



# Mitch in Wonderland

Even close allies aren't sure whether Gov. Daniels will seek the White House

By **BRIAN A. HOWEY**

WASHINGTON - The Indiana governor is famous for writing his own speeches and TV ads, and building intricate strategies and timelines to achieve significant goals.

But this past week, even the most ardent Mitch Daniels supporters weren't sure what they were seeing.

It was Mitch in Wonderland.

As he wowed the elite Reagan Dinner crowd at CPAC and the rave reviews spilled in, many close to the governor weren't sure whether they were witnessing a campaign for president, or perhaps vice president. Catch some of these people at a different time and they don't think he's running. Another day and another hour, they do.

Some see an audience of one - First Lady Cheri Daniels - as the governor orchestrates this strategy clear to



Gov. Mitch Daniels addresses the Reagan Dinner for the American Conservative Union Foundation last Friday night in Washington. (HPI Photo by Brian A. Howey)

only him and a few trusted aides and friends.

In the national media gallery and within the various CPAC delegations last weekend, there was intrigue galore on the policy sense as there were whispers about the governor's marriage. It opened up questions about whether Mitch and Cheri Daniels would be ready for prying media

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# In the valley of the blind

By **RUSS STILWELL**

BOONVILLE - Everywhere you look, you hear that government is not working, that government needs to get out of the way and that government should not dictate to us how we lead our lives. My oh my, do we ever live in a strange world!



Let's look at some of the more noticeable examples right here in our Hoosier State. It's a political gold mine for the political junkie unless you are a visionary.

While calling for less government and for government to get out of the way, the Indiana General Assembly is



**"I'm running against a teacher, a stripper and a karate instructor. Don't let the Village People in!"**

**- Hammond Mayor Thomas McDermott, at his campaign kickoff**



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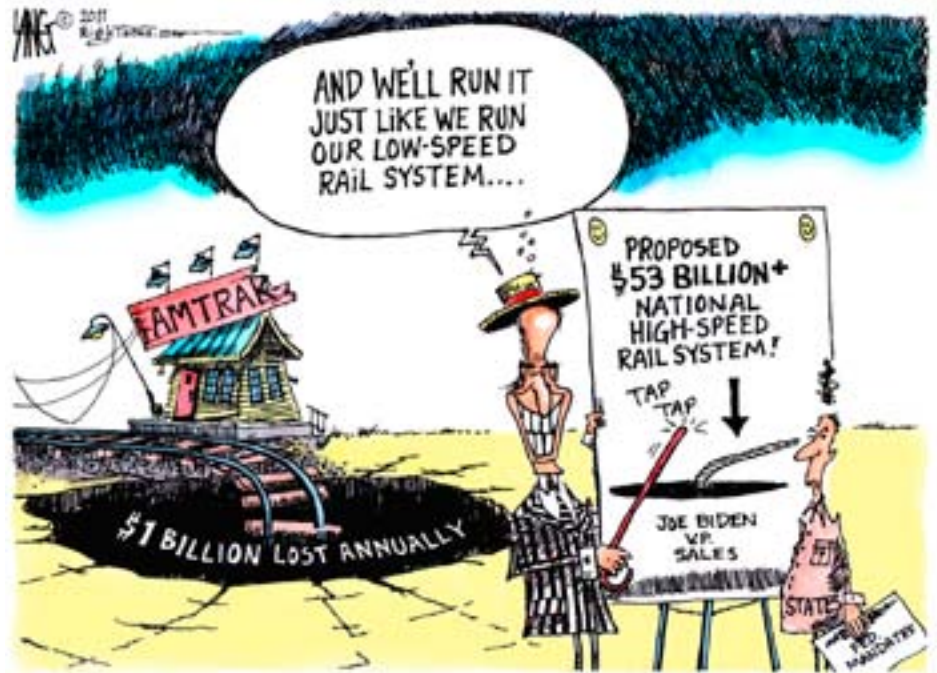
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passing laws to ensure that the government sneaks into your bedroom, stays out of your gun safe and makes sure local units of government are banned from local decision making.

They are a busy group as they are also making every effort to dismantle public education, take away local school board decision making and ensuring that one day in the not-too-distant future we can boast of being a union-free, right-to-work state. Talk about a race to the bottom for Hoosier working class paychecks.

And then there are the others. Now, thanks to the Senate, we can carry a concealed weapon into public meetings at the local level (wonder why they left out the state level?). The House is debating a bill that would raise marriage license fees four-fold, unless you completed a state pre-marital course. And if we are lucky, we will have a constitutional right to fish, hunt, and harvest game and who-knows-what-else by the time this session ends.

Since Indiana law banning gay marriage (1997) hasn't been challenged or even talked about for years, I'm sure that Hoosiers will be pleased

to know that the General Assembly will spend countless hours making sure we add this to our constitution as well. And for good measure, we'll just make sure that civil unions and any conveyance or marriage are felonious as well. Make sure you pull the bedcovers up tight tonight!

Education? I'm afraid to even bring it up. But . . . seems we are headed for lots of change, even change most candidates did not even talk about. Let's make sure, as Governor Daniels likes to say, "Kids come first."

Let us expand charter schools and take existing money from our already financially strapped public schools. Oh, and while we're at it, let public school kids take their state money and enroll in a private school. I'll bet our private schools are eager to take masses of disadvantaged children, including the countless who are emotionally, physically and mentally challenged. Wanna bet they want them? Let the public schools teach 'those' kids! And then we can say 'we told you so' when our public schools erode further.

The list goes on. In the Sen-



ate, cuts for education benefits for disabled veterans' children are on the chopping block while another committee is having hearings to cut business taxes by \$140 Million.

And one of my favorites is the continual bragging by our governor that Indiana has the fewest state employee per capita in nation (and we pay them at the bottom as well). I wonder if bragging rights include FSSA and the ill-fated private for-profit firm that created one of the most colossal erosions of fairness for poor people in the history of our state. Probably not.

Yep, it's a fun time if you are a political junkie, but I don't think that fun will be felt by teachers, construction workers and countless others in our Hoosier State.

How, in only a few short weeks, can the party of "less government" place government under the sheets, insert it into every decision of local decision makers and tell the fastest growing segment of our population (Hispanic) to hang on while we pass the most invasive immigration bill of all the 50 states? You can if visionaries are leading the state.

Got time for my last point? Sometimes I just can't help myself. A quick observation about the Bush Tax Cuts for the wealthiest Americans. Let's review Obama's concession to the national Republican leadership to allow these cuts to continue, despite adding \$700 billion in debt at a time of record budget deficits.

## Mitch, from page 1

types when and if the vetting begins. This is a man who has been vetted for presidential appointment twice before.

One influential source told HPI, "He's ready for it, just like he was on the marijuana story. He knows what's going on and will be prepared to talk about it."

Is the First Lady ready? Well, not sure, the source said.

