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Weekly Briefing on Indiana Politics

Thursday, May 17, 2007

Peterson: Indy privatization worked

***Mayor didn't roll back
Goldsmith's reforms***

By BRIAN A. HOWEY

INDIANAPOLIS - For more than two years, ask just about any Hoosier Democrat who they envisioned challenging Gov. Mitch Daniels in 2008 and the answer would be two words: Mayor Peterson.

He was Gov. Evan Bayh's chief of staff, a successful businessman, and he ended the Indianapolis GOP dynasty in 1999.

When Bart Peterson moved onto the top floor of the City-County Building in 2000, he inherited a city that was the petri dish of the most profound "privatization" experiment in modern U.S. history. Mayor Stephen Goldsmith, aided by SELTIC Director Mitch Daniels and Mitch Roob, contracted a number of city services to private companies. The practice was so controversial that as Goldsmith prepared to run for governor in 1996, they tried to steer the press away from the loaded term "privatization."

More than a decade later, Indiana House Democrats see the issue as one to be aimed at Gov. Daniels' re-election campaign. They are talking about legislation creating a "comptroller



Indianapolis Mayor Bart Peterson (right) said that for the most part, the privatization policies instituted by his predecessor, Republican Stephen Goldsmith (left), largely worked. (HPR Photos)

general" that would, as the Indianapolis Star reported on Sunday, have the power to review, and possibly overturn, previous privatization deals. House Speaker B. Patrick Bauer repeatedly called Major

See Page 3

Sen. Kenley: 'I'll be back'

By BRIAN A. HOWEY

INDIANAPOLIS - It took a couple of phone calls to complete a conversation with State Sen. Luke Kenley, who was roaming the Rio Grande countryside west of El Paso Tuesday when we finally linked up.

He was back at his west Texas cottage near where he grew up while the Tippecanoe County Council in Lafayette was trying to get a grip on a partial tax reform plan Kenley helped ignite.

I loved the audacity of the Kenley plan. In full, it was a true shift of tax burden from the municipals to the state, and it gave cities and counties



Brian Howey's Column



"Wherever you come down on your opinion about the war, there's no doubt about the support for those in combat."

- Lt. Gen. Douglas Lute, the new war czar (Michigan City News-Dispatch)

options to replace taxes. But why so late? Kenley didn't unveil it until mid-March.

"I couldn't do much until I had the House bill," said Kenley, who sounded jovial. I imagined him in a big Ford F-250 with a white 10-gallon hat atop his Hoosier dome. It won't be the last time he tries. "I'll be back next year," he vowed. Kenley acknowledged that past tax reform plans by Doc Bowen and Lt. Gov. Joe Kernan had months to be deliberated, not weeks.

"That's a good suggestion," Kenley said. "We need to do a better job of laying the groundwork. I had spent two years working on a similar version in the Senate. I got them to pass it 42-7. I think we need to lay it out next fall."

Kenley said there is only a "two- to three-year window" to get the state out of the Property Tax Replacement Credit subsidy and a trade-off with school general funding. "If we don't do this, the window will close because the school spending will go up."

The Noblesville Republican said the legislature ended up passing a limited rebate package with an 0.25 percent local income tax option because the plan was so complex, "the legislature was nervous about pulling all these pieces together. If the governor had been more aggressive, it might have made a difference."

Indeed, Gov. Mitch Daniels was passive about property tax reform throughout much of the session. He publicly praised Kenley's thoughtful suggestions. The senator had access and worked well with the governor's staff. But Daniels hardly followed the Doc Bowen model, who talked about the concepts of his property tax plan during the 1972 campaign and barely

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got it implemented in 1973. Daniels spent a good part of the session traveling the state, visiting schools to get a version of full-day kindergarten passed. He was more aggressive on working up political support for the cigarette tax and low income health initiative. He told Hoosiers in places like Greenfield that he thought it was

legislature," Kenley said. "Mitch Daniels came from an extremely different world. Bowen, Orr, O'Bannon and to some extent, Evan Bayh, had been exposed to the daily workings of the legislature. Daniels was in uncharted territory about what property taxes meant. He wasn't sure how dynamic the world was."

Kenley said that as the session drew to a close, State Rep. Jeff Espich told him that his plan was more profound than the Bowen reforms. "This is much bigger than Doc's," Espich told him.

In 2008, Kenley would like to "revisit the state takeover levies." He acknowledged that the "assessment system is still not working well. Counties are still having trouble getting bills out."

He will be guided by questions such as "What is a good tax system for local taxpayers?"

In 2003, Kenley briefly ran for the 2004 gubernatorial nomination, but

dropped out when Daniels emerged. He said he will not run in 2012. "I'm probably past that," he said. "With the economic development needs, it's better to have a younger person, a very aggressive person. That's what we need." ♦



Sen. Luke Kenley (right) with Gov. Mitch Daniels and State Sen. Bob Meeks during a Major Moves rally in 2006. (HPR Photo by Brian A. Howey)

best for the people's representatives to come up with a plan.

But Kenley and I agreed that it really takes a fully engaged governor and his bully pulpit to create an atmosphere for revolutionary change.

"Doc was a product of the

Goldsmith Reforms: From page 1

Moves a "bad deal" and told the Star, "We'll have to revisit the issue if the other (privatization) deals end up in prison riots."

Long Thompson eyes the issue

Future candidate Jill Long Thompson held an April press conference in which she said all of the Daniels privatization efforts needed to be investigated and, perhaps, rolled back. "As governor, I would never compromise the safety, security and well-being of our citizens to provide profits to consultants and political contributors," Thompson said at a Statehouse presser. "Government may not have all the answers, but when it comes to protecting people's lives, health and safety, government can serve as an impartial, effective and sometimes indispensable role."

And while the Daniels administration has been active on the privatization (or "franchising," as Gov. Daniels wanted to call his Hoosier Lottery legislation), Indianapolis remains one of the most prolific and enduring private experiments in the U.S.

The problem with the Democratic positions on privatization is that Mayor Peterson not only didn't roll back the Goldsmith reforms, he told HPR earlier this month that they have been successful.

Peterson sees it as 'largely effective'

"I have found that the Goldsmith privatizations have largely been effective," Mayor Peterson told HPR during a luncheon interview at Santorini's in Fountain Square. "I have not thought about eliminating any of them. I think there might have been one that went away. It was the picking up of abandoned vehicles and somebody stole some money. That happened years ago. We ended that. It wasn't saving any money anyway and we ended it. The major ones have worked well and I am supportive of them."

