their pensions looted.”

Murdock said he chose Feb. 22 - President Washington’s birthday - because of not what Washington “did, but did not do” - voluntarily left public life when he could have become “president for life.” Lugar should do the same, Mourdock said to cheers.

“It’s time.”

After the speech, Mourdock cited a Wilson Research Poll in making his case he can win. “Only 31 percent of our Republican primary voters have a hard reelect number” for Lugar, he said.

Murdock said the head-to-heads were “not

pushed” but added, “When we asked that did you know that Dick Lugar ... that number dropped almost in half. He is in serious trouble. Before I even wrote the check for that poll, I asked, ‘What are we going to be looking for?’ They said, ‘You’ve got to understand he’s been there 35 years and he’ll have 99 percent name ID, he will have 60 to 70 percent favorable rating. Which turned out to be true. When it comes down to that hard reelect number, if it’s less than 60 percent he should be concerned. If it’s less than 50 percent he should be worried. To have him down in the 30s is an amazingly low number. My challenge through this campaign is to get better known. I have reasonably good favorable ratings. I think we’ve got nowhere to go but up and I think Dick Lugar knows that he has nowhere to go but down.”

Lugar chief-of-staff Marty Morris is quick to note



that such rhetoric tends to assume that the challenger will be the only candidate to move. “They assume we’ll just stand still,” Morris explained. “But we won’t. We’ll keep moving.”

The Lugar campaign was quick to note on Tuesday that more than 10,000 Hoosier Republicans have signed petitions to get him on the ballot.

And then there is the field. Will it simply be Mourdock vs. Lugar? Or will State Sen. Mike Delph get in?

Delph has not endorsed Mourdock and cryptically cites a statement he made in December that his “federal” decisions will later this year. Mourdock said he spoke to Delph at the Miami County Lincoln Day Dinner last week near Peru. “We had a good conversation,” Mourdock said. “In the 2002 Republican convention, there were four candidates running for secretary of state: Todd Rokita, John McGoff, Mike Delph and Richard Mourdock. Mike and I were seen as the more conservative candidates. I’m not trashing Todd. We split the conservative vote and both lost. My comment to Mike was we know how this movie ends. We both can’t do this and expect in a multi-candidate race and be victorious.”

“Do I worry about it? Not at all. Don’t worry about what you cannot control. It would be impolite and impru-



dent for me to tell Mike Delph what to do.”

Mourdock tried to ensure he was seen as a mainstream Republican and not an “outlier” and a Tea Party creation. “There will be those, Republican insiders perhaps, who will try to portray me as some kind of outlier to the party and I resent that,” Mourdock said. “I have run six times as a Republican in the past. I stand by Republican principles. And yet I am honored to have the support of all those Tea Party folks. The reason they support me is because of the stand I took for the Constitution in the Chrysler case.”

And therein lies some great ironies. Lugar wrote the Chrysler bailout legislation - in 1979 during his first term. Its survival up through 2009 brought Indiana thousands of jobs and hundreds of millions in tax revenues. But Lugar took a pass in rescuing GM and Chrysler in 2009.

In an HPI Interview published on July 30, 2009, Lugar hardly seemed like an Obama. He did praise the President’s Cairo speech as a “significant achievement.”

But when it came to the health reforms, he urged an “incremental” approach, noting that the estimated \$1 trillion cost “could result in later economic crisis or catastrophe. There has been very little analysis given the status of debt,” Lugar said, adding that he had addressed the weekly Senate Republican luncheon on the topic and was urged by other senators to “take to the floor” of the Senate or write newspaper op-eds on the subject.

Asked whether he believed President Obama was promising something impossible when he said at his July 22 press conference that he wouldn’t sign a bill that added to the federal deficit, Lugar answered “yes” and expressed surprise that the president would say so. “He has a monumental task at hand but the economy is in such bad

shape,” Lugar said.

And what did Lugar say about the \$780 billion stimulus package? He noted that it ended up “fulfilling the Democratic Party agenda.”

Asked if he has much contact with President Obama on his emerging agenda, Lugar said no. He is pleased that Obama has taken his work on weapons of mass destruction seriously, but said Obama has had no dialogue with the senator he so often referenced during the campaign. Lugar, however, left that door open. In his 2009 op-ed, Lugar said, “We must provide valid hope of constructive vision, idealism, and change in the future. I look forward to working with the President and my colleagues to tackle first things first.”

But when you talk to Mourdock supporters like Terre Haute attorney Jim Bopp Jr., and former legislator Billy Bright, there is no interest in bipartisanship. “We need a U.S. senator who will fight the Obama agenda,” Bopp said. “Not becoming Obama’s favorite senator.”

Howard County Republican Chairman Craig Dunn has been chair for just under five years and said, “I haven’t had any contact with his office in five years. Richard has been here at least eight times. There’s been a lot of close contact.”

Bright said he doesn’t want to support a “career D.C. politician. He’s been there too long and it’s time for him to go.”

So Lugar has much work to do to attain a seventh term. Mourdock, however, is facing the best political organization in modern Indiana times, and the most prolific Republican vote-getter in history. And this race is still 15 months away. There is much definition left. ❖

Gregg, from page 1

in the water. While Gregg wouldn’t say so publicly, at the time he confided to HPI that it could be a fatal mistake.

Certainly Weinzapfel polled on the issue and learned the same thing that HPI and others had been forecasting: It would be a whopping millstone in either a contested primary or in the general.

So in the course of several hours, Weinzapfel exited to a lineup of retired Democratic headliners - Evan Bayh, Bart Peterson, Graham Richard, Baron Hill, Ellsworth - and Gregg re-entered. It came despite

months of the former speaker begging off, saying he wasn’t interested. But when HPI ran into Senate Minority Leader Vi Simpson at the Columbia Club last month, she advised to think again on Gregg and added that she would explore the race herself.



John Gregg with Indiana State University President Lloyd Benjamin. (Daily World Photo)

So Gregg and Simpson move to the top of the Democratic prospect list. U.S. Rep. Joe Donnelly has been urged to run, but he and his allies make no bones that he’s more interested in staying in Congress, either in his revamped 2nd CD seat or possibly the U.S. Senate race if it looks like U.S. Sen. Dick Lugar is vulnerable. “I know Roy Dominguez remains interested,” Gregg said when asked if all roads lead to him. “Kathy Davis maintains an interest,” he said of Indiana’s first female lieutenant gover-



nor.

Gregg is weighing a number of factors, most high on the list are his sons Hunter, a junior at North Knox HS and John Blackwood, a freshman at Butler University, a few blocks away from the Governor's Mansion. Hunter Gregg could be the biggest reason John Gregg doesn't make the race. "He does sports," the former speaker said. "He'll play football in the fall. He's a male cheerleader. During the spring he shot puts and throws the discus. He's active in student government. I flip burgers with him, popped and sacked popcorn with him. Those things are important to me. Can I still do that stuff and run a campaign? I enjoyed John Blackwood's senior year. When he started to college and needed a rug for his dorm room, I took him to Target. I want to be able to go to Target."

So John Gregg's campaign manager and scheduler must be willing to free up family time in a Gregg gubernatorial juggernaut.

Is Gregg up to a statewide campaign?

On Election Night 1994, Gregg figured out early that House Speaker Michael K. Phillips was about to be upset in that Republican Tsunami. He and lieutenants like State Rep. Winfield Moses hit the road to Indianapolis and began furiously working the phones. Early the next morning, Gregg had lined up support to become minority leader just as B. Patrick Bauer began making calls. John Gregg can smell an opportunity like a Knox County Fair pork tenderloin.