Daniels' 1970 marijuana bust is old news in Indiana, surfacing during the 2004 gubernatorial campaign. Politico ran a story on it last Friday, drawing little attention.

If personal life rumors aren't enough, there was a bizarre exchange with Indiana Statehouse reporters last Thursday. Asked if he would remain governor if he runs for president, Daniels responded, "There's too many 'ifs' in that question for me

It amazes me how 2% of the American people (the wealthiest) can get the rest of the us to believe it is in our best interest to reward them with \$700 Billion. Talk about salesmanship! Surly, the proponents of this exclusive club of rich Americans must be visionaries too.

Recently, while watching a 60 Minutes rerun, Steve Wynn, the Las Vegas mega-rich visionary who transformed that city, when asked if he was a visionary replied, "a visionary can be a one-eyed man with failing eyesight if he is walking through a valley of the blind." It is all in the eye of the beholder.

We need to balance the budget, cut spending and quit bailing out the banks and auto industry. But it's okay to give the super rich a continuation of a \$700 Billion tax break?

Right here in Indiana we need to balance the budget, keep government from intruding into our lives and ensure that all families have quality public education for their children. But it's okay to send our public tax monies to private schools, enact restrictive measures for local government and carry heat anywhere you want.

I must surely live in the valley of the blind. ❖

**Stilwell is a former Democratic state representative.**

to answer it." Pressed again, he replied, "I haven't even thought about it."

The exchange was fascinating on two levels: First that Daniels didn't simply swat the question down and embarrass the reporter for even asking it, which used to happen when the presidential campaign questions came up a year ago. By answering the way he did, it keeps the prospect alive. Second, the cunning strategist in Mitch Daniels has certainly worked through the implications of running a national campaign while at the helm of a state with a 9.5 percent jobless rate.

Daniels was asked if he plans to run for president - "I'm not. No." - this came just hours after he told Politico that his potential campaign letterhead would turn heads, and that he could tap into more than enough money to run a national campaign.

The prospects of a Mitch for President campaign and stepping down as governor stoked the



**WHO? MITCH DANIELS WOVES CPAC  
DRUDGE REPORT**



rumor mill last summer. Howey Politics Indiana columnist Dave Kitchell filed a column based on a rumor and it went like this: Daniels decides to run for president. Knowing it will keep him out of the state for lengthy periods of time, Daniels will step down as governor, allowing for Lt. Gov. Becky Skillman to ascend.

She would then choose Valparaiso Mayor Jon Costas as her lieutenant governor. Kitchell's source was a Republican mayor from Northern Indiana (but not Costas). The story had a ring of truth to it given Daniels tried to elevate Costas as attorney general in 2006, though he lost in the Republican Convention to Greg Zoeller.

But this story came on the heels of Sarah Palin's much criticized resignation as Alaska governor. So HPI ran the scenario by Daniels' then deputy chief of staff (and now Indiana Republican chair) Eric Holcomb, who said the rumor was wrong. So HPI did not run the Kitchell column. Interestingly, in August 2010 Daniels had made a trip to Valparaiso and appeared with Costas. On Sept. 15, Skillman addressed the Valparaiso Kiwanis Club and then visited the Porter County Career and Technical Center. While the timing of these visits dovetailed into the rumor, they were routine enough not to raise many flags.

But Daniels comments on Thursday, refusing to outright commit to serving out a full term in a hypothetical question (which he doesn't answer) suddenly give the rumor a new level of credibility. Daniels runs for president, resigns and turns the reins over to Skillman, who announced in December she would not run for governor in 2012. She becomes the first female governor of Indiana in a caretaker role, while U.S. Rep. Mike Pence runs in 2012 after exiting the presidential race.

## **Lugar, Daniels confer on campaign**

U.S. Sen. Dick Lugar, a mentor of Daniels going back to his Indianapolis mayoral days and when he headed the Republican Senatorial Committee, acknowledges what the governor will not: a campaign plan is in the works.

"In terms of substance, Mitch Daniels is an ideal candidate for these times," Lugar said last Thursday, citing the fiscal health of Indiana compared to other states. "One chart after another I see, in terms of potential emergency stress on states, Indiana is almost always on top as a state that has the least emergency stress factor. This is not by chance. Gov. Daniels has had experience in government at all levels, including his work on the budgets in Washington, quite apart from his work at Eli Lilly, the private sector, and state government; likewise he has been a very good politician in the best sense. He understands in order for his budget and administrative reforms to occur he needs public

support. The last election was a good example of his own participation, particularly in the Indiana House. He obtained a solid majority which he now enjoys."

Lugar added, "I've discussed with him the problems I had as a candidate and they came down to my problem of trying to continue to chair the agriculture committee during the campaign to pass a farm bill. You have to think very carefully how you're going to perform your responsibility. But that's always the case in public life. And then there's the tremendous problem of financing a national campaign. It's pretty late in the game. The need for this



network that comes together will be of the essence for his campaign to be credible. My impression is he understands that. He's thought through that in a methodical way. The question will come down to his ideas, personal presentation and his ability to attract loyal followers and he has a very good opportunity."

Are Republicans ready for MD's castor oil candidacy? Particularly when it comes to the hard fiscal choices facing the nation?

"That's the crucial question," Lugar acknowledged. "This is really the critical question facing the Congress following this election. This is why he has an opportunity. Mitch Daniels is not the kind of person in public life who simply has had a finger in the wind constantly, shifting back and forth trying to hang on to office for dear life. That's the strong point. He's perceived as a person of conviction and discipline, of following through and getting results."

Friday night's CPAC speech was Daniels at his Churchillian best.

"We face an enemy, lethal to liberty, and even more implacable than those America has defeated before," Daniels said after Washington Post columnist George Will's introduction. Will described Daniel's physique by observing, "Never has there been a higher ratio between mind and mass."

Daniels continued his warning: "We cannot deter it; there is no countervailing danger we can pose. We can-



not negotiate with it, any more than with an iceberg or a Great White. I refer, of course, to the debts our nation has amassed for itself over decades of indulgence. It is the new Red Menace, this time consisting of ink. We can debate its origins endlessly and search for villains on ideological grounds, but the reality is pure arithmetic. No enterprise, small or large, public or private, can remain self-governing, let alone successful, so deeply in hock to others as we are about to be."

Daniels spoke of a "morbidly obese" American government in need of "bariatric surgery."

And there was tough love. "An affectionate 'thank you' to the major social welfare programs of the last century, but their sunseting when those currently or soon to be enrolled have passed off the scene," is the way the governor described entitlements. "The creation of new Social Security and Medicare compacts with the young people who will pay for their elders and who deserve to have a backstop available to them in their own retirement. These programs should reserve their funds for those most in need of them. They should be updated to catch up to Americans increasing longevity and good health. They should protect benefits against inflation but not overprotect them. Medicare 2.0 should restore to the next generation the dignity of making their own decisions, by delivering its dollars directly to the individual."