Did the Goldsmith reforms leave the city in better financial shape?

"It is hard for me to know because I don't know what the alternative was," Peterson said. "I will say this, I have not seen any reason to say it was not a good thing to do. I've been happy with the results."

Peterson discussed the privatization of Indianapolis government the same day the British company BAA announced it would relinquish operation of the Indianapolis International Airport after it was purchased by Macquarie-Cintra.

"I will tell you something the airport privatization is about to end and not by my choice," Peterson explained. "BAA was bought by the same Spanish consortium that leased the toll road. They said they were going to pull out of any contract where they didn't own the airport or have a 50-year operating agreement. We've sort of

looked around to see if anyone was doing this. It's not that we didn't want to take it back over. It was, it's working so, well, so why change it? So that one is going to be undone, not because anyone wanted it undone. It was just their business model. We didn't want to sell the airport."

Not only did Peterson inherit the Goldsmith reforms, his administration followed suit with the Indianapolis Water Company, which had been a private company for 130 years. Another Democratic mayor, Deborah Cantwell of Lawrence, just vetoed a bill designed to block the sale of her city's water

utility. "I don't think some of the council members are thinking in the best interest of the citizens," Cantwell said (**Indianapolis Star**). "It's more political motivation."

"We bought it but then we entered into the largest privatization contract in North America," Peterson said. "That's the contract with Veolia. It's the largest water privatization in the entire company. We took a private company, made it public, but then out-sourced it. It's now exactly parallel with what Mayor Goldsmith did with the wastewater system. We retained city ownership of it, which brings tax and borrowing advantages at municipal rates, but out-sources 100 percent of the management. We own both systems, but we out-source the management."

The Peterson comments reflect what Gov. Daniels told HPR in the Dec. 14, 2006, edition. "Indianapolis has been a pretty successful city; a pretty well-run city," said Daniels, who chaired Mayor Goldsmith's Service, Efficiency and Lower Taxes for Indianapolis Commission (SELTIC).

Daniels still asks the same questions he did back in 1992 when he called it the "antitrust for government."

As he told **Reason Magazine** in 1993, it is examining everything the city does and asking two questions: First, should government even be involved? If the answer



Mayor Goldsmith with his wife, Margaret, when he announced in 1998 that he would not seek a third term.
(HPR Photo by Brian A. Howey)

is no, SELTIC recommends that the city get out of the service. If the answer is yes, SELTIC asks a second question: How can we make the service subject to competition from the private sector?

Daniels said in December, "If you go ask the mayor, and I remember somebody did down here about a year ago. They said, "Mayor Peterson, you've got a wastewater plant, a water company and an airport all privately managed under a contract with European firms. How's it working?" (The governor quotes Peterson as saying) "Great." He (Mayor Peterson) didn't change a thing. If it works, you do it. When we formed SELTIC, the first thing I did was buy a copy of Bill Clinton's bible, David Osborn's **"Reinventing Government."** It's all about contracting for service and competing services where it fits.

There are a number of parallels to the first Goldsmith term and the three years of the Daniels administration. Both sold off surplus equipment and property. Both eliminated employees. Both out-sourced functions. Both added government in select areas. For instance, Daniels has added state police and 800 child protection caseworkers.

"I'm prepared to have this discussion," Daniels said. "The first thing I'm for is a good deal for taxpayers and who's supposed to receive the services. Please note that where we think it's the right way, we grow; we have added state employment: state police, case workers, 800 child protection caseworkers."

A political reality check

Indiana Democrats in the House and at least one gubernatorial candidate - Long Thompson - are going to force the discussion. Some Democrats say polling suggests it will be a hot issue. The political reality could be different once Daniels defends his record. None of the targeted legislators on the Major Moves/Indiana Toll Road lease lost (both Rep. Mary Kay Budak and her victorious primary opponent, State Rep. Tom Dermody, supported the lease).

On Tuesday, Peterson donned work clothes and heralded \$8 million in new sidewalk construction monies (courtesy of Major Moves), more than twice what the city would spend in a year. Last week, Democratic legislators appeared in Evansville to take credit for I-69 funding, again with Major Moves money involved.

Not a single House Democrat supported Major Moves, but they are now lining up to spread the money around and take credit.

HPR asked Peterson, as we enter this what Daniels calls the 2008 "discussion," what guiding points should

Hoosiers look at on privatization?

"One, is it the kind of service that the private sector does well and is there a lot of competition within the private sector to perform those services?" Peterson responded. "That's the problem we ran into with the airport. When BAA pulled out, there weren't many companies that did that. So it doesn't seem to be a business model that works in that field right now."

Peterson continued, "With regard to other things, is there a lot of competition out there? Does it seem like the right thing for the private sector to be doing? That's why the FSSA privatization came in. Not so much the percentage that was already privatized, or what the governor was proposing to privatize. It was problematic in the sense that people had about subjective decisions made about human beings. Making decisions about human beings and their

needs is inherently subjective and not as scientific as treating wastewater or producing drinking water. It is a human service as opposed to a traditional municipal function. When the profit motive is introduced into that kind of environment, it is going to encourage decisions that may not be in the best interest of individuals who are being served."

Which is part of Ways & Means Chairman William Crawford's decision not to compromise on the defeated Indy Works legislation on township trustees, who administer poor relief.

"It's absolutely what he said: that is not something that belongs in the mayor's office because you've got to be close to the people," Peterson said. "Personally I don't see it that way. But I understand it."

Mayors can get as close as they want, right?

"That was my argument," Mayor Peterson said. "We can have field offices. That's why the FSSA privatization became more controversial than the three major privatizations in Indianapolis."

Epilogue

While Peterson is very popular among Hoosier Democrats and will, very likely, one day be a gubernatorial or U.S. Senate nominee, he is at odds with House Democrats who see privatization as a wedge issue. It will be fascinating to see where Peterson protege and gubernatorial candidate Jim Schellinger lines up on the issue.

House Democrats tell us how bad privatization is. But they have failed to tell us why and provide examples of how it is errant public policy. And here, one of their most conspicuous stars, not only refusing to roll back the Goldsmith reforms, he enhanced them. ♦



Lugar assails Bush for 'barely registering' an energy policy

By BRIAN A. HOWEY

INDIANAPOLIS - On the day gasoline prices set a new record high, U.S. Sen. Richard Lugar said that President Bush must stake his reputation to an articulated energy goal, saying that the administration's energy policies are "barely registering" with the American public.