He also built a campaign in 1995 and 1996 with the help of people like State Reps. Susan Crosby, Mark Krusan, Craig Fry and Tim Jeffers and current Democratic Chairman Dan Parker. "Remember the 1995 session?" Gregg asked. "I became speaker because my good friend Paul Mannweiler was pushed into a box. Sometimes your best friends can be your best enemies. They slapped around the trial lawyers, the ISTA, got into fair share and then prevailing wage."

The prevailing wage issue prompted so many union activists to show up at the Statehouse - some estimates were at 20,000 - that the building literally shook. "I took over the House caucus when we had 44 members, down from 55," Gregg said of 1995. "We were in debt. I put together a modern campaign program, recruited candidates, developed issues and we took back the House in 1996. I can campaign and I can campaign hard. But I'll need help."

Gregg likened the 1995 prevailing wage battle to a smorgasbord. "You can get more than you can eat," Gregg said. "But if you start taking all the food, people start getting mad. I think you're seeing it today."

After Republicans picked up 60 seats in November 2010, Gregg predicted the 2011 version of overreach. That's why 37 House Democrats are having a working vacation in Urbana, Ill., as we spoke. He said in the Dec. 2, 2010 edition of *Howey Politics Indiana* ("A Southern Indiana Realignment"), "Mark my word, the Republicans in the legislature will overplay their hand. They know enough not to do prevailing wage, but they will overreach on a social issue that will turn it back. They cannot keep from meddling in social issues."

Actually, it was Right to Work, despite warnings



John Gregg with 1984 gubernatorial nominee Wayne Townsend (left), his running mate Ann DeLaney, and Senate Minority Leader Vi Simpson. (HPI Photo by Brian A. Howey)

from Gov. Mitch Daniels that this session was not the "time or place."

"From the beginning I said the 2010 election was about sending a message to President Obama," Gregg said Wednesday. "They were unhappy with him and his health care reforms. It was not a complete mandate. And the Republicans will overreach. The question the Republicans must ask themselves are they overreaching?"

He also acknowledged last December that Democrats must take Southern Indiana to heart if it wants to recoup the two Congressional seats, 11 Indiana House seats and two state Senate seats it lost in that region last



November. "They need people who are fiscally conservative," Gregg said. "They need to be moderates on the social issues. They need to be conservative on fiscal issues. Democrats need to realize that if they are going to run and win statewide, they have to have candidates that appeal to Southern Indiana." Indeed, the cornerstone of Gov. Daniels' 2004 defeat of Gov. Joe Kernan came down to making inroads in Southern Indiana. Today it is the Hoosier version of the new Republican South below the Mason-Dixon Line.

On that criteria, Gregg could be looking into a mirror. He personifies Southern Indiana. He maintains a law office in Vincennes while working with Bingham McHale in Indianapolis. He lives on a bucolic spread near sleepy little Sandborn tucked along the White River between Knox, Sullivan and Daviess counties. His hilltop farm looks like something out of the classic children's book "Mike Mulligan and His Steam Shovel." During the Daylight Saving Time debate, Gregg produced deep belly laughs at Jefferson-Jackson Dinners when he said he could "pee from one time zone into another."

Gregg is a beloved figure on the J-J circuit. Prior and certainly after HPI's Saturday story broke, the calls have cascaded in once his interest was declared. Gregg solves all sorts of problems facing the plagued Hoosier Democrats. Gregg would project strength into Southern Indiana's God, guns and guts territory. He could help win back some seats, particularly if Ellsworth tries to retrieve his old 8th CD seat, or Weinzapfel runs for Congress, and Russ Stilwell (who Gregg helped recruit in 1995) and Trent Van Haften try to regain their old House seats.

Is there a time frame?

"I don't have a time frame," Gregg said. "I won't be pushed into a time frame. If that results in two or three others getting in, so be it. I've been out of office 10 years. This is not a quick decision. It's a commitment and not just

to November 2012 but plus four years. My boys are a huge drawback. There are other things."

He will have at least two months. St. Joseph County Democratic Chairman Butch Morgan said Tuesday that the party's governor's race won't take distinct definition until after the new Congressional and legislative maps are drawn. They will begin to take shape in late March and won't be finalized until the end of April. Once they do, Rep. Donnelly will look to see if he can win in the new 2nd CD. Most believe he'll lose much of LaPorte County and Kokomo, and will probably pick up extremely Republican Kosciusko County. If Donnelly finds himself in a 56-44 percent

Republican district (or worse), he will then look at the governor's race or the Senate race, particularly if he thinks the Tea Party can knock off Lugar. Tea Party primary victories resulted in Democrats maintaining Senate seats in Delaware, Colorado and Nevada - costing Republicans control the U.S. Senate. They were also unable to knock off Sen. Lisa Murkowski in Alaska's general election.

Gregg said the issues in 2012 will come down to "Jobs, it's jobs, and it's jobs and it's jobs. That has been Gov. Daniels' agenda. I think his agenda has been hijacked in the legislature."

And there is a potential race with his good friend Pence. This is where the fire seems to fire up in John Gregg's more streamlined belly.

"Mike Pence is not a bad guy," Gregg reiterated. "I don't know of anybody who seeks office who doesn't want the

best or better tomorrow. We want to get to point B and it's just how we get there. Mike Pence and I disagree on how to get there.

"I intend for it to be a good civil discourse, not a Burr vs. Hamilton shootout," Gregg added. "I don't know why it can't be a John Adams versus Thomas Jefferson kind of campaign. We can vehemently disagree, but still be friends." ❖



V16, N17

Weekly Briefing on Indiana Politics

Thursday, Dec. 2, 2010

A Southern Indiana realignment

GOP House, county gains may begin a new political era

By **BRIAN A. HOWEY**
FRANKLIN - Until the very end, B. Patrick Bauer and the Indiana House Democratic brain trust thought they were looking at holding on to a 51-seat majority instead of a potentially transformational election.

This, despite Howeys Politics Indiana's Nov. 1 forecast that the House would go Republican in the 54 to 62 seat range (it ended up at 60 seats). The caucus truly believed it could pick off Republican State Rep. Dick Dodge and hold on to the seats of State Reps. Joe Pearson, Russ Stilwell and the open seats being vacated by State Reps. Vern Tinchner and Dennis Av-
ery.

"Our caucus did believe until the end that we might



be able to hold on to 51 seats," said then Majority Leader Stilwell. "The real difference was that the Hoosier Political Tsunami hit us much higher in the chest than we anticipated. When I saw your national congressional generics favoring the GOP in the 10-15 percent range on the morning of the election, I had a sinking feeling, not only about my race but my caucus as a whole. The numbers were right on and it was intensified in the Ohio and Wabash valley."

When overlaying the Indiana House, Indiana Senate and Congressional maps, there is little doubt that the work of the voters on Nov. 2 could be as profound as the period after the Civil Rights Act of 1965 put in motion the transfor-

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Lugar defeat? Unlikely

By **JACK COLWELL**
SOUTH BEND - Could Dick Lugar, "statesman," become Dick Lugar, "communist," and lose in the 2012 Republican primary?



Yes. Could the six-term senator, hailed internationally as well as here for achievements such as deactivation or destruction of thousands of nuclear warheads once aimed at us on Soviet launchers, a senator so popular that Democrats didn't even field a candidate against him in 2006, be defeated by voters in his own party's primary.



"What happened here at this plant and changes we are seeing at this plant in Kokomo, you are showing us the way forward."