### **No red meat**

As for criticism of his social issue truce by former senator and future presidential candidate Rick Santorum, Daniels explained, "Purity in martyrdom is for suicide bombers. King Pyrrhus is remembered, but his nation disappeared. Winston Churchill set aside his lifetime loathing of Communism in order to fight World War II. Challenged as a hypocrite, he said that when the safety of Britain was at stake, his 'conscience became a good girl.' We are at such a moment. I for one have no interest in standing in the wreckage of our Republic saying "I told you so" or "You should've done it my way."

By Saturday, the Drudge Report led with a photo of Daniels with his hand across his heart and the headline read: "Who? Mitch Daniels wows CPAC."

"It was a fascinating speech positioning him as the GOP's resident adult," observed Politics Daily's Walter Shapiro. Politico, the Daily Beast and the Washington Post's Chris Cillizza called Daniels one of the CPAC "winners." Cillizza observed, "The Indiana governor's sobering speech about the danger of the country's growing debt was

a sharp contrast to the red-meat heavy addresses of his potential rivals for the 2012 nomination."

Time magazine's Joe Klein wrote that Daniels "courageously offered zero red meat to the crowd, just a grown-up exposition of what it would actually take to cut the deficit."

Despite the rave media reviews, Daniels finished far behind in the straw poll that was conducted before he spoke. U.S. Rep. Ron Paul won with 30 percent, followed by Mitt Romney with 23 percent. Daniels had 4 percent along with former Minnesota Gov. Tim Pawlenty while former Speaker Newt Gingrich had 5 percent.

Daniels was circumspect on Saturday about next steps toward a potential candidacy. "Said what I wanted to say; what I thought needed saying," Daniels said, reiterating another goal beyond a potential campaign and that is to set the agenda. "Obviously, I was gratified at the reaction. (It) took me a half hour just to get off the stage."

It will take quite a bit longer before the rest of us know what Gov. Daniels intends to do. In talks with numerous sources, HPI deduces that much of the Bush dynasty (the two former presidents and former Florida Gov. Jeb Bush) is prodding him to run, and to announce soon - perhaps before the governor's previously stated marker of April 30 when the Indiana General Assembly is scheduled to go home. Our sources say much of the Bush money wants an answer soon, or they may begin gravitating toward another candidate.

The entire presidential process is starting much later this cycle compared to 2008 when most of the serious contenders had already been campaigning for more than a year.

The questions surrounding the enigmatic governor are compelling and ample: Will he run? Will he finish out his term or make Becky Skillman Indiana's first female governor? Will Republicans respond to his grown up message and the lack of red meat? Can this potential White House First Couple - whose history includes marriage, divorce and remarriage - handle the prying eyes of the national media?

And can the physically small Indiana governor - who was once a fierce flyweight boxer - position himself to take on President Obama? The president won his White House bid, in part, due to 50 visits to the Hoosier State in a campaign for the ages.

In the 16 years of publishing this newsletter, the questions have never been as compelling and riveting as they are now.

Stay tuned. ❖





## Obama, Republicans create opening for Daniels plan

By **MARK SCHOEFF JR.**

WASHINGTON - Washington has erupted this week in a battle over the federal budget. It was ignited in part by deep misgivings in the electorate about the burgeoning federal deficit and debt that gave Republicans control of the House and significantly increased their Senate minority.

The anti-red-ink charge was led by the Tea Party movement. Their storming of the spending barricades high-

lighted a fundamental problem but did little to illuminate an answer, according to Gov. Mitch Daniels. He said the election was "all diagnosis, no prescription."

Speaking at the Conservative Political Action Conference in Washington on Feb. 11, Daniels appeared to offer himself as the doctor who would restore the patient to health. He gave an address that put the federal budget challenge in the starkest terms and made a clarion call to rally Americans to the cause of debt reduction.



This week, President Barack Obama demonstrated that he's comfortable with keeping the federal budget in intensive care. He rolled out a spending plan that he said would reduce the deficit by \$1.1 trillion over 10 years. Yet at the end of those 10 years, another \$7.2 trillion would be added to the record national debt.

Obama touted the fact that his budget would cut the \$1.3 trillion deficit that he inherited in half by the end of his first term. He does this in part by freezing discretionary spending that would reduce the deficit by \$400 billion over 10 years.

**He claims that his budget**, which would institute huge increases for education and other areas, gives America "a government that lives within its means while still investing in our future."

But such an approach doesn't come close to the plan that Obama's deficit commission approved in December. That proposal would reduce the deficit by \$4 trillion by 2020 by imposing steep spending cuts and fundamental tax and Social Security reform.

Obama shied away from bold strokes in his proposal. He's satisfied with keeping the budget in critical condition.

"The first step in this budget is to make sure that we're stabilizing the current situation," Obama said.

That's hardly a heroic effort. But Capitol Hill Republicans aren't doing much better. The House is in the middle of debate over a GOP bill that would cut \$61 billion out of the current budget. The party calls it the largest-ever reduction in discretionary spending.

Nonetheless, Capitol Hill Republicans are nibbling around the edges of the budget problem by focusing solely on the discretionary accounts. More than an hour of a recent House Financial Services Committee meeting was devoted to debate over cutting a \$32 million legal aid program for mortgage holders that had yet to have any funds appropriated for it. It was an enormous expenditure of time for what amounts to less than a miniscule part of the federal budget.

**Republicans are promising** to unveil substantial entitlement reform when they release their own budget later this spring. Somehow I doubt their follow through will amount to much more than Obama's. Neither side is willing to take the first substantial step in deficit reduction.

That leaves the field wide open for Daniels. In his speech last week, he called the federal debt "the new red menace, this time consisting of red ink. It is the mission of our era."

Now Daniels needs to provide a battle strategy for that mission, drawing on his experience in balancing Indiana's budget and on his futile battles against Congress as head of the Office of Management and Budget in the second Bush presidency.

He started to down this path in his CPAC speech, calling for overhauling Social Security and Medicare. But he didn't provide any details.

Maybe details aren't necessary this early in the game. The GOP presidential contest, which Daniels might enter, has yet to take shape.

Daniels has said he will make a decision on running for president by April. That could be the perfect time to put out a bracing budget prescription that will actually eliminate the \$1.5 trillion deficit.

When I asked him about details during a January visit to the capital, Daniels said, "No one wants to hear a plan from me. When I'm asked questions, I give 'for instances'; I give examples."

**If he wants to make the kind** of impact that's required to get his name identification up to presidential levels, however, Daniels may have to offer some unsolicited budget-cutting ideas.

By April, he will have a chance to start a real adult conversation about the budget that addresses mandatory entitlement spending. That would distinguish him from the budget whispers coming out of the White House and Capitol Hill. ❖

**Schoeff is HPI's Washington correspondent.**



## Daniels reboots the adult issues at CPAC

By **BRIAN A. HOWEY**

WASHINGTON - Less than 24 hours before Mitch Daniels spoke to the Reagan Dinner at CPAC, this crowd booed Dick Cheney.