Lugar made the remarks at the Deloitte Energy Conference in Washington on Monday. "I start from the presumption that overcoming U.S. dependence on imported energy and working with other nations to prevent energy crises are fundamental national security imperatives on par with controlling weapons of mass destruction," Lugar said. "At issue is whether we will achieve our energy goals through a coherent and resolute national policy that takes advantage of America's natural assets to create new economic opportunities, a cleaner environment, and improved national security. Or will we achieve our objective only after many years of economic pain and national vulnerability caused by scarcity, terrorist attacks, market shocks, and foreign manipulation of our energy supplies?"

Lugar said the global oil market has fundamentally shifted under pressure from surging demand and tightening supply margins. "Spare capacity has shrunk from up to 10 percent just five years ago to below 2 percent," Lugar said.

"This means that relatively small oil supply losses can have

dramatic effects on world prices. Small margins also make political manipulation of supplies a more potent weapon against the U.S. and import-dependent countries. As competition for scarce oil resources grows and the price of oil stays high, oil will be an even greater magnet for conflict."

But this is the "Oil Presidency" of Bush-Cheney.

Lugar said, "The President's energy activities are barely registering in the American consciousness. In large part, this is because there is no energy campaign upon which he has visibly and repeatedly staked his reputation and legacy. With the possible exception of drilling in the

Arctic National Wildlife Refuge, there is nothing in the Bush domestic energy program that a well-informed American would identify with this administration. The President must say unequivocally that the United States is going to achieve a particular energy goal. He can acknowledge that others may want something more or something different, but he should pick a goal that, if achieved, would constitute irrefutable and irreversible progress that would be noticed by our enemies and allies. The President should promise that he will devote time to the goal every week. He should underscore publicly that everyone in his administration will be committed to the goal, and that if any member of his administration slows down or undermines progress, they will be dismissed."

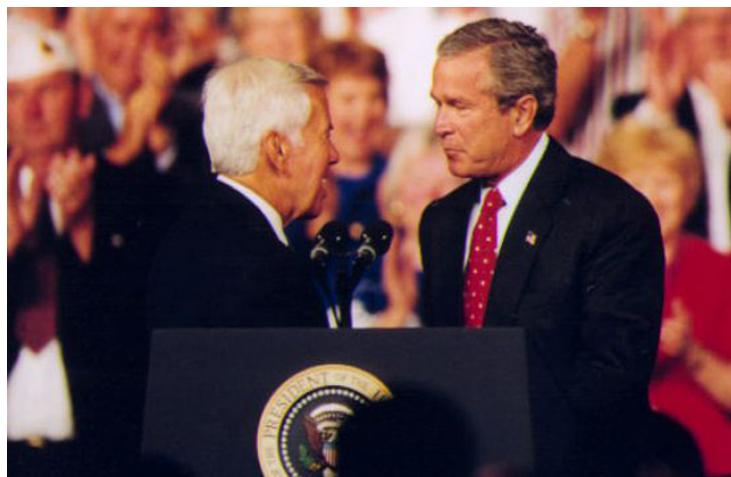
In Sunday's edition of the **New York Times**, columnist Tom Friedman addressed the energy issue through the prism of the Iraq war. "I'm glad Democrats are keeping the pressure on President Bush for a withdrawal date from Iraq. It's the only way to keep him and Iraqis focused on the endgame," Friedman wrote. "But if Democrats really

want to be taken seriously on foreign affairs, they need to recognize that they have only half a policy on Iraq. And it's the easy half."

Friedman said, "You can't be in favor of setting a date to withdraw from Iraq without also being in favor of a serious energy policy to radically reduce our dependence on oil — now. To call for withdrawing from Iraq by a set date, no matter what the situation is on the ground there — without a serious energy plan here — is reckless. All we would be doing is making ourselves more dependent on an even more unstable Middle East, because any U.S. withdrawal from Iraq is likely, in the

short run, to be destabilizing."

Democrats, he said, "have to be a lot more serious about energy than they have been up to now. Everyone has an energy plan for 2020. But we need one for 2007 that will start to have an impact by 2008 — and there is only one way to do that: get the price of oil right. Either tax gasoline by another 50 cents to \$1 a gallon at the pump, or set a \$50 floor price per barrel of oil sold in America. Once energy entrepreneurs know they will never again be undercut by cheap oil, you'll see an explosion of innovation in alternatives." ♦



At this 2003 appearance at the Indiana State Fairgrounds, Sen. Lugar said that America was lucky to have President Bush in the White House. This week, Lugar pressed the "Oil Presidency" on articulating an energy policy. (HPR Photo)

Mayor Brainard looks at his next term, City Center and Keystone

By BRIAN A. HOWEY

CARMEL - Mayor James Brainard just won his fourth Republican primary that is tantamount to re-election, so we sat down with him in his office on Monday to talk about his future.

HPR: You've just won your fourth Republican nomination for mayor. Did you think about not running?

Brainard: We knew it would be a nasty campaign and I had to think twice about it. We had a lot of encouragement and support, so we decided to do it again. It should be a good term. There have been a lot of projects started that will be completed over the next four years. We've got a lot of road projects.

HPR: What's Carmel's population now?

Brainard: We think it's between 68,000 and 70,000 people. When the rest of our annexations come through it will be closer to 80,000. There are only two annexations left. We've done 55.

HPR: We've watched Mayor Peterson attempt to consolidate his fire departments. There are townships in southern Hamilton County where Carmel, Fishers, Noblesville and Zionsville are. Are you facing a similar dilemma?

Brainard: Carmel and Clay Township combined its fire departments way back in the 1950s, so we are far ahead. Even though we didn't have Unigov, per se, Carmel and Clay Township were way ahead. Planning and parks were combined in 1991. We've already realized millions of dollars of savings in being able to work together with the township.

HPR: Give us a wider of view of what's happening here in southern Hamilton County given the explosive growth of Fishers, Zionsville, Carmel and Noblesville.