- President Obama





Tracing the Democratic walkout back to 1984

By **BRIAN A. HOWEY**

INDIANAPOLIS - To me the seminal moment in modern American politics came at the Republican National Convention on Aug. 18, 1988 when Vice President George H.W. Bush spoke Peggy Noonan's now famous lines: "Read my lips: No new taxes." It was the antithesis of Walter Mondales' 1984 Democratic convention speech in which he pledged to reduce the Reagan budget deficits. "Mr. Reagan will raise taxes, and so will I. He won't tell you. I just did," Mondale said on his way to a 49-state landslide loss.



Actually, Mondale was right. President Reagan ended up raising taxes seven times following his 1981 tax cuts.

It ushered in the notion that America is an over-taxed nation, even though recent studies have shown our collective tax burdens are the lowest since 1950. But this is the genesis of the Democratic walkout in the Indiana House this week. The population is growing older. Demands on infrastructure from highways to the power grid are growing more intense. And the pie remains the same. No new taxes. Period. Ever. Or lose.

There have been no general tax increases without some type of corresponding offset since 1987 in Indiana when Gov. Robert Orr pushed through his A Plus program that extended the school year and cut class sizes. A generation later, Gov. Daniels contradicted the class size goal in January's State of the State address. A large class with a great teacher will bring about academic achievement.

The tax reforms of 2002 and 2007 did bring an increase in sales taxes.

When the economy spins out and budgets get tight, even the Democratic Govs. Bayh and O'Bannon announced pay and hiring freezes. When Gov. Daniels ended collective bargaining for state employees on his first full day in office in 2005, the result was resounding yawn. "Public employees have no voice whatsoever now," said David Warrick, Indiana's executive director of the American Federation of State, County and Municipal Employees (AFSCME) in January 2005. "Without a collective voice it will be much easier for [the governor] to fire people or only give raises to those that he thinks deserve them. There's an atmosphere of shock that the governor would do this."

Daniels cites a statistic that after collective bargain-

ing ended, 95 percent of state employee union membership elected not to automatically pay union dues.

What we've seen since is a gradual assault on unions that leads up to the showdown in Wisconsin this month and then produced the Indiana House walkout in the face of the now demised Right to Work legislation that the governor saw as gumming up other aspects of his reform agenda.

Daniels was almost indifferent to the near collapse of Chrysler and General Motors in 2009, suggesting they follow the lead of the non-union Japanese automakers. When President Obama steered the two companies through a swift bankruptcy, Daniels likened it to the "biggest political payoff in history" when the UAW ended up with a 55 percent shareholder stake in the new Chrysler. This came just months after a more than \$700 billion bailout to Wall Street banks.

The governor is now drawing heat in Republican quarters for bailing on the Right to Work bill that was never his priority this session. Some Republicans believe it could come back and haunt a potential presidential campaign. Democrats like State Rep. Terri Austin referred to it as part of his "radical agenda" that extends to bills expanding charter schools that are consistent with views by President Obama and Education Sec. Arne Duncan.

New York Times columnist David Brooks provides a

Daniels cites 'complete contempt' for process

INDIANAPOLIS – Gov. Mitch Daniels said on Wednesday the actions by House Democrats to abandon the state during a key time in the 2011 legislative session show "complete contempt for the democratic process."

Here are the governor's opening comments during a media briefing today. Audio from the briefing and question-and-answer session follows.

"The House Democrats have shown a complete contempt for the democratic process. The way that works—as we all learned in grade school—is that if you seek public office, you come, do your duty, you argue, you debate, you amend if you can, you vote 'no' if you feel you should. If you are not successful, you go home and take your case to the voters. You don't walk off the job, take your public paycheck with you, and attempt to bring the whole process to a screeching halt. You know, if they persist, the Democratic Party of Indiana will need a rebranding effort because this is as anti-democratic as behavior can be." ♦



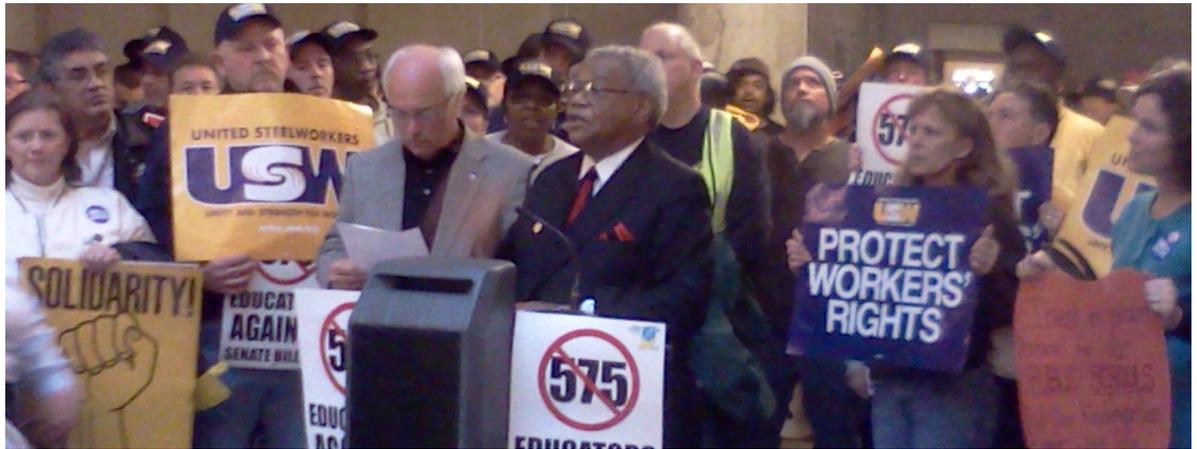
congent analysis in his Jan. 3 column, explaining, "Unless something big and unexpected happens, 2011 will be consumed by a debate over the size of government." He called for the placement of a "Achievement Test" back at the center of politics.

I'll let him explain further: This would help focus the national mind on the fundamental challenge: moving from a consumption-dominated economy oriented around satisfying immediate needs toward a more balanced investment and consumption economy. It might also

cut through the gridlocked trench warfare between big-government liberals and small-government conservatives. Reframing the argument around achievement wouldn't end partisan division. Democrats and Republicans differ on what makes an economy productive. But it would allow for horse-trading. As part of the budget process, Republicans could champion the things they believe will enhance productivity and mobility. Many of these will mean making sure people have the incentives to take risks and the freedom to adjust to foreign competition: a flatter, simpler tax code with lower corporate rates, a smaller debt burden, predictable regulations, affordable entitlements. Democrats could champion the things they believe will enhance productivity and mobility. Many of these will mean making sure everybody has the tools to compete: early childhood education, infrastructure programs to create jobs, immigration policies that recruit talent, incentives for energy innovation.

And Brooks concludes. "The two agendas sit in tension, but they are not contradictory."

At this writing, 37 House Democrats are still in Urbana, Ill., even though they successfully derailed the Right to Work bill after Senate President David Long said it was



House Democrats work at an Urbana, Ill., hotel on Wednesday. At top, State Rep. Hill Crawford at a Monday labor rally.

off the table Wednesday morning.

Democrats are now taking aim at charter schools and voucher education reforms, along with the biennial budget which significantly alters school funding.

In a Tuesday night statement, House Democrats said, "The past few days have seen an unprecedented attack on Hoosier families by a radical House Republican agenda that will hurt millions in both the classroom and the pocketbook.

House Democrats find it hard to believe that these proposals affecting so many are being advanced in the name of 'reform.' In point of fact, they are anti-child and anti-worker, and there needs to be sufficient time for the people of this state to examine the length and depth of what is being attempted here. The House Republicans are pursuing legislation that is diverting state tax dollars toward for-profit private schools through programs like charters and vouchers. This comes at a time when public schools already have been reeling from \$600 million in spending cuts ordered by Gov. Mitch Daniels over the past two years."