That was the scenario when Gov. Daniels walked into the sprawling Wardman Park Marriott Friday night. Some thought he was trotting into a minefield. Less than a year before - last June - Daniels had suggested a "truce" on social issues until the American fiscal house was put in order. His reasoning was simple: if the house is burning, you call the fire department before you remodel the kitchen.

There were a number of barbs over the truce, the last one coming from former Pennsylvania Sen. Rick Santorum last week. "I think he is as far off base," Santorum said of Daniels. "I don't think he understands what conservatism is all about. I'm just stunned by it."

So that's what Daniels waded into Friday night.

Washington Post columnist George Will introduced Daniels, noting that he comes from President Lincoln's boyhood state, rides an American-made Harley, isn't as tall as the Great Emancipator and isn't as charismatic as you-know-who. On the elevation issue, Will defused it, suggesting with Daniels "Never has there been a higher ratio between mind and mass."

He noted that Indiana has the fewest state employees since 1978 and the fewest per capita in the nation, the lowest property taxes and has risen 11 places to third in the lowest per capita spending (the CPAC crowd loved that). "To me that is forward charismatic," Will said. And he quoted Daniels' Butler University speech from 2009 when he described the Baby Boomers as robust in numbers "but little else" while panning President Obama for writing two books ... "about himself."

Then Daniels spoke. He talked about Indiana: "We Hoosiers hold to some quaint notions," Daniels intoned. "Some might say we "cling" to them, though not out of fear or ignorance. We believe in paying our bills. We have kept our state in the black throughout the recent unpleasantness, while cutting rather than raising taxes, by practicing an old tribal ritual - we spend less money than we take in. We believe it wrong ever to take a dollar from a free citizen without a very necessary public purpose,

because each such taking diminishes the freedom to spend that dollar as its owner would prefer. When we do find it necessary, we feel a profound duty to use that dollar as carefully and effectively as possible, else we should never have taken it at all."

Daniels talked about his automatic tax refund coursing through the Indiana General Assembly - the one the Indiana Tea Party has ignored to date - noting, "We say that anytime budgets are balanced and an ample savings account has been set aside, government should just stop collecting taxes. Better to leave that money in the pockets of those who earned it, than to let it burn a hole, as it always does, in the pockets of government. We believe that government works for the benefit of private life, and not the other way around." If only the townships would pay heed.

And that set up the crux of the Daniels opportunity here. It wasn't about gay marriage or abortion. Daniels said the "American project is menaced by a survival-level threat."

"We face an enemy, lethal to liberty, and even more implacable than those America has defeated before. We cannot deter it; there is no countervailing danger we can pose. We cannot negotiate with it, any more than with an iceberg or a Great White. I refer, of course, to the



debts our nation has amassed for itself over decades of indulgence. It is the new Red Menace, this time consisting of ink. We can debate its origins endlessly and search for villains on ideological grounds, but the reality is pure arithmetic. No enterprise, small or large, public or private, can remain self-governing, let alone successful, so deeply in hock to others as we are about to be."

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And there was tough love. "An affectionate thank you to the major social welfare programs of the last century, but their sunset when those currently or soon to be enrolled have passed off the scene," is the way the governor took on entitlements. "The creation of new Social



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And there lies the cornerstone of what has been an enigmatic Daniels presidential campaign. It was an artful weave that played to the common sense of the ardent right, and not their emotions.

By the time Daniels finished, the standing ovation was a turn of events that could not have been reliably predicted. If this crowd booed Vice President Cheney, for goodness sake, what would they do to a Hoosier governor that dared to reboot the agenda? Instead, they cheered. On their feet. Phyllis Schlafly observed, "I think they like you."

"It was a fascinating speech positioning him as the GOP's resident adult," observed Politics Daily's Walter Shapiro.

Will it be enough to spur a red tide surf to the White House? Daniels suggests he has the Reagan-Bush greenbacks and the corresponding Rolodex to do so. The campaign assets are standing by, but the Bush Rangers are getting antsy, some suggesting that if Daniels doesn't get off the pot, they may look elsewhere. All he needs is his First Lady's imprimatur.

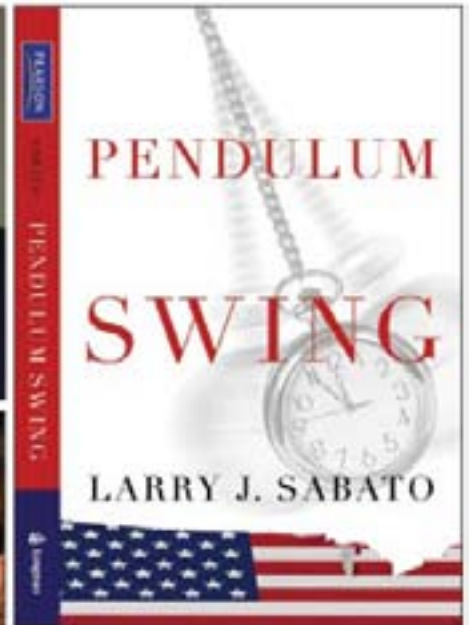
But where would the Bush money go if not Daniels?

Tim Pawlenty? Newt? Mitt Romney, who didn't even mention the words "health care" in his CPAC speech? Daniels did, noting from the Hoosier experience, "We designed both our state employee health plans and the one we created for low-income Hoosiers as Health Savings Accounts, and now in the tens of thousands these citizens are proving that they are fully capable of making smart, consumerist choices about their own health care."

Daniels is barely showing up in the polls, but neither did Jimmy Carter, Bill Clinton or Barack Obama at early campaign outposts. The Huckabees and Romneys still lead, but many at CPAC don't believe they can win, and thus the bizarre flirtation with Donald Trump.

Daniels was circumspect on what comes next as for a potential candidacy. "Said what I wanted to say, what I thought needed saying," Daniels said Saturday morning, reiterating another goal beyond a potential campaign, which is to set the agenda. "Obviously, I was gratified at the reaction. (It) took me a half hour just to get off the stage."

Perhaps, just maybe, there might be a historic opening for someone like Mitch Daniels. ❖







## Lugar calmly works a world on a fast clip

By **BRIAN A. HOWEY**

WASHINGTON - Departing for the office of U.S. Sen. Richard Lugar on Feb. 10, the word was this: Egyptian President Hosni Mubarak was poised to resign. By the time our 90 minute conversation had concluded, the mood at Tahir Square in Cairo was one of rage after Mubarak offered only fringe reforms. Twenty-four hours later, he was kaput. Gone. Egyptians danced in the square.

With gas prices hovering around \$3.25 a gallon and Middle Eastern revolutions going viral on Facebook, the events of this month have occurred at lightning speed, the ramifications unknown for months if not years.

"Sometimes there are needs of circumstances in the world that create conditions where the people say, 'We've simply had enough,'" Lugar said.