Brainard: It's easier to redevelop a green field on the edge of town than it is to redevelop existing areas. We've learned that first hand. We try to redevelop older areas near City Hall. I think the country needs to take a close look at forcing capital into the center parts of our cities. It's



very expensive to run infrastructure farther and farther and farther out into the country. It's \$4 million a mile to rebuild a county road. That's just to build it, not to maintain it. We can't keep doing that when we already have roads that are in many places almost abandoned. We have to force the capital for redevelopment back into the areas that have suffered from a lack of investment. There are ways to do that, either through public/private partnerships, to make it economical for developers and lenders, to allow developers to go back into the center parts of our cities. The Europeans have done it with growth boundaries. I'm not sure that's a good answer. That is one option. But we need to think about how we make it easier so the private sector is encouraged to go back into the existing rundown areas with more capital as opposed to cutting up farmland on the edge of town.

HPR: It's interesting that I'm talking to a suburban mayor who is saying we really need to be developing central Fort Wayne, or South Bend or Indianapolis.

Brainard: Or central Carmel, quite honestly. We had the same issue and we will over the next 50 years that any other aging city has. People will want to go farther and farther out into the country. Carmel is landlocked by Westfield on the north, Zionsville on the west, Fishers on the east, and Indianapolis to the south. If you're like Chicago, there will be several levels of suburbs. We're in an inner ring suburb similar to Evanston. We will be built in the next 20 years. We're 80 to 85 percent built out. So we need to look ahead. It doesn't make sense, as a fiscal conservative, to spend money farther out into the country when we're abandoning infrastructure in other places. Instead of fixing things, we're just building new.

There's a tremendous expense to that. There's also the issue of how we keep the metro area connected as one region. That's important. The farther out we get ... it's almost 50 miles from the northern part of Westfield to the southern edge of Greenwood. How do you keep an area that large really connected. We need to look at how we're growing and how we force development back into the center parts of all cities, particularly Indianapolis. To have crime just take over central Indianapolis and then move closer to suburbs like Carmel doesn't make any sense.

HPR: You're seeing that already.

Brainard: We are seeing that already. We need to go fix the problems of the center part of the city as a region. That will be better for everyone.

HPR: Mayor Peterson told me a week ago that



we shouldn't be surprised to see a Central Indiana Transit Authority. Yet, I remember hearing Speaker John Gregg saying Hoosiers are against three things: Communism, Daylight saving time and regional government. It seems as if we're heading toward some regional government.

Brainard: Or regional cooperation. I think having regional governments and friendly competition is a good thing. It keeps everybody on their toes. Encouraging regional partnerships and regional cooperation doesn't mean regional government, necessarily. Maybe Carmel has a good sign ordinance and Plainfield decides it likes our sign ordinance. Having these local laboratories around the region isn't necessarily a bad thing. Take roundabouts. Our experience with them has been good so now we've got Plainfield and Fishers building some. It was unique and different and we all learn from these as well. I think you have a lot more people involved when you've got smaller jurisdictions. We have to work at mechanisms that force investment capital back in to the areas of all cities, particularly Indianapolis that are rundown that are not getting the capital. We've got to make it easier to do that.

HPR: When will central Carmel be completed?

Brainard: Part of it is already completed. This latest part comes on in 2008. We put a lot of amenities on the Monon Trail. We have a lot of pedestrian friendly areas where you can go to stores, you can rest, or play, pretty much without having to get into your car.

HPR: I've written extensively about the need to reform state and local government. Do you have any thoughts along those lines?

Brainard: I remember when I was back in college I read a treatise that the counties in the Midwest were obsolete. They were originally set up so you could ride a horse from the furthestmost part of the county in the morning, do your business and get back that night. This was back in 1830 and Indiana didn't have any hotels around. Today, if you took that same theory, you could have a couple hour drive and you could probably divide the state into five counties or six counties and have it well served. The down side of that is you'd have a lot of people participating in government that would be eliminated. But there would be a huge cost savings, too. There would be public officials who would be eliminated. The strength of our government is we have an awful lot of people involved in governing and that's good for the country. Same thing with townships. Could townships be eliminated? Sure. I'm skeptical that would happen. How many do we have, 900?

HPR: 1,008.

Brainard: A thousand eight?

HPR: There are three or four thousand township officials or more.

Brainard: You have a thousand trustees, a thousand assessors, all the township boards and they all

spouses, so you have this huge block of people ...

HPR: That are politically active.

Brainard: But does it make sense from an efficiency standpoint? Absolutely.

HPR: Mayor Peterson said last week that the very people who stand up in the House and Senate and decry the rise in property taxes are the very same people that are stalling and doing everything they can to keep government consolidation from happening. Is there an answer to that or is that just the cost of operating in a democracy?

Brainard: That's the cost of operating in a democratic republic. It's not an efficient form of government and it wasn't meant to be. The checks and balances will slow down efficiency and protect from power consolidating into one place. The question is finding the right balance between keeping power from being all in one place and the terrible inefficiencies we have by having too many officeholders. Anybody who took a political science class knows that. We overdid it in the Jacksonian era. There was this huge mistrust of central government and when Indiana and Ohio and Illinois were being founded and all the Midwestern states that were begin organized at that point in time was when Jacksonian democracy was formed and you elected everything from dog catcher to trash collectors and they just really went overboard against efficient central government. It's important to understand why we in the Midwest have so much government. Andrew Jackson was president when a lot of this area was being organized.

HPR: Your fourth term: what happens next?

Brainard: I continue to complete the connections to our trails system. The goal is to have every neighborhood in Carmel access the Monon Trail. We'd like to see Keystone Avenue relinquished to city ownership, we'd like to see those crossings so you never have to stop on Keystone, you never stop going across Keystone. We'll also have those pedestrian connections.

HPR: Where does that stand with the state right now?

Brainard: We're making a lot of progress. It may happen (with the state) in the next couple weeks. We're hopeful. Then we'll get started right away.

HPR: Completion?

Brainard: End of 2009 or 2010.

HPR: Politically, after a fourth term, do you see yourself doing anything else?

Brainard: I don't think about that too much. I don't think I'd do too well as part of the legislative branch. I talk about policy but it's the executive side that implements it.

HPR: Governor in 2012? Would that interest you?

Brainard: No, not at this point.

HPR: Would you rule it out?

Brainard: You never rule anything out. ♦

Bayh seeks traction for Iraq compromise in negotiations *Role could impact veepstakes*

By MARK SCHOEFF JR.

WASHINGTON - A few months ago U.S. Sen. Evan Bayh was seeking the Democratic nomination for president. Now he's trying to influence the outcome of the Iraq funding debate in a legislative role that forces him to take a more nuanced stance toward the war than his erstwhile rivals for the White House.