And Democrats zeroed in on aspects of Daniels State of the State address: "As more public money goes toward for-profit private schools, the funding available for public schools grows smaller and smaller. That means larger classes, as well as cuts in programs, instruction and materials that will adversely affect children who will never have a chance to attend a private school. In addition, House Republicans are seeking legislation that enables private schools to avoid many of the rules and regulations imposed on public schools." ❖



Walkout could set a terrible precedent

By **LUKE MESSER**

SHELBYVILLE – Woody Allen once famously said that “80 percent of success is just showing up.” This week, Indiana Statehouse Democrats took a different approach to success, by disappearing from the Statehouse en masse on a Democrat State Party sponsored junket to Champaign Illinois.



Through this disappearance, Democrats were able to deny Republicans the constitutionally required quorum of 67 legislators needed to conduct business - effectively shutting down the legislative process for the foreseeable future.

Later, Statehouse Democrats issued a statement demanding that they would not return to business unless Republicans agree to have 11 labor and education bills taken off the table for

consideration through the rest of this session.

Now -- just hours into this quandary -- it is impossible to know the full political fall out from their actions. Some argue House Democrats will be rewarded for standing on principle. Others argue they will pay a high price for walking out on the job.

The truth is that time will well, and none of us really know.

But, this much is clear: Our state now stands at a constitutional crisis. By disappearing from the Statehouse and walking out on their duty, House Democrats have thrown out the rulebook and brought the usual Statehouse jousting to levels never before seen in the recent history of the chamber.

In prior years, both Democratic and Republican minority caucuses have been known for “slow walking” the legislative process and using procedural tricks to kill a bill or two along the way.

In 2004, then Rep. Dennis Kruse brought the chamber to a halt with several “blast-motions” in an attempt to force the full House to consider a constitutional amendment to ban gay marriage.

In 1994, the Statehouse rocked when more than 10,000 workers showed up to protest changes in the state’s prevailing wage law.

Simply put: This is not the first high energy controversy to hit the chamber. But, never before has the minority caucus left the state in an attempt to hold the chamber hostage and dictate the state’s policy agenda.

In effect, House Democrats want the Speaker to

agree that the 40 members of the minority caucus can tell the 60 members of the majority caucus what agenda items are appropriate for consideration in the chamber.

If they were to prevail, it would be a terrible precedent for our state.

Elections matter. And, the simple truth is that Democrats lost the last election by a very wide margin.

By sweeping in a new, broad majority of Republican legislators, Hoosiers knew they were sending our state in a new direction.

Unhappy with those election results, House Democrats are now bullying the legislative process in an attempt to thwart the results of the election and halt our state’s progress.

Don’t get me wrong. House Democrats have every right to stand up for what they believe. They should debate these issues vigorously. They should encourage their supporters to organize and make sure their points of view are heard.

And then, House Democrats should vote.

That is what makes our system of government different than many other countries in the world. In America, we settle our disputes at the ballot box. In America, we follow the rule of law.

But, that system only works if our leaders agree to follow the law as well. When they lose an election, our leaders must live with the results of that election until the next election occurs.

If House Democrats and their supporters don’t like the results of what happens during this session in the Statehouse chamber, there is a remedy for those concerns. It is called the next election.

This principle is one of the cornerstones of representative government.

We ignore it at our peril. ❖

Messer is a former Republican legislator.



Gov's attacks on public workers un-American

By **SHAW FRIEDMAN**

LAPORTE - We have a governor now joining other Republican governors in a cynical and mean-spirited effort to try to beat up on public employees such as teachers, firefighters and police.



As Gov. Mitch Daniels toys with the notion of a run for president, part of his pitch is to be seen as an adherent to some kind of "tough love" strategy: Talking and dealing tough with public employees, trying to vilify and demonize those in the public sector as "greedy" for somehow wanting a piece of the American dream.

The problem is this governor has always taken a selective view on who he's willing to administer "tough love" to.

As Indiana, like other states struggles with declining tax revenues and tries to make ends meet, when have we ever seen this governor administer "tough love" to his friends in the corporate suites? How about those reckless bankers and speculators who brought our economy to its knees and needed trillions in federal bailout money?

Ever once hear this governor talking about demanding increased tax revenues from corporations who skate on their state tax obligations?

Nope.

Ever once does this governor talk to his friends at Eli Lilly about domesticating some of the billions in overseas profits and paying taxes on those overseas profits here?

Nope.

Ever once see Mitch Daniels excoriate those at Goldman Sachs, JP Morgan Chase or any of the big banking corporations whose push for highly leveraged, toxic securities cost millions of jobs and a meltdown?

Nada.

Heavens, no. With the last 20 years of economic gains going to a mere sliver at the top, under this governor and his buddies like Scott Walker in Wisconsin, we're told we must focus anger and resentment on the remaining solid, middle class workers who actually possess what others are working for - a decent standard of living.

As New York Times columnist Bob Herbert put it so well, "As poverty increases and reliable employment becomes less and less the norm, the dwindling number of workers with any kind of job security or guaranteed pensions (think teachers and other modestly compen-

sated public employees) are being viewed with increasing contempt. How dare they enjoy a modicum of economic comfort?"

How dare this governor and others try to turn the angst of average Hoosiers against those in the public sector whose worth and work we should value above all else? It's downright un-American to whip up anger and resentment against these public servants whose work is often among the toughest and most difficult.

C'mon, Mitch.

Try your hand at subbing a week in a public school and come back and tell me these folks are overpaid. I've done it and it was some of the most mentally grueling, challenging work I've ever done.

How about teaching in a classroom that has students whose parents don't speak English? How about teaching students who had to babysit their younger siblings all night while mom was working a second job or dealing with parents who never check progress or instructing kids with learning disabilities? Try your hand governor as a police officer out on midnight patrol duty in the toughest part of town not knowing what may come of that next traffic stop or serve as a firefighter going into a blazing inferno not knowing whether that floor will cave in and it's the last fire scene you ever visit.

Governor: It's downright un-American to demonize these public employees who simply want a measure of job security, fair wages and working conditions and some protection against arbitrary discharge and demotion. Despite this governor trying to pit ordinary Hoosiers against these public employees, studies still show overall compensation for government employees is slightly lower than for private sector employees of comparable age and education.

Want to show real tough love, governor? That's when you signal you're ready to close the loopholes and tax shelters that your friends in the corporate suites have used to skate on paying their fair share of Indiana taxes.

The non-partisan Multi-State Tax Commission in Washington, D.C. estimates Indiana is losing one-third of a billion annually to multi-state and multi-national corporations dodging their state tax obligations by use of devices like transfer pricing, moving profits to overseas tax havens and use of passive investment corporations.

When you're ready to administer real tough love, governor, let us know. In the meantime, lay off these incessant and intolerable attacks on public employees. It's un-American and it's downright mean. ❖

Friedman is a regular columnist and practices law in LaPorte.



First look at Indiana mayoral races

By **BRIAN A. HOWEY**

INDIANAPOLIS - With filing deadline last Friday and withdrawal on Tuesday, the 2011 mayoral primaries are set. Four years ago the mayoral races were a real killing fields as some 40 percent of the incumbents either lost primary or general election battles.

Vulnerable incumbents include Muncie's Sharon McShurley, Terre Haute's Duke Bennett, Bloomington's Mark Krusan, Hobart's Brian Snedecor, Jeffersonville's Tom Galigan and West Lafayette's John Dennis.