On the conference wall above him was a Nunn-Lugar chart, that detailed the 13,300 Soviet warheads scrapped since Communism fell by the wayside there almost two decades ago.

At this point in his half century of public service, Lugar, too, is feeling change press against his sprawling legacy. Just days before, Indiana State Treasurer Richard Mourdock announced he would make a Tea Party-inspired challenge to Lugar in the 2012 Republican primary. There were reports earlier this week that he might have the endorsements of more than two-thirds of the Republican county chairs. In rural Indiana, there are concerns that Lugar has lost his conservatism; that he is too liberal, too internationalist, and has skipped too many Lincoln Day Dinners.

So Lugar stands at the nexus of compelling events. He is targeted at home by an amalgamation of Republican unrest, critical of his votes for two Supreme Court justices that a WIBC radio host refers to as "Communists." They don't like the START treaty. They don't like the Dream Act. Yet his office features stacks of trophies from the Chamber of Commerce and the National Federation of Business for his fiscal stewardship on spending and taxes. The Nunn-Lugar Cooperative Threat Reduction program has not only kept loose nukes out of American cities, but has been a bargain for taxpayers.

As gas prices climb above \$3 a gallon and possibly \$5 by the next time he faces stormy voters, Lugar has preached a steady diet of Churchillian warnings on national energy security.

As the Middle Eastern revolts went viral from Tunisia, to Egypt, then Jordan, Yemen, Bahrain and Iran, the oil tanker on the table was the House of Saud. What would happen if the kingdom fell there?

"Well, if the calamity of that sort happened that wouldn't overstate things," Lugar said calmly. He wasn't overtly concerned about Saudi Arabia. The king has initiated a number of reforms. More women are going to college.

"I think for the moment in the case of Saudi Arabia, they appear to have a reasonably stable situation. They have been mindful of various groups in the Muslim community who have very strongly different ideas about religion, quite apart from how the country should be governed."

While Lugar didn't say he saw Mubarak and Tunisia's deposed President Zine el-Abidine Ben Ali falling from power in specific terms, he had been in Tunisia just last summer sensing a shift in the air. "The problems in Egypt were there, but the trigger was Tunisia," Lugar explained.

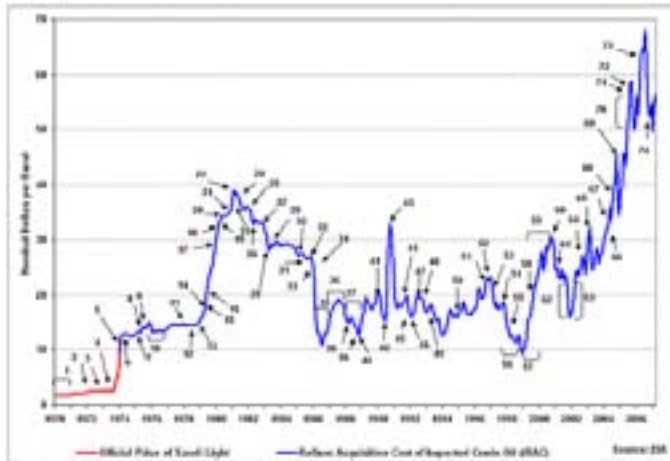


U.S. Sen. Dick Lugar on Feb. 10 as revolution shook Egypt and the Middle East. (HPI Photo by Brian A. Howey)



"It was a situation that many had pointed out from before: a majority of (the) population 30 and under. I was there in August anticipating this kind of event. I noticed in the capital city a large number of young people, fairly well dressed, seemed to be going about their business. They seemed to be an articulate people. But they want greater participation in their society; clearly divorced from participation or responsibility for that matter. It was a division awaiting conflict if a particular circumstance arose," Lugar said.

The political convulsions are now poised for the American homeland. The 1973 Arab-Israeli war produced the first oil shock that has been described as the first persistent economic change since the Great Depression, prompting Nixon's secretary of state - Henry Kissinger - to call for "Project Independence" in February 1974. It was the first plan to wean the U.S. off foreign oil. Two American presidents - Gerald Ford in 1976 and Jimmy Carter in 1980 - both were defeated in the wake of oil shocks that decade. Another came in the spring and summer of 2008 as Barack Obama's presidential campaign neared the Democratic nomination. Gas reached a peak of \$4.11 a gallon on July 16-17, 2008. Today there are more dire predictions, with the former president of Shell Oil, John Hofmeister, predicting Americans could be paying \$5 for a gallon of gasoline by 2012.



"I believe there has been at least recognition of the problem but there has never been a concerted effort to solve it," said Lugar, who ran for the U.S. Senate and lost to Birch Bayh in 1974. He notes President George W. Bush's startling admission that the U.S. is "addicted to oil" in a 2006 State of the Union address, but Lugar notes, "Five years have passed and we're still addicted to oil."

Lugar has waged a personal war on the addiction by driving a Toyota Prius, dwarfed in the Senate garage with mammoth SUVs, that gets 52 mpg. Across Indiana electric car clusters have developed in Anderson, Indianapolis and Elkhart, but much of it is being developed by the military and consumers aren't buying ... yet.

"All of the support to get the transport to hybrid or electric are all fledgling attempts," Lugar said. "The public as a whole, in terms of buying power, has not really

avored the fledgling attempts. So you have higher and higher subsidies from the government trying to push various parts of this with dubious results. So the question is, until the price of gasoline gets to X dollars, people won't take it seriously."

At what point does that happen? \$4 or \$5?

"I have no idea," Lugar said. "But if you wait until that point, the impact on the American economy, on society, is going to be very, very serious. The amount of unemployment that will be involved; you won't be able to change things that rapidly. Even to this day in Indiana there are only 150 filling stations that can give you ethanol even if you have a car that can accept dual use, as most Brazilians do. They pull up to the pump in Brazil and if the price

is right for sugar based ethanol you buy that and if not, they buy petroleum based. They have a consumer choice. We don't. We never have had (a choice). At what level this will be a crisis, I hope we take individual actions before we reach a crisis. What happens when a country doesn't have food or fuel? It means that people die. They starve. They don't go anywhere. It's not easy to turn this around."

So there is the prospect that a Lugar-Mourdock race, or a Lugar-Mourdock-Delph race could come under much more harrowing economics than what we're experi-

encing now.

Lugar didn't specifically mention Mourdock, but he is poised to defend his record. Want to talk about national security? Lugar can point to 13,300 Soviet nukes destroyed. The Tea Party is dismissive of that record. Lugar has an anecdote perfect for a campaign ad. He'd gone down to the 13th floor of a Russian missile silo and two Russian guards showed him photos of American target cities taped to the wall. "It was sort of a chilling incident," Lugar reflected, adding that a city the size of Indianapolis could easily be a prize target. "Every one of those warheads would simply demolish the whole place. That is the world in which we live."