On an issue that may determine the presidential race, Bayh is now working with Sen. Olympia Snowe, R-Maine, to build support for an Iraq policy that would tie the U.S. military presence in Iraq to that country's government meeting goals for security and political progress.

That approach would represent a compromise between those in Congress who want Iraq funding to come with definite timelines for a U.S. withdrawal and President Bush, who wants an unfettered war appropriation.

Bush vetoed the first Iraq funding bill that Congress sent his way, asserting that it would have tied the hands of U.S. commanders by establishing a pre-determined timetable for a U.S. exit.

It's not clear how much support Bayh and Snowe have garnered. But their bill is not going to move through the Senate as a stand-alone measure. Instead, the senators will focus on House-Senate talks over revised funding bills that the House passed last week and the Senate is poised to approve this week.

"We're looking toward the conference committee," said Eric Kleiman, Bayh's communications director. "That's really where the decisions are going to be made."

The Snowe-Bayh language would require the Iraqi government to show progress in assuming control of the country's military, curtailing sectarian militias, reforming the Iraqi constitution, ensuring a pluralistic society, implementing an oil revenue-sharing agreement and establishing other political reforms.

Failure to meet these goals would result in the more than 20,000 U.S. troops that are part of Bush's surge strategy transitioning mostly to non-combat roles.

Candidates want faster withdrawal

The benchmarks reflect those outlined months ago by the Iraq Study Group, which was co-chaired by former Democratic Hoosier Rep. Lee Hamilton. But they aren't in sync with the policy advocated by most of the Senate Democrats running for president.

Sens. Hillary Rodham Clinton, Barack Obama and



U.S. Sen. Evan Bayh talks to the press during his recent presidential campaign. (HPR Photo)

Joe Biden all favor much stricter timelines for pulling U.S. troops out of Iraq. Although that stance appeals to the anti-war Democratic base, it's not a posture that lends itself to the legislative milieu.

That means Bayh, who has been suggested as potential Democratic running mate, is promoting an Iraq policy that may not resonate with the voters who are likely to determine the party's nominee.

Bayh acknowledges that legislating is messier than campaigning. "Presidential politics is a complicating factor" in the Iraq funding debate, he said at a Senate press conference on May 10.

"I share their passion for a better direction" in Iraq, Bayh said of his colleagues running for the White House. "The administration has dithered on this too long. It's ultimately a question of what can we get done here (in the Senate) to move in a better direction."

Although benchmarks may not appeal to Democrats running for president, they did receive a nod from the current incumbent. "One idea I've heard from people from both parties is that the idea of benchmarks makes sense," Bush said on May 10. "And I agree. It makes sense to have benchmarks as part of our discussion on how to go forward."

Donnelly favors benchmarks, not timelines

The concept also represents a middle ground for a

Hoosier freshman Democrat in the House, who has expressed misgivings about fixed withdrawal dates.

"I wasn't a fan of timelines but I think benchmarks are important because it ensures we're making progress toward a solution and completion," said Rep. Joe Donnelly (D-2nd CD) in an HPR interview on Monday as he was emerging from an Indiana Society of Washington Indy 500 Party on Capitol Hill.

Like Bayh, Donnelly supports the idea of putting the onus on Iraqi leadership to earn the U.S. presence in the country. "It's not fair to ask our Indiana sons and daughters to stand up if the Iraqis aren't willing to stand up," he said.

But he is being attacked by the national campaign arm of the House Republicans for his recent Iraq votes.

He opposed a bill that called for an immediate withdrawal. He supported legislation in March that would have set an August 2008 date for beginning a U.S. draw down.

2008 Indiana Governor

Governor 2008: Republican: Gov. Mitch Daniels. Democrat: Senate Minority Leader Richard Young, Jim Schellinger. **1996 Results:** O'Bannon (D) 1,075,342, Goldsmith (R) 997,505, Dillon (L) 35,261. **2000 Results:** O'Bannon (D) 1,230,345, McIntosh (R) 906,492, Horning (L) 38,686. **2004**

Results: Daniels (R) 1,302,912, Kernan (D) 1,113,900, Gividen (L) 31,644. **2008 Forecast:**

Fort Wayne Democrats on Friday kicked off their fall campaign while giving a sneak preview of next year's election trail (**Fort Wayne Journal Gazette**).



The Allen County Democratic Party hosted its fall slate of candidates for Fort Wayne mayor and the City Council at a dinner at Link's Wonderland. Three Democratic Indiana gubernatorial candidates – or, in one case, his wife – also spoke to the crowd of a few dozen people. Jim Schellinger, former U.S. Rep. Jill Long Thompson; and Ashira Young, wife of state Senate Minority Leader Richard Young of Milltown, all spoke. Long Thompson has not formally announced she will seek the office but told the crowd she was running. She said she plans to make her candidacy official in July.

Gov. Daniels had an interesting week in Europe. On the day the sale of Chrysler was announced, Daniels was scheduled to meet DaimlerChrysler Chairman Dr. Dieter Zetsche. "Through a remarkable stroke of luck, my meeting with Dr. Z. happened on schedule. It was incredibly gracious of him to go ahead with the meeting on this

National Republicans attack Hoosier Dems

Last week, he voted for a revised House funding bill that would give the administration part of its \$100 billion request between now and July but then require another vote for the rest of the funding. His fellow Hoosier freshmen, Reps. Brad Ellsworth (8th CD) and Baron Hill (9th CD), voted the same way.

"The Democrats have had ample time to give the president a responsible bill that provides much needed funding for the troops," Jessica Boulanger, communications director for the National Republican Congressional Committee, said in a statement on Wednesday. "Joe Donnelly and his leadership are opting for a publicity stunt show to satisfy their liberal base." The organization sent out identical attacks on Hill and Ellsworth.

Donnelly is not worried about the political combat over Iraq. "People expected me to come to Washington and vote my conscience and do what's right," he said. "Every time I voted, I voted to fully fund the troops." ♦



Jill Long Thompson told Fort Wayne Democrats she will kick off her gubernatorial campaign in July. (HPR Photo)

historic and busy day," said Daniels. "We had a great chance to discuss Chrysler's future and implications for Indiana. My first impression of the transaction is strongly favorable. It brings certainty and appears to me, staying power to the company's Indiana operations. In addition, we discussed the potential large new investment for which the company is considering Indiana, and all signs continue to seem positive."