This year features open seats in Evansville, South Bend, New Albany and Michigan City. There are a couple of rematches in Jeffersonville and Hobart.

HPI will be following these mayoral races and more throughout 2011.

Indianapolis

Republican: Mayor Greg Ballard. **Democrats:** Sam Carson, Ron Gibson, Melina Kennedy, Bob Kern. **2007**

Results: Ballard (D) 83,238, Peterson, Bart (D) 77,926, Peterson, Fred (L) 3,787. **Outlook:** Kennedy is the overwhelming favorite to win the Democratic primary but has

her work cut out for her in the general. Indianapolis is trending Democratic and Terry Curry won the 2010 prosecutors race with the help of more than 20,000 straight ballot votes the late-starting campaign of Republican Mark Massa.

Ballard's incumbency changes the dynamic, giving him a firmer footing going into this race. A Tarrance Group Poll in January gave Ballard a 55-37 percent lead and 71 percent approval. City sources tell HPI that Kennedy had a pollster in the field last week and it may be telling that there was no public release of numbers. Ballard has kept his budgets out of crisis despite the property tax caps. And he's got a lot of money to pump into vote-swaying infrastructure with the water utility sale. Public safety is a problem for Ballard and Kennedy is sure to exploit that. Both Ballard and Kennedy will be trading shots when it comes to jobs and public safety. Both can pull up "facts" to bolster their arguments. The unknown at this point is what happens between now the the November election? Cities are organic things and a million things can go wrong. But Ballard is not your typical mayor - he comes off as apolitical. In our dealings



with residents, there isn't nearly the polarizing thoughts expressed about him as we've seen with Mayors Goldsmith and Peterson. Ballard appears to be entering this election in a best case scenario mode. How he runs his campaign could determine whether he gets a second term. **Horse Race Status:** Leans Ballard

Fort Wayne

Democrats: Mayor Tom Henry, Frederick Steinke, Tom Cook, Charles Eberhard, D.C. "Mr. Roachclip" Roach. **Republicans:** Councilwoman Liz Brown, Eric Doden, Paula Hughes, Fred Osheskie Sr., Terrence Richard Walker. **2007 Results:** Henry 31,740, Kelty (R) 21,163. **Outlook:** Mayor Henry's approval is in the 60th percentile, reliable sources tell HPI. He is in no danger in the primary. There is no clear favorite in the Republican primary, multiple GOP sources tell HPI. Hughes is a former Allen County Councilwoman, Doden is an investment fund manager and a newcomer to politics, and while Brown sits on the city council, she lost in the 3rd CD primary last summer, finishing well behind U.S. Rep. Marlin Stutzman. We don't sense a clear frontrunner in the GOP primary. Whoever emerges in May will be an early underdog. **Horse Race Status:** Likely Henry

South Bend

Democrats: State Rep. Ryan Dvorak, St. Joseph Councilman Mike Hamman, Rev. Barrett Berry, Peter Buttigieg. **Republican:** Wayne Curry, Will Taylor and Bill Davis. **2007 Results:** Luecke (D) 12,355, Manigault (R) 7,471. **Outlook:** The Democratic primary is wide open. Recent polling shows that more than 60 percent of the voters don't realize that Mayor Stephen Luecke is retiring, which signals the sad state of traditional news media. Dvorak, Hamman and Buttigieg - fresh off his loss to Indiana Treasurer Richard Mourdock - opened campaign headquarters last weekend. Their direct mail pieces over the next two weeks will bring some definition to the race once people realize this is an open seat. St. Joseph County Democratic Chairman Butch Morgan will not endorse a candidate. The Democratic primary winner will be the prohibitive favorite in November. Our sense is that Rep. Dvorak has some advantages going in, given the publicity surrounding the Indiana General Assembly and his father, Mike, is the county prosecutor. **Horse Race Status:** Tossup

Evansville

Democrat: Vanderburgh County Treasurer Rick Davis, Troy Tornatta. **Republican:** Vanderburgh Commissioner Lloyd Winnecke, Douglas De Groot. **2007 Results:** Weinzapfel (D) 13,097, Nixon (R) 2,268. **Outlook:** With Mayor Jonathan Weinzapfel stepping down after two terms, Evansville Democrats are facing a civil war now that Tornatta, a for-



mer commissioner, entered the race. Davis entered the race before Weinzapfel opted out. We don't see a clear favorite in the Democratic primary. This is good news for Winnecke, who will coast in the primary and will emerge as an early favorite. **Horse Race Status:** Leans Winnecke

East Chicago

Democrat: Mayor Anthony Copeland, East Chicago Councilman Rich Medina. **2007 Democratic Primary Results:** Pabey 3,784, Anthony Copeland 2,736, Edward Williams 639, Alicia Lopez-Rodriguez 364 Willie B. McClain 10. **Outlook:** Copeland became the city's first African-American mayor when the convicted Mayor George Pabey had to resign. Medina is a Pabey ally and would be the city's first Mexican-American mayor. **Horse Race Status:** Tossup

Carmel

Republican: Mayor James Brainard, Councilman John Acceturo. **2007 Results:** Brainard 9,192. Winckler (D) 2068, Spiegelman (I) 2,557. **Outlook:** Just weeks after the glitzy opening of the Paladium and the very cruiseable Keystone Parkway, Mayor Brainard will have to defend his spending. He faces Tea Party backed councilman Acceturo, a vigorous critic of the spending. "Our spending has been very calculated and very carefully planned," Brainard told WXIN-TV. "To make sure that we're investing in things that attract businesses here, that hold down our homeowners taxes." Brainard says voters showed their support for spending on projects like the center for performing arts when they elected and re-elected him. He added that the city needed to issue debt in order to build roads and infrastructure to keep pace with population growth. **Horse Race Status:** Leans Brainard

Bloomington

Democrat: Mayor Mark Kruzan, John Hamilton. **2007 Results:** Kruzan (D) 5,937, Sabbagh (R) 3,729. **Outlook:** Hamilton is a former chief of staff to Gov. Frank O'Bannon and is making a vigorous challenge to Mayor Kruzan. We don't have a clear read on how this one will turn out. **Horse Race Status:** Tossup

Mishawaka

Democrat: State Rep. Craig Fry. **Republican:** Mayor Dave Wood. **2007 Results:** Rea (R) 5,254, Hayes (D) 4,720. **Outlook:** Wood was selected last year to finish out Mayor Jeff Rea's term, so there is no traditional incumbent in this race. While Mishawaka is a Democratic city and regularly elects Democratic majorities on its city council, the only Democrat mayor in the past generation was Bob Kovatch. Fry has been on the ballot in House races since the 1980s and may have more name ID that Mayor Wood going in.