During the Senate floor debate on START, several Republican senators mocked Lugar for concentrating on Russia instead of Iran or Korea. "The Iranians may at some point get to having a nuclear warhead," Lugar explained. "The Koreans have some small warheads, but fortunately don't have missiles that will get them to the United States. The Russians have thousands of warheads and they can send them all over here."



"This START treaty picks things up," Lugar said. There are boots on the ground that do what President Reagan famously said, "Trust but verify." The irony is that on Reagan's 100th birthday, the Gipper's record is warped and applied toward GOP fratricide. His 11th Commandment will be then be broken; a nuclear free world is ignored. No taxes can ever be raised, though Reagan did so seven times in eight years.

"I've had the good fortune of having a political life that extended through these 19 years through several presidents and secretary of states, so we have continued to follow up with the Russians and whoever is handling the the situation with confidence. This START treaty gets us down to 1,550 warheads," Lugar said.

Is Lugar vulnerable on taxing and spending? He came out against the Tea Party tactic of ending earmarks, insisting that it would just move the spending away from Congress and to the White House.

Taxes?

"I've been honored for 17 straight years by the National Federation of Businessmen," Lugar said. "Their trophies are all stacked around here. Chamber of Commerce, likewise. I'm a hero over there. With every single business group interested in taxes, spending, budget and so forth, I've been listed as solid as can be and rewarded."

How about cuts he's supported on agricultural subsidies? "Our 2007/2008 bill would have cut \$5.5 billion over five years," said Lugar communications director Mark Helmke. "The '96 bill would have saved billions more if Bush had not killed it."

His health? He'll be 80 by the time he takes his next oath.

"Well, it's been wonderful," Lugar answered. "I've been very fortunate. I've had an annual physical exam each year for the last 20 years with Dr. Kenneth Cooper in Dallas. I go there because Ken Cooper became a great friend clear back when I was mayor. He has an electronic records year after year of what my blood pressure was, cholesterol in all forms, heart beat, how liver and thyroid work. He's been a very good mentor in terms of preventative health. He was pushing vitamin D five years before anyone else." Lugar has run in all 29 Capitol Challenges, a five-man relay where the office holder finishes the race. "Can the old guy



make it across the finish line?" he cites as an annual question.

"It's an important question," he insisted. "I come in to work at 7 or a little before and I usually don't have the opportunity to leave until 7 at night. We do this every week and the weekends are in Indiana or traveling somewhere else. I'm grateful I've had the stamina, but I don't take it for granted. I exercise and keep a calm demeanor."

Lugar is calm in the wake of the Tea Party challenge. He vows to keep reaching out to them. But he unflinchingly sticks to his guns, whether it be an assault weapons ban or the Dream Act, despite the immigration issue that fuels the Tea Party passion.

The month of March will be instructive. The Tea Party and conservatives are pushing for \$100 billion in cuts, instead of the \$37 billion U.S. Rep. Paul Ryan advocates. They want to abolish foreign aid, the Public Broadcasting System and eliminate the Departments of Energy and Education. Freshman U.S. Sen. Pat Toomey is advocating leaving the debt ceiling as

is, instead of raising it.

No one knows what will happen if the ceiling isn't pushed up. Some fear it will ignite a market meltdown that would trigger the dreaded "W" recession. Or it could be a stroke of genius, the first bulwark in the War on Spending.

"Somebody yesterday challenged Ben Bernacke," Lugar observed of the Federal Reserve Chair's trip to Congress. What do he think about the Toomey plan? No need to raise the ceiling on the national debt. Leave it where it is. The first priority is the pay the interest on the debt. Or the principle as the case may be. Service the debt. Then everything else has to follow.

Lugar continued: "Bernacke responded, 'Well this could mean that very rapidly you'll need a plan for what you're going to spend money on.' And so some other member pipes up and says, 'What you're saying is we'll spend money on the Chinese and the debt and you wouldn't pay Social Security, won't pay for Medicare? Won't pay for our troops? Because that's where the budget is.'"

And that's where world politics is today. And in America. The Hope and Change that President Obama ignited in 2008 is now just Change. Possibly just for the sake of Change. It is ricocheting across the globe and it could come to Indiana, and even to Sen. Lugar, the most prolific vote-getting Republican in Hoosier history.

It is a future he calmly faces in the wake of a complex and ever changing world. ❖



## Mourdock pushes into history with an Eruzione

By **BRIAN A. HOWEY**

INDIANAPOLIS - Richard Mourdock has chosen next Tuesday - Feb. 22 - to kick off his challenge to U.S. Sen. Dick Lugar.

Mourdock is Indiana's unofficial history teacher. Many of his speeches feature a dramatic lesson from the past. Is there a compelling story on Feb. 22 for Mourdock to tell?

Let's see: In 1992, Kurt Cobain marries Courtney Love. Nah. In 1989, "Don't Worry, Be Happy" wins the Grammys. Not. In 1983, Harold Washington wins the Chicago Democratic mayoral primary. Hmm, ceiling breaking underdog wins. But too Democratic. Too Obama. In 1972, President Nixon meets Chinese Premier Chou En-Lai in Beijing. Boring. That's certainly not the stuff of Joshua Chamberlain's bayonet charge at Little Round Top. And there was 1980: the U.S. Olympic hockey team defeated the Soviets 4-3.

**Now, that one just might work:** Nearly nine minutes into the third period, American Mark Johnson took advantage of a Soviet penalty and knocked home a wild shot by David Silk to tie the contest at 3-3. About a minute and a half later, Mike Eruzione, whose last name means "eruption" in Italian, picked up a loose puck in the Soviet zone and slammed it past reserve goalie Vladimir Myshkin with a 25-foot wrist shot. For the first time in the game, the Americans had the lead. The crowd, and Al Michaels, go wild! Can you believe it? The Soviets had just invaded Afghanistan, but we got 'em back at Lake Placid with the Miracle on Ice.

That one has potential.

**Mourdock is expected to** make some news when he announces at 10 a.m. at the Artsgarden in Indianapolis, possibly leap-frogging State Sen. Mike Delph in a campaign that will initially be geared toward seeking the Tea Party endorsement next June. Mourdock is expected to have a number of county Republican chairmen - we've heard it as high as 75 - endorsing his candidacy as he makes additional stops in Fort Wayne, Evansville, Crown Point and Jeffersonville. If that's the case, it would be an

impressive start. But that is a cautionary tale. Chair support is indicative of some strength. But it can be a mirage.

Rex Early lined up nearly two-thirds of the Republican county chairmen in his 1996 GOP primary against Indianapolis Mayor Stephen Goldsmith and Bluffton News-Banner publisher George Witwer, but Goldsmith easily won. The key question in the early stages of this race is whether Mourdock will be challenging Lugar alone.

The campaign tried to gin up some news on Wednesday leaking a poll from Wilson Research Strategies (interestingly Mike Pence's pollster) to Politico showing "65



Treasurer Richard Mourdock will kick off his campaign next Tuesday in the Indianapolis Artsgarden. (HPI Photo by Tim Grimes)

percent are prepared to vote against Lugar regardless of who ran against him" though they wouldn't release the head-to-heads or the polling questions.