Daniels also announced 25 new jobs as he joined executives from Keronite today to announce that the U.K.-based metals treatment

company will establish its first U.S. operations in Indiana. The transcontinental investment will create 25 new jobs and bring more than \$1.5 million in capital investment to the company's new facility in Greenwood. "This is exactly the kind of business we're most interested in, the front edge of technology with intellectual property that assures high margins, high value and employs the products of our best universities and keeps them close to home. The company has the potential for exciting and rapid growth," said Daniels.

Democratic Primary Status: Leans Schellinger. **General Status:** Leans Daniels. ♦

Edwards' Hoosier bonanza

INDIANAPOLIS - The presidential campaign of John Edwards announced a number of endorsements from Indiana Democrats last Friday, including House Majority Leader Russ Stilwell.

"As a third generation coal miner, I understand the challenges facing America's working families," said Stilwell. "Between caring for elderly parents, paying their bills and educating their children, working men and women struggle to make ends meet. John Edwards understands the choices facing Hoosier workers as they strive to provide for their families. I am proud to join other Democrats in supporting John Edwards for president because I know he will work to make the American dream a reality for all of us."

Winston endorsed Edwards saying, "John Edwards embodies the spirit of our party. He has plans to address the issues that matter to Hoosier families — plans to provide universal health care, create a new energy economy, strengthen our middle class and protect our country."



The Indiana Democrats endorsing Edwards for president are: State Reps. Dennie Oxley, Terri Austin, Terry Goodin, Sheila Klinker, Robert Kuzman, Linda Lawson and Scott Pelath; Greencastle Mayor Nancy Michael; D. William (Bill) Moreau Jr., former chief of staff to Governor Evan Bayh; former LaPorte County Chairman Shaw Friedman; 9th CD Chair Mike Jones; Marjorie Warnick, 3rd Congressional District Democratic vice chair; Mary Lou Terrell, 8th Congressional District vice chair former Indiana Democratic Party vice chair; Tom O'Donnell, business manager IBEW Local 481; Brian Williams former political director Indiana Democratic Party; Mark Owen, former Vanderburgh County Democratic chair; Greg Hahn, legal counsel, Marion County Democratic Party and attorney; Terry Burns, Marion County Democratic Party communications director; Elizabeth (Beth) White, Marion County clerk; Bruce Kehoe, partner in Kehoe and Willingham; Edward DeLaney, community activist; Laura Michaels, local businesswoman; and Democratic Party activists David Galvin, John Wilcox, Ehren Bingamen, Kate Sweeney-Bell, Amanda Lawson and Patty Yount.❖

2008 Presidential Polls

Republican	Date	Giuliani	McCain	Thompson	Romney	Comp. Spread
Zogby	03/22 - 03/26	27%	13%	9%	9%	Giuliani +14%
USA Today/Gall	05/04 - 05/06	34%	20%	13%	7%	Giuliani +14%
Rasmussen	05/07 - 05/10	25%	18%	15%	12%	Giuliani +7%
Time	04/05 - 04/09	35%	20%	10%	10%	Giuliani +15%
CNN	05/04 - 05/06	25%	23%	13%	10%	Giuliani +2%
Cook/RT	04/27 - 04/30	28%	21%	10%	11%	Giuliani +7%
Fox News	04/17 - 04/18	35%	16%	8%	10%	Giuliani +19%
Pew Research	03/21 - 03/25	33%	23%	--%	8%	Giuliani +10
LATimes/Bloombg	04/5 - 04/09	29%	12%	15%	8%	Giuliani + 22
NBC/WSJ	04/20 - 04/23	33%	22%	17%	12%	Giuliani +11%
Democrat		Clinton	Obama	Edwards	Gore	Comp. Spread
Zogby	03/22 - 03/26	32%	22%	13%	14%	Clinton +10%
USA Today/Gall	05/04 - 05/06	38%	23%	12%	14%	Clinton +15%
Rasmussen	05/07 - 05/10	35%	33%	14%	--	Clinton +2%
Time	04/05 - 04/09	33%	26%	25%	--%	Clinton +7%
CNN	05/04 - 05/06	38%	24%	12%	12%	Clinton+14%
Cook/RT	04/27 - 04/30	32%	24%	15%	11%	Clinton +8%
Pew Research	03/21 - 03/25	35%	26%	16%	12%	Clinton +9%
Fox News	04/17 - 04/18	41%	20%	12%	16%	Clinton +21%
LATimes/Bloomb	04/05 - 04/09	33%	23%	14%	13%	Clinton +10
NBC/WSJ	04/20 - 04/23	36%	31%	20%	--	Clinton +5%

Zogby Iowa (May 4-6): Romney 19, Giuliani 18, McCain 18; Edwards 26, Clinton 24, Obama 22. **Zogby NH (May 4-6):** Romney 32, McCain 22, Giuliani 17; Clinton 40, Obama 24, Edwards 22.

Hoosier Support: **Giuliani (\$172,450 raised in Indiana):** Marion County Prosecutor Carl Brizzi, Stephen Goldsmith, Tim Durham, Beurt SerVass, Steve Hilbert. **McCain:** Gov. Mitch Daniels. **Romney (\$83,750):** Attorney General Steve Carter; Secretary of State Todd Rokita, James Bopp, Dan Dumezich, Bob Grand, Chris Chocola. **Thompson:** U.S. Rep. Steve Buyer. **Clinton (\$71,000):** Mel Simon, Bren Simon. ❖

Jack Colwell, South Bend Tribune - It's

been 40 years since a Republican was elected mayor of South Bend. But Republican mayoral nominee Juan Manigault, a big winner in the primary election on Tuesday, now has a chance for victory in his race with Mayor Steve Luecke, the Democratic incumbent.

Luecke couldn't quite avoid questions raised by the 20 percent rule. Mayor Luecke, seeking a third full term, initially finished a term to which Joe Kernan had been elected before Kernan became lieutenant governor. Luecke already has served longer than any other mayor in South Bend history. His reputation is as an honest and decent official concerned for his community. He can and will cite accomplishments. But dissatisfaction has grown over some development projects that seemed to get away or to become stalled. Saint Joseph Regional Medical Center and WSBT are moving to Mishawaka. Critics suggest that the mayor could have done something to prevent those business decisions. How much dissatisfaction is there?