Rea may be prohibited from working overtly for Wood since he is with the St. Joseph Chamber now. But Wood may get some support from former mayor Robert Buetter. **Horse Race Status:** Tossup

Elkhart

Democrat: Mayor Dick Moore. **Republican:** Elkhart County Councilman David Ashe, Harry Housour. **2007 Results:** Moore 4,050, Pettit (R) 2,046. **Outlook:** Elkhart has been through the economic wringer since 2008 and Mayor Moore has dealt with the circumstances about as well as anyone could have expected. The former fire chief enters this race as a significant favorite. Councilman Ashe - the former council president - is favored to win the GOP primary and will be an underdog in the general. Republicans tried to recruit Steve Eldridge, the president of the city's redevelopment commission, but he declined to run, suggesting the GOP may be without their top horse. **Horse Race Status:** Likely Moore

Hammond

Democrat: Mayor Thomas McDermott, Oscar Sanchez. **Republican:** George Janiec, Humberto Prado, David Hacker, Matthew Saliga, Jeff MacDonald, Rob Pastore. **2007 Results:** McDermott (D) 5,289, Janiec (R) 4,802. **Outlook:** McDermott has made quite a few enemies over the years he has been in office. Even if he wins the primary, he faces a tough challenger in George Janiec, who came close to defeating McDermott four years ago. McDermott is facing a primary challenge from Sanchez, the former chief of staff to Lake County Sheriff Roy Dominguez. Make no mistake, this is a grudge match after a McDermott lieutenant was busted for marijuana plants in his back yard and the mayor, as Lake County Democratic chairman, ticked off the sheriff on a number of fronts. Both were early contenders for the 2012 gubernatorial nomination and may be on lieutenant governor short lists. We give McDermott the early edge after he had a close call four years ago. This is going to be a fascinating primary. **Horse Race Status:** Leans McDermott

Gary

Democrat: Mayor Rudy Clay, Councilwoman Ragen Hatcher, Karen Freeman-Wilson, Larry Evans, Harold Foster, Heather L. Hensley, Latanza Shanelle Johnson, Jack Lieske, Robert L. Lewis, Lester L. (Chip) Lowe Jr., Saba S. Mohammed, Richard L. Nash, Derric (NuGary) Price, Jeffery L. Tatum. **Republican:** Charles R. Smith Jr. **2007 Results:** Clay 8,529, Smith (R) 2,569. **Outlook:** Gary has had about as bad a four years as any city can have, losing almost a fifth of its population, is the lone city to repeatedly appear before the Distressed Unit Appeals Board, and still hangs on



to its Murder City USA reputation. It was a rocky time for Clay, who lost the Lake County Democratic chairmanship to Hammond Mayor McDermott after bringing it to the city for the first time in more than half a century. Freeman-Wilson is the former appointed Indiana attorney general and Hatcher is the daughter of former mayor Richard Hatcher. Our sense is that Clay survives the primary simply because the field is so splintered. The Democrat will be the prohibitive favorite in the fall. **Horse Race Status:** Leans Clay

Kokomo

Democrat: Mayor Greg Goodnight, Rolland Ellis. **Republican:** Scott Kern. **2007 Results:** Goodnight (D) 6,721, Hamilton (R) 3,469. **Outlook:** Kern is a former Democrat and fire chief. Goodnight has a huge war chest and is garnered much local, national and even international coverage for his handling of the auto industry crisis and the challenges that came with it. We see Goodnight as a heavy favorite in both the primary and general elections and a potential 2012 gubernatorial ticket nominee. **Horse Race Status:** Safe Goodnight

Goshen

Democrat: Mayor Alan Kauffman, Mike Hanes. **Republican:** Councilman Don Riegsecker, Chic Lantz. **Outlook:** Kauffman has been mayor since 1997 when he was selected to serve out Mike Puro's term. **Horse Race Status:** Likely Kauffman

Hobart

Democrat: Mayor Brian K. Snedecor, Linda Buzinec. **Independent:** Chip Greenberg. **2007 Results:** Snedecor (D) 3,639, Guthrie (R) 2,426. **Outlook:** This is a primary rematch between former mayor Buzinec and Mayor Snedecor when the incumbent upset the mayor by about 700 votes. This is a grudge match. **Horse Race Status:** Tossup

Michigan City

Democrat: LaPorte County Chairman John Jones, Jim LaRocco, Councilman Ron Meer, Councilman Bob McKee. **Republican:** open. **Outlook:** Mayor Chuck Oberlie is retiring after running unopposed in 2007. LaRocco got 22 percent of the vote in 2007, finishing third. Jones was a late entry and sources tell HPI he is considered the early favorite. **Horse Race Status:** Leans Jones

Muncie

Republican: Mayor Sharon McShurley. **Democrat:** State Rep. Dennis Tyler, Ralph "Jigger" Smith Jr., Kenneth Davenport. **2007 Results:** McShurley 6,121, Mansfield (D) 6,108. **Outlook:** McShurley won by only a handful of votes in 2007 and has been controversial throughout her rocky

first term. The Muncie Star Press has identified her as a polarizing figure. She also faces the uphill battle of being a female mayor seek reelection. An HPI analysis in January found that of 14 females seeking reelection in 2007, 11 lost. Tyler will be favored to win the Democratic primary over Smith, who is making his fifth mayoral bid. In McShurley's favor is the fact that Muncie hasn't had a Democratic mayor in three terms. **Horse Race Status:** Leans Tyler

Lafayette

Democrat: Mayor Tony Roswarski. **Republican:** Andrew Phillips, William Reed. **2007 Results:** Roswarski (D) 8,644, Auckley (R) 1,934. **Outlook:** Roswarski will be a heavy favorite to win another term in November. There is no clear favorite in the GOP primary. **Horse Race Status:** Safe Roswarski

West Lafayette

Republican: Mayor John Dennis. **Democrat:** John Polles. **2007 Results:** Dennis (R) 2,601, Mills (D) 2,004. **Outlook:** Polles came within 26 votes of defeating State Rep. Randy Truitt in 2008. The Purdue chemistry professor is a retired Army lieutenant colonel. He has the backing of former mayors Sonya Margerum and Jan Mills, along with former state representative Joe Micon. "For the past three-plus years, we have seen an administration that has been a caretaker of the previous ones, showing little initiative," Polles said (Lafayette Journal & Courier). "I believe that this lack of initiative in leadership is symptomatic of a lack of vision, a vision for taking our community forward." We expect this to be a competitive race. **Horse Race Status:** Tossup

Terre Haute

Democrat: Fred Nation, Harrison Township Assessor Mick Love. **Republican:** Mayor Duke Bennett. **2007 Results:** Bennett (R) 6,055, Burke (D) 5,948. **Outlook:** This is a city that loves to throw out its mayors, as the last three incumbents have learned. Bennett had to defend a Hatch Act case two years ago and has a huge legal debt after winning the case. Nation is the former press aide to Gov. Evan Bayh and a former executive with the Indianapolis Motor Speedway and will be the heavy favorite in the Democratic primary. Given this city's recent history, we see this as Nation's race to lose. **Horse Race Status:** Leans Nation

New Albany

Democrat: Irv Stumler, Jeff Gahan, Paul Etheridge. **Republican:** none. **2007 Results:** England 4,018, Hubbard (R) 3,744. **Outlook:** Mayor Doug England is leaving that office and running for at-large council. He has endorsed Stumler. Republicans tried to get State Rep. Ed Clere to run, but he is staying put. **Horse Race Status:** Leans



Stumler

Jeffersonville

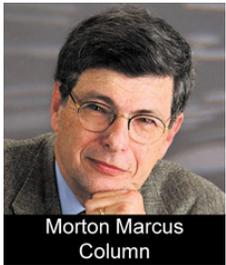
Democrat: Mayor Tom Galligan, Rob Waiz, Clark County Councilman Kenneth Vissing. **Republican:** Clark County Commissioner Mike Moore. **2007 Results:** Galligan (D)

4,102, Snelling (R) 2,406. **Outlook:** The Democratic primary features a rematch between Galligan and Waiz, who upset the mayor in 2003. Vissing's entry makes it a three-way race and introduces some unpredictability. **Horse Race Status:** Tossup ❖

Debt and taxes not the devil's doing

By **MORTON J. MARCUS**

INDIANAPOLIS - This national debt business is being over-played. Critics characterize the debt as a giant burden, our most important national issue. Borrowing for the future, however, makes good sense when the debt contributes to economic growth.