It's a classic push poll designed to provide a political Eruzione.

The Lugar campaign did release some head-to-heads: An Evansville Courier & Press unscientific readers poll that had Lugar topping Mourdock 61-38 percent in the treasurer's hometown. ❖



## Census data a cautionary tale for Indiana GOP

INDIANAPOLIS - The latest 2010 Census data released for Indiana portray a state with greater diversity than ever before, according to the Indiana Business Research Center at Indiana University's Kelley School of Business. The trends leave a statistical warning for Hoosier Republicans seeking to aggressively address the immigration issue.

SB590 passed by an 8-1 committee vote last week in the Senate Pensions and Labor Committee. Delph said the bill would "put teeth into existing law, to say the citizens of Indiana welcome legal immigration, but adamantly reject illegal immigration." The bill would allow law enforcement officers to ask for proof of citizenship or legal immigration status from people stopped for violating any type of law, if the officer has any reasonable suspicion that the person is here illegally. Delph said that a person's inability to speak English will be a key factor for officers of the law to find reasonable suspicion. "The inability to speak the English language, I believe, will be a key component or a key factor for law enforcement to establish reasonable suspicion," Delph told the committee.

Former congressman John Hostettler testified for the bill. "The impact of aliens on our society is clearly the province of the state government and not the federal government," Hostettler said. He said that the allowing law enforcement to ask for ID or legal immigration status is appropriate because it falls under law enforcement officials' duty. "It's not a question of whether they may or may not. Their oath requires them to do that."

Attorney General Greg Zoeller opposed SB590 along with the Indiana Chamber. Zoeller said that immigration "is a federal policy issue between the U.S. government and other countries - not Indiana and other countries."

**By the numbers, the majority** of Indiana's 6,483,802 residents are white (5.47 million), followed by African-Americans (591,397) and Asians (102,474). All other single race categories such as Native American, Hawaiian or Pacific Islander combined to number 194,124. The Hispanic category is considered an ethnicity so Indiana's 389,707 Hispanic residents can be of any race.

The Hispanic population showed the most dramatic growth of any race or ethnic group in the state with an 81.7 percent increase since the last census in 2000. In fact, the Hispanic population alone accounted for 43 percent of Indiana's total growth over this period.

The number of Hoosiers identifying themselves as multi-race now number 127,901 -- a 69 percent increase over the decade. At 73.3 percent, the state's Asian popula-

tion grew at an even faster rate and the African-American or black population is up 16 percent. In contrast, Indiana's white population grew at a more modest 2.8 percent.

The result of these varying growth trends: The white population's share of Indiana's total dipped to 84.3 percent in 2010 from 87.5 percent in 2000. Over the same period, the state's black population climbed from 8.4 percent of the total to 9.1 percent. Indiana's Hispanic residents now account for 6 percent of the state's population compared to 3.5 percent a decade ago and estimated to be 5.5 percent in 2009.

**The Hispanic population** grew most rapidly in Hendricks (277 percent increase), Union (273 percent), Shelby (231 percent) and Hamilton (224 percent) counties. In the case of each of these counties, however, the Hispanic population still represents a relatively small proportion of the county total compared to the state average.

Most of the counties with the greatest concentration of Hispanic residents are found in northern Indiana. In Lake, Elkhart, Clinton and Cass counties, more than 12 percent of the population is Hispanic. These four are followed by Noble (9.6 percent), Marion (9.3 percent), Porter (8.5 percent) and Marshall (8.4 percent) counties.

Many counties that once had small African-American or black populations saw substantial increases this decade. This is particularly noticeable in suburban Indianapolis counties. Hamilton County's black population increased from roughly 2,800 in 2000 to 9,603 in 2010.

As with the Hispanic population, however, the number of black residents relative to the total in these counties is still well below the state average. In terms of absolute numbers, Marion County and Lake County combine to account for 62 percent of Indiana's black population.

Marion County leads the state with an Asian population of 18,314, followed by Hamilton County with 13,175 Asian residents.

**During a recent speech** at an event hosted by The Ripon Society, former Republican National Committee Chairman Ed Gillespie said, "We favor welcoming legal immigrants into this country and believe it's a good thing. But sometimes that policy gets lost because we're so busy talking about keeping illegal immigrants out."

Gillespie said Republicans have a responsibility to "welcome people" into the U.S. His comments come as the party grapples with immigration issues, with some Republicans favoring a guest-worker program and most calling for stricter border controls. "We have not only a right, but an obligation to secure our borders," Gillespie said (The Hill). "But we also have to welcome people into our country and into our party, I would argue as a Republican. I say that not based on any theory. I know this to be a fact." GOP strategists note that the percentage of Hispanics in the U.S. is on a significant upswing, arguing that unless Republicans



shift course, Democrats will attract a larger share of their support at the polls.

The Census data describing a rapidly growing Latino population in Indiana is yet another warning for Indiana Republicans who are in the process of passing an Arizona-style immigration law, which is emphatically opposed by many Latino community and political leaders. Some Republicans and the Tea Party not only support immigration reform but oppose the Dream Act. The risk in doing

so is to create another large and growing voter bloc into Democrats, as what happened with African-Americans in the mid-20th century. Latinos supported President George W. Bush, possibly pushing him over the top in a razor-thin victory over Al Gore in 2000. But in 2008 President Obama saw his support for Latinos dramatically grow, including 77 percent in Indiana. That followed the defeats of U.S. Reps. John Hostettler, Mike Sodrel and Chris Chocola in 2006. All three made conspicuous support of tough immigration laws.

## Thinking as he chips at the ice

By **MORTON J. MARCUS**

INDIANAPOLIS - Ice on my driveway kept me house-bound for most of the past two weeks. A fellow gets to thinking.....

Something is wrong. Our Town of Meridian Hills encompasses just 1,616 persons according to the latest census. That's down 5.7 percent while Marion County grew by 5 percent. It must be the brain drain. Can we find a plumber to fix it?



Morton Marcus  
Column

Of what earthly good is the Town of Meridian Hills, or for that matter most of the cities and towns of Indiana? Meridian Hills has just spent who knows how much money

for large monuments more appropriate for cemeteries than a community. They carefully erected the sign nearest us to indicate that we are not included. I took that personally.

The town put up designer street signs to differentiate us from the rest of Indianapolis, but who cares? What does the town do other than pay for a constable and snow removal on minor streets driven by SUVs? Let the whale swallow it and no one will know it ever existed.

Look at reality. In this revolutionary period, under the leadership of the governor, Indiana's township governments disappear. Trustees and boards tumble as assessors already have. School corporations build moats to protect their castles against charter schools. Why isn't our legislature shredding the fabric of community government by disbanding cities and towns that are only artifacts of horse-drawn days?