That's where the 20 percent rule comes into play, providing an oft significant measurement. I've frequently cited that rule. Basically it is that a favored candidate, particularly an incumbent, faces potential trouble in the fall election if a challenger with no apparent reason for real appeal gets over 20 percent of the primary election vote. The reason has to be a message of dissatisfaction. In the 2006 Republican primary, Congressman Chris Chocola won renomination. But the guillotine

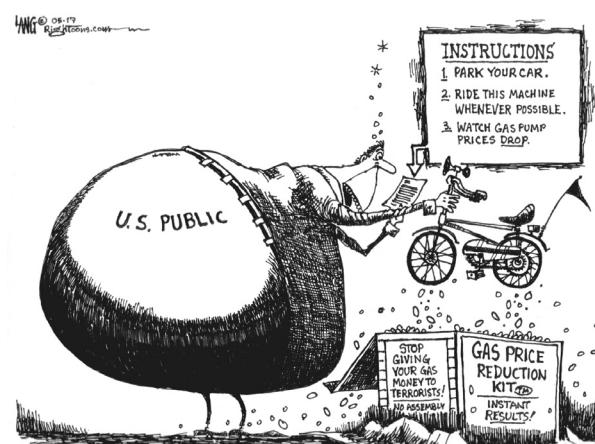
guy, Tony Zirkle, got more than 20 percent -- a startling 30 percent -- in his challenge to the congressman. All those Zirkle votes weren't for Zirkle to go to Washington to push for use of the guillotine or because of some other wacky things in the Zirkle campaign. They were protest votes by Republicans sending a message of dissatisfaction -- with Chocola, with Gov. Mitch Daniels, with President Bush, with something. Dissatisfaction lingered in the fall as Chocola lost. Luecke's opponent, a candidate named Bill Davis, was less qualified than Zirkle. And he didn't do as well as Zirkle. But Davis got 20.9 percent of the vote. There is no reason to believe those Davis votes really were for him to be mayor. They were votes of Democrats sending a message of dissatisfaction about Luecke or about something in the city. And remember, throngs of Republicans certainly weren't crossing over to vote for Davis. They had the Miller vs. Manigault race in their own primary. ♦

Leslie Stedman Weidenbener, Louisville Courier-Journal

- So what led to all this bipartisanship? Mutual respect. Daniels, for starters, kept his mouth shut -- at least publicly. That may not sound like a big deal,

but after two years of needling Democrats with offhand public remarks, calling them car bombers and obstructionists, he decided to keep his thoughts to himself. Sure, he chatted with Bauer and Senate leaders regularly, but he generally stayed away from Statehouse reporters and let lawmakers hash out their own issues. Meanwhile, leaders in the House and Senate were quietly working on compromises on the key issues. After the session ended, both sides

complimented the other. Senate Appropriations Chairman Bob Meeks called Bauer a tough negotiator but a fair and smart one. And Bauer had nothing but nice things to say about Meeks and Senate Tax Chairman Luke Kenley saying they are men who stick by their word. That's high praise coming from folks for whom it would be easy -- even understandable -- to bicker. After all, they have some significant philosophical differences and legislative priorities. But these lawmakers found a way to work together, write a budget and approve property tax relief -- all without the fireworks predicted before the session started. ♦


Rich James, Post-Tribune

- Some thoughts about the recently concluded campaigns and the outcome of Tuesday's primaries. I wasn't there, but I suspect they had

the street sweepers out in Crown Point on Wednesday morning. Lord knows, there was enough mud to start a pig sty. Then I thought about the irony of it all. The people of Crown Point long have looked upon themselves and their city as an island -- somewhat distant from the dirty politics in northern Lake County. The Crown Pointers, so the thinking went, were too good -- a cut above, if you will -- to engage in gutter politics. If it once was an island, it now is part of the mainland. Mayor Dan Klein and successful challenger Gayle Van Sessen brought Crown Point Republican politics to a new low. There was Klein's political brochure, mailed at taxpayers' expense three weeks before the election. And there was Klein's leaflet depicting Van Sessen as a puppet of area developers. And then, the Klein camp got its hands on some of Van Sessen's year-old e-mails and tried to make them into something they were not. The Van Sessen camp tried to make hay via the e-mail circuit at Klein's expense, questioning his behavior. ♦



THE BOAR'S NEST

Medical tourism may undermine Rudy's stump

By **BRIAN A. HOWEY**

When Republican presidential hopeful **Rudolph Giuliani** attended a fundraiser in Indianapolis in March, one of the topics he spoke about was America's strength in the health care field.

"I just met with the people at Lilly so I'm thinking health care," the former New York City mayor said. "We've got big health care problems, don't we? We've got 40 million people without health insurance. Tremendous costs and they keep going up. The cost of health care is excessive and enormous. Doctors are getting sued, women cannot find enough OBGYNs in the country. They are all real, they are all big and they all have to be solved."

And then came the crux of Giuliani's point: "However, nobody has ever done health care better than we have," Giuliani said. "There is no system in the world that is better than ours. When was the last time a friend of yours asked, 'How can I get my friend in a German hospital for a brain operation?'"

The problem with that is that the concept of "medical tourism" appears to be growing. **NBC News** featured a lengthy report this week about Americans seeking cheaper surgeries abroad.

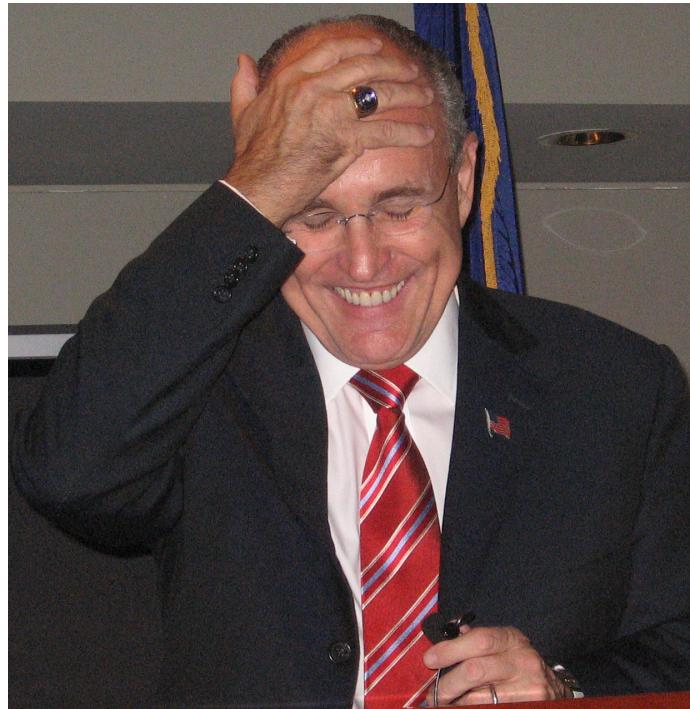
The cost of surgery in India, Thailand or South Africa can be one-tenth of what it is in the United States or Western Europe, and sometimes even less. A heart-valve