Morton Marcus
Column

The hitch is understanding the role debt plays in making the economy grow. Debt permits families to invest in housing, businesses in machinery, and governments in education, the environment, transportation and communications. These functions enable economic development and growth. Contrast this with credit card debt.

People buy today to enjoy today things and experiences, knowing they will consume somewhat less in the future as they pay back what they borrowed plus interest on that debt.

As "economic moralists," you and I condemn people for not saving before buying. We say many people go into debt spending too much on trivial and unnecessary things. Credit card users would say we seek to constrain their economic freedom. They would deny that their purchases are trivial or unnecessary.

Consumer and business debt is different from government debt. Legislators choose to borrow for today, believing their programs will benefit us and our children when, as citizens of the future, we will pay back the debt. However, the decision to borrow is often made to avoid raising taxes.

Americans believed, rightly or wrongly, that fighting in Iraq and Afghanistan without raising taxes benefitted the future of our country. Americans believed helping those who lost their homes and jobs in the recent recession, without raising taxes on the wealthiest and most secure members of society, would help the future of the country.

The big question no one answers remains: "Will higher taxes lead to a stronger economy in the future?"

Most people are so brainwashed they cannot conceive of beneficial effects of higher taxes. When we borrow to spend on health care for children, the future benefits. Borrowing to spend on health care for the elderly generates few future benefits. This does not mean we ignore the elderly. That's why Medicare, unemployment compensation and other compassionate programs must be placed in a trust fund. Otherwise, today's practical imperatives might overwhelm our on-going moral concerns.

Higher taxes today have the moral advantage of accepting responsibility for today's decisions. We didn't do that for our current middle-eastern wars. Higher taxes on the wealthy have the beneficial effect of redistributing income to those who are less productive because they are poor.

Some observers believe the wealthier members of our society are the more creative, productive, innovative and, hence, more valuable than the less productive poor. Many who are poor, however, are incapacitated by their poverty. Innovation, creativity, even productivity are attributes that co-exist with a reasonable measure of economic security. Hunger and desperation rarely contribute to achievement.

The significant issue persists: How do we help the economy grow? Debt becomes insignificant in a healthy, growing economy. Debt for the right purposes helps the economy grow. Higher taxes on everyone today are also fine if they result in economic growth. Income redistribution through higher taxes on the wealthy also can contribute to economic growth and certainly can be used for our compassionate social goals.

Part of the debt paranoia is that a minor portion of the federal debt is held by persons or governments abroad. Nonetheless, 70 percent of the federal debt is owned by U.S. agencies, mutual funds, financial institutions, and ordinary citizens. When we repay the principal amount owed and the corresponding interest, we are paying ourselves. The money initially used for investment goes back into circulation. It is neither a loss to the nation nor dead weight on the economy.

It would help if the anti-debt and anti-tax folks had a better understanding of how the world works.❖

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



Sizing up the smartest man in the room

By JACK COLWELL

SOUTH BEND - In their quest for a disparaging description of Mitch Daniels, detractors sometimes suggest he suffers from smartest-man-in-the-room syndrome. They say Daniels always is so sure he's right that he's condescending toward any who disagree, even seeming to be miffed if all do not recognize that he is smart, smarter, smartest.



Smartest man in the room?

Well, quite often he is.

The Indiana governor, now looking at the presidency, certainly was the smartest person at the microphone at that annual Conservative Political Action Conference in Washington that focused more national attention on Daniels as a prospective Republican presidential nominee.

Politics Daily headlined its analysis: "CPAC 2011 - The Only Winners were Mitch Daniels and Ron Paul."

Paul, the libertarian Republican congressman from Texas, won the straw poll on presidential preference at the conference, getting 30 percent of the vote. Daniels, with just 4 percent, tied for sixth place with flaky Congresswoman Michele Bachmann of Minnesota and former Minnesota Gov. Tom Pawlenty.

But as Donald Trump told the CPAC attendees, Paul has no chance to be elected president. Nor does Trump. With the audience packed with young Paul zealots, Trump was booed and Paul won the CPAC vote for the second consecutive year.

The straw poll had significance, mainly in publicity in news coverage, but it wasn't anywhere close to reflecting likely Republican voter sentiment throughout the land. CPAC attendees were much younger, more activist, more conservative and more heavily pro-Paul. Sarah Palin came in ninth at 3 percent. Even if it's hard to take Palin as a serious contender, she certainly has more than 3 percent support among Republicans nationally.

Also, the balloting took place before Daniels and some of the other presidential prospects spoke. Since Daniels won a standing ovation, he likely would have done better if he spoke before the voting.

The ovation from a tough audience after Daniels dared to talk seriously about issues, not just toss red meat and political cliches to the activists, is one of the reasons why the Politics Daily analysis and other analysis pieces in

major publications proclaimed Daniels a winner. He came across as an adult, the smartest person at the microphone.

Daniels discussed the deficit threat in a serious way, not with juvenile jibes or pandering to the crowd. No claiming that eliminating earmarks for some silly-sounding studies of worms or wasps or wrens is the answer. No mouthing of the familiar claim of politicians that they can balance the budget with magic to make "waste, fraud and abuse" disappear. Daniels said such rhetoric "trivializes what needs to be done and misleads our fellow citizens to believe that easy answers are available to us."

He dared to talk of need for big changes in big programs, including Social Security and Medicare.

Daniels also dared to come across as smarter than a "Dittohead," one of those faithful followers of Rush Limbaugh.

In pointing out that Republicans must attract voters beyond those motivated by conservative commentators, Daniels said: "We need people who never tune in to Rush or Glenn or Laura or Sean, who surf past C-SPAN to get to SportsCenter."

Although Daniels never suggested that people who tune in to Rush should be disregarded, Limbaugh, who claims to be the smartest person anywhere, with a gift from God, took offense and blasted Daniels on the radio.

Daniels also talked of the need for compromise, smart but offensive to "purists" who want it their way or no way.

In dealing with the horrendous debt, Daniels said: "But should the best way be blocked, while the (debt crisis) enemy draws nearer, then someone will need to find the second-best way. Or the third, because the nation's survival requires it."

We don't know if Daniels will file in Iowa and New Hampshire.

According to some Daniels acquaintances, that may depend on whether his wife will accept the intense scrutiny of private lives that comes with presidential candidacy.

And the smartest person in the room isn't always selected as the leader. More than smarts are evaluated by the voters. After all, an Einstein would make a terrible president.

But intelligence certainly should be a factor, especially with some of the contenders now showing so little of it. ❖

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



Joe Scarborough, Politico: Northeast elite media outlets swooned in unison over Indiana Gov. Mitch Daniels. Indiana's answer to Adlai Stevenson has long been adored by a slew of national media types who almost certainly have never voted in a Republican primary. Politics Daily columnist Walter Shapiro was even thoughtful enough to compose an early Valentine's Day note to Daniels, calling his CPAC speech "eloquently crafted" and "intellectually compelling." The self-described liberal found the Indiana governor's rhetoric so moving that he claimed the lofty address "inspired careful listening rather than pep-rally applause." Overlooked by Mr. Daniels's Upper West Side coterie was the fact that before he was sworn in as governor, Daniels was director of George W. Bush's Office of Management and Budget during the years that the national debt exploded to record levels. While the media dutifully reported on Daniels's dark warning concerning the new "red menace" of debt, they somehow overlooked the fact that Daniels himself was a central player on the economic team that led us directly into that very crisis. The "arsonist as fireman" metaphor is a particularly tight fit for Daniels. And while many New York media figures find his candidacy promising, I suspect they will become even more excited if given the chance to write general election headlines involving the Indiana governor. I can see it now: "GOP Nominee Turned \$236 Billion Surplus Into \$400 Billion Deficit in Two Years." That page-turner would be followed, I suspect, by a snappy story explaining how Daniels was used by Donald Rumsfeld to discredit cost estimates on the Iraq War that embarrassed the White House. OMB Director Daniels mocked Lawrence Lindsey's \$200 billion Iraq estimate as "very, very high" and assured Congress that the costs would reach only between \$50 billion and \$60 billion. In Daniels's defense, it was only a trillion dollars or so off his original estimate. He was not 100 percent wrong about Iraq. His estimate was actually 1,000 percent wrong. But no matter. It was mission accomplished for Bush's OMB director, as America went along with the invasion, Lindsey got fired and Daniels moved on to the governor's mansion. Given Daniels's record on the national debt when it mattered most, you can count me as one Upper West Sider who has yet to be swept up by the excitement of "Mitch Mania." ❖



winners were Paul, with 30 percent, and Romney, with 23 percent.) Indeed, Daniels couldn't even compete with the surprise CPAC appearance of Donald Trump, a sometime Democrat whose own substance-free Obama-bashing oration drew an overflow crowd. Apparently few at CPAC could imagine that Trump might be using them to drum up publicity for his own ratings-challenged television show, "Celebrity Apprentice," which returns in just two weeks — or that he had contributed \$50,000 to the Chicago mayoral campaign of no less an Obama ally than Rahm Emanuel. ❖

David Brooks, New York Times: Over the past few weeks we've begun to see the new contours of American politics. The budget cutters have taken control of the agenda, while government's defenders are waging tactical retreats. Given the scope of the fiscal problems, it could be like this for the next 10 or 20 years. No place is hotter than Wisconsin. The leaders there have done everything possible to maximize conflict. Gov. Scott Walker, a Republican, demanded cuts only from people in the other party. The public sector unions and their allies immediately flew into a rage, comparing Walker to Hitler, Mussolini and Mubarak. Walker's critics are amusingly Orwellian. They liken the crowd in Madison to the ones in Tunisia and claim to be fighting for democracy. Whatever you might say about Walker, he and the Republican majorities in Wisconsin were elected, and they are doing exactly what they told voters they would do. It's the Democratic minority that is thwarting the majority will by fleeing to Illinois. In Wisconsin and elsewhere, state-union relations are structurally out of whack. That's because public sector unions and private sector unions are very different creatures. Private sector unions push against the interests of shareholders and management; public sector unions push against the interests of taxpayers. Private sector union members know that their employers could go out of business, so they have an incentive to mitigate their demands; public sector union members work for state monopolies and have no such interest. Private sector unions confront managers who have an incentive to push back against their demands. Public sector unions face managers who have an incentive to give into them for the sake of their own survival. Most important, public sector unions help choose those they negotiate with. Through gigantic campaign contributions and overall clout, they have enormous influence over who gets elected to bargain with them, especially in state and local races. As a result of these imbalanced incentive structures, states with public sector unions tend to run into fiscal crises. They tend to have workplaces where personnel decisions are made on the basis of seniority, not merit. There is little relationship between excellence and reward, which leads to resentment among taxpayers who don't have that luxury. ❖

Frank Rich, New York Times: There was one serious speech at CPAC — an economic colloquy delivered that night by Mitch Daniels, the Indiana governor much beloved by what remains of mainstream conservative punditry. But Daniels was quickly thrashed: Limbaugh attacked him for his mild suggestion that the G.O.P. welcome voters who are not ideological purists, and CPAC attendees awarded him with only 4 percent of the vote in their straw poll. (The



Tweet costs deputy AG his job

INDIANAPOLIS - The Indiana Attorney General's office announced Wednesday afternoon its deputy attorney general is no longer employed by the agency, after reviewing political website Mother Jones' published allegations that he advocated the use of force against protesters in Wisconsin (WISH-TV).

According to the online article, Jeff Cox tweeted "Use Live Ammunition" in response to a Mother Jones

tweet reporting riot police had been called into the state capital to remove protesters. Mother Jones later learned Jeff Cox held a post as an Indiana official. In a statement released Wednesday afternoon, the Attorney General office said, "Civility and courtesy toward all members of the public are very important to the Indiana Attorney General's Office. We respect individuals' First Amendment right to express their personal views on private online forums, but as public servants we are held by the public to a higher standard, and we should strive for civility." The reporter who wrote the "Mother Jones" article informs us that the offensive postings over the weekend were made using a personal Twitter account and personal email, not a state government email account.



Bosma won't talk to absent Dems

INDIANAPOLIS - Indiana's House speaker said Wednesday he won't concede to Democrats who fled the state to block contentious labor and education proposals — a strategy employed first last week in

Wisconsin, where a legislative stalemate continues (Associated Press). Like the Wisconsin Senate Democrats, most Indiana House Democrats fled to neighboring Illinois in an effort to block votes on what they viewed as threatening legislation, denying the chamber the quorum needed to conduct business. Democrats want Republicans to drop efforts to push a voucher bill that would direct taxpayer money to private schools and a so-called "right-to-work" bill that prohibits union membership from being a condition of employment. House Speaker Brian Bosma, R-Indianapolis, said he talked to House Minority Leader Patrick Bauer, D-South Bend, by phone on Wednesday morning. "As Rep. Bauer started going through his list, I just told him that we weren't going to concede to a list of demands, and that he needed to get back here," Bosma told reporters. He said he told Bauer if those requirements weren't acceptable, "Have fun in Illinois."

Ballard delivers state of city

INDIANAPOLIS - Mayor Greg Ballard delivered his delayed State of the City Address, saying, "The City of Indianapolis benefits more when we put the needs of the next decade ahead of the next day, next year or next election. We are more likely to succeed when we reach out, when we listen and when we make the decision to move forward together." On neighborhoods, Ballard said, "We must commit as a city to build our neighborhoods like we built our downtown and do the things which make our neighborhoods inviting for new residents, new ideas and new hope. That requires neighborhoods with better infrastructure, better education and better amenities. Basically, we must build an attractive urban environment." He called 2010 the "single greatest year of attracting new job commitments

to our city in the last decade. Indianapolis landed 8,700 new job commitments and over 900 million dollars in capital investment last year. It's also more new job commitments than in 2003, 2004 and 2005 combined -- and those were during good economic times!" The earlier years were when his potential Democratic opponent Melina Kennedy was a deputy mayor. Ballard added, "By working together — harder and smarter - we got rid of the red ink. Indianapolis no longer faces a 170-million dollar deficit. We aren't where we want to be yet, but unlike others, this city is in the black."

Unions defend Aiming Higher cash

MERRILLVILLE - As unions loudly express outrage over a Republican-sponsored right-to-work bill in Indianapolis, they are standing behind their large donations to state Republican causes (Times of Northwest Indiana). Local No. 150 of the International Union of Operating Engineers, with local offices in Merrillville, last year gave a \$5,000 contribution to the Aiming Higher Political Action Committee, according to campaign finance records at the Indiana Secretary of State's website. Aiming Higher, established by Gov. Mitch Daniels, spent \$1.5 million on television ads in the last election to retake the Indiana House for Republicans, which laid the groundwork for this week's effort to pass right-to-work legislation. In addition, Local 150 donated \$50,000 to the Mitch for Governor Campaign in the 2008 election cycle, according to campaign finance records. The Indiana Council of Carpenters poured \$20,000 into Daniel's campaign. Contacted Wednesday, Local 150 Financial Secretary David Fagan said the union has supported Gov. Daniels in past campaigns and hopes to continue to enjoy a productive relationship with him.