replacement that would cost \$200,000 or more in the U.S., for example, goes for \$10,000 in India, and that includes round-trip airfare and a brief vacation package. Similarly, a metal-free dental bridge worth \$5,500 in the U.S. costs \$500 in India, a knee replacement in Thailand with six days of physical therapy costs about one-fifth of what it would in the States, and Lasik eye surgery worth \$3,700 in the U.S. is available in many other countries for only \$730. Cosmetic surgery savings are even greater: A full facelift that would cost \$20,000 in the U.S. runs about \$1,250 in South Africa.

The concept is becoming more pervasive. As HPR booked airline flights this week, an ad on the airline website was touting ... "sun, surf & surgery."

Giuliani explained, "We've got the best health care system in the world. So how do we solve this problem? We solve it by recognizing why it's so successful, building on that, improving on it and not ruining it. It's the best health care system in the world because it's private, it's competitive, it's free market and it's profit driven. That's why it out performs all the other medical systems in the world."

But more and more Americans may take that "competition" part of the Giuliani argument ... abroad.



Presidential candidate Rudolph Giuliani enjoys a laugh in Indianapolis last March. (HPR Photo by Brian A. Howey)

the last years of his life.

Farewell to Jen

Friends and colleagues will bid goodbye to **Jennifer Hallowell**, bound to head up Giuliani's New Hampshire campaign operations, at 5 p.m. Friday on the roof of John, Lewis & Wilkins on Monument Circle. ♦

Got a tip for the Boar's Nest? Send it to: phillipsc-group@comcast.net

Congressional Democrats take aim at road leases

WASHINGTON - Congressional

Democrats are strongly discouraging states from entering the kind of public-private partnerships that led to the lease of the Indiana Toll Road by a foreign consortium, Rep. Jim Oberstar, D-Minn. and chairman of the House Transportation and Infrastructure Committee.



has warned states that the committee will try to undo any agreements "that do not fully protect the public interest and the integrity of the national system" (Groppe, **Gannett News Service**). The committee said that could happen when Congress rewrites federal transportation programs and policies, which are funded through 2009. "We have become increasingly concerned with a new type of agreement that was approved for projects in Chicago and Indiana," Oberstar wrote in a May 10 letter to governors, state legislators and state transportation officials. The letter also was signed by Rep. Peter DeFazio, D-Ore., who heads the panel's highways and transit subcommittee. The pair said the deals "make good business sense to the companies that are investing in the projects" but may favor "parochial and private interests" and undermine the integrity of the national transportation system. A spokesman for the Indiana Department of Transportation said the agency has no comment on the letter. Indiana Gov. Mitch Daniels, who clashed with DeFazio last year when Daniels testified before Congress about Indiana's project, has called DeFazio a "left-wing extremist" on the issue. After Daniels and Pennsylvania Gov. Ed Rendell participated in a February transportation summit organized by the White House, Rendell praised Daniels' "courage and vision" in find-

ing another approach to meeting the state's transportation needs.

Bulldozers arrive at Getrag site

TIPTON - Just days after German transmission company Getrag purchased 145 acres of property in Tipton County for the expected construction of a new manufacturing facility, two bulldozers and a front-end loader were unloaded at the site Wednesday (**Kokomo Tribune**). Tipton County officials have said work at the site could begin yet this week. Getrag purchased the 145 acres, located at the intersection of U.S. 31 and Ind. 28, on May 11, for approximately \$3.4 million. The company is working in conjunction with DaimlerChrysler to construct a \$560 million transmission plant expected to employ 1,200 people.

Giuliani, Edwards report millions in income

WASHINGTON - Republican presidential candidate Rudy Giuliani reported a whopping \$16.1 million in earned income over the past 16 months, most of it in speaking fees, according to financial documents filed Wednesday (**Associated Press**). Democratic hopeful John Edwards reported earned income of \$1.25 million, the biggest single source of which was a hedge fund that employed him part time. He and his wife, Elizabeth, reported \$29.5 million in assets, including millions invested in the hedge fund — the Fortress Investment Group.

Lawrence mayor to veto roadblock to water co. sale

LAWRENCE - Mayor Deborah Cantwell will veto a City Council resolution today which was designed to put a roadblock in plans to sell Lawrence's waterworks to a charitable trust run by Citizens Gas & Coke Utility (**Indianapolis Star**). And she is advocating placing the fate of the wa-

terworks on the ballot this fall, to let local voters decide. In the latest move in what she says is her ongoing effort to reduce high water rates, Cantwell said she will veto the resolution today, which in effect is a refusal by the council to authorize a process allowing a sale. That resolution was adopted 7-1 last week, enough of a majority for council members to override a veto. Cantwell wants the council to hire appraisers to value the water and sewer assets to determine whether the \$51.3 million purchase offer is fair. Law requires that before a sale can occur.

Daniels to meet with steel baron

LONDON - Gov. Mitch Daniels' European trade mission will lead him this morning to visit steel baron Lakshmi Mittal in his \$125 million London mansion next door to the royal palace. Daniels, whose election campaign two years ago pledged to reinvigorate the Indiana economy, is scouting Europe for future jobs for Indiana on the seven-day trade mission. This is his third trade mission in two years and a fourth is set for September, again in Japan (**Indianapolis Star**). He and Nathan Feltman, Indiana's secretary of commerce, are scheduled to meet Mittal for breakfast in the steel tycoon's 55,000-square-foot home. Next door is the royal family's Kensington Palace. It would be the first time the governor and Mittal, who employs 10,000 in Indiana, have met. The meeting is closed to the public and will include no other Indiana officials. Daniels said he will discuss the steel industry in general and sound out Mittal on how the state can help in the event the world's largest steelmaker wants to expand at Gary. "What I like to do is ask questions and listen to people," Daniels said. ♦