Am I serious about eliminating cities and towns? Yes, and no.

Gary's 2010 population sank to 80,300, 22 percent below 103,000 ten years earlier. The city is dysfunctional, its schools abysmal, its library system a burlesque. Could

things get worse if Gary were combined with Hobart, Lake Station, New Chicago, and other places in what we still know as Calumet and Hobart townships? By my count 14 cities and towns crowd into the five northern townships of Lake County. Instead of getting rid of the townships, why not consolidate the cities and towns along townships lines?

Someone ought to be asking if consolidation of cities and counties would succeed where only one city dominates a county. In 2000, Evansville's population totaled 71 percent of Vanderburgh County. By 2010 the city accounted for only 65 percent of the county. The city's population declined by 4,000 and the county's advanced by 8,000. If the city doesn't want to become hostage to the county, then a joint government should be initiated now.

By contrast, Portland enjoys a stable 29 percent share of Jay County's population despite both city and county losing population over the last decade. The question becomes: is a local government for 6,200 persons in a county of 21,000 a luxury? Let's rethink how we organize government in Indiana. Could we govern small towns and small counties effectively without separate governmental units?

Take the twin cities of South Bend and Mishawaka. They deny being twins but that's only because one is uglier/prettier than the other. Together, along with unincorporated Granger, they combine 180,000 people. That's a good size for an efficient city. Or is the current arrangement more efficient? Doesn't someone care enough to look into the question?

Similarly, 103,000 persons live cheek by jowl in New Albany, Clarksville, and Jeffersonville but in two separate counties. Would these citizens be happier as one entity?

Many of our existing cities and towns could be pleasant neighborhoods in consolidated urban areas. But we'll never know if we decide on the basis of another Kernan-Shepherd report, a volume with little empirical evidence to support today's radical change. ❖

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



## Playing fast and loose with health reform facts

By JACK COLWELL

SOUTH BEND - With the housing market still sick, a South Bend Realtor was shocked, understandably, when a Florida real estate agent dispatched a warning that health care reform has a hidden federal sales tax on housing sales, making the ailing market sicker.



"Will You Ever Sell Your House?"

That's the title of the warning, being chain e-mailed all over the nation.

The scary message begins:

"Did you know that if you sell your house after 2012 you will pay a 3.8 percent sales tax on it? That's \$3,800 on a \$100,000 home."

This was "snuck" in the health care reform law.

Although the sender urges recipients to pass on the message of this hidden "real estate sales tax" to warn others, the South Bend Realtor, figuring that it just couldn't be true, sent it instead to a local political columnist and her congressman, asking for the facts.

Before even launching an on-line Google search that revealed the extensive history of the warning, I knew that it couldn't be true.

There is no federal sales tax.

And nothing like that could be "snuck" in the health care bill and escape detection by all of the reporters covering this major legislation, all of the lobbyists on all sides analyzing every word and all of the congressional opponents of the bill seeking anything controversial.

No way.

And of course there wasn't.

A staffer for U.S. Rep. Joe Donnelly, the Realtor's congressman, replied quickly that it wasn't true and provided a fact-checking Web site, [www.factcheck.org](http://www.factcheck.org), one of several such services that long ago branded this warning for what it is, a lie.

Elizabeth Shappell, the congressman's communications director, said questions about the sales-tax-that-isn't on home sales have been fielded by the office since last spring, when the lie first was concocted and circulated for political purposes, with intent to scare and enrage voters.

The election is over. But the distortion lingers, still alive on the Internet, on blogs and in the chain e-mails that urge recipients to pass on the warning.

As with most scams, there is something actual on which it is based.

Health care reform funding does include a tax that would be collected on huge profits in a house sale, profits

exceeding \$250,000 or \$500,000 for joint filers, who are wealthy, making more than \$200,000 a year or \$250,000 for joint filers.

It is not a sales tax. It is not collected on the sale price.

Because the scare e-mail effort has targeted many real estate people, the facts are provided on sites such as the Harrisburg Real Estate Weblog, which says that the tax won't even apply to the first \$250,000 on profits from the sale of a personal residence or the first \$500,000 in the case of a married couple selling their home.

No new tax at all on that \$100,000 sale cited in the e-mail. Not a cent.

Not a cent either on a \$1 million sale. Nothing on sales.

So, who might pay \$3,800, not on the sale price, but on a huge profit?

The Harrisburg blog gives an example, calculating that a couple with combined income of over \$250,000 selling a \$1 million primary residence and making a \$600,000 profit on the transaction would be taxed on \$100,000 of the profit and pay \$3,800 in the new taxation.

Not many house sales in South Bend - or elsewhere - to be affected by that.

Still, a radio ranter, who may or may not know the truth, claimed there is a sales tax, hidden, with this devastating impact: "So, if you sell your home for \$400,000, perhaps wanting to downsize if you are a senior, you will pay \$15,200 in tax."

No you won't.

There's enough actually in the health care law that can be debated honestly, pro and con, without hysterics over a nonexistent federal sales tax.

The South Bend Realtor not only checked the facts but then contacted the Florida source of the misinformation, suggesting that the person might want to pass on the facts to all those to whom the scary chain e-mail was sent. That will help. Some. But the lie will live on and on and on - on the Internet. ❖

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



**Doug Ross, Times of Northwest Indiana:** The stakes suddenly are a lot higher in Hammond's mayoral race this year. New Census numbers released Thursday show Hammond has eclipsed Gary as the largest city in Northwest Indiana. Hammond's population dropped 2.7 percent, but Gary lost 22,000 residents. Hammond is the fifth-largest city in Indiana. That's a lot of clout statewide. Howey Politics Indiana, without the benefit of the Census revelation, ranked Hammond Mayor Thomas McDermott Jr. 26th on its list of the 50 most politically powerful people in Indiana. Here's what Howey says about McDermott: "The Lake County Democratic chairman is facing an intense primary challenge in May as former Lake County Sheriff Roy Dominguez has dispatched a lieutenant to settle old scores. If McDermott survives and defends city hall in November, he will be a potential running mate on the Democratic gubernatorial ticket in 2012. And McDermott coming out favoring the school choice legislation in the House is an example of Democrats following the lead of President (Barack) Obama and not Rep. (Pat) Bauer." That's a mouthful. Let me break it down for you. Among the opponents McDermott is facing is Oscar Sanchez, a former top aide to Dominguez. But McDermott is facing other opposition as well. If he can't survive the primary, that won't speak well of his ability to rule over the Democratic Party, will it? So his party leadership — his chairmanship — is being put to the test. McDermott also will face a tough test in November, perhaps from a former opponent, Republican George Janiec. The filing deadline isn't here yet, so predicting the lineup in November would be folly. McDermott has vowed to campaign hard this year, saying he learned his lesson from four years ago, when he won a narrow victory over Janiec. Since that election, McDermott has become an accomplished fundraiser for Hoosier Democratic candidates. He has built some name recognition statewide, at least within the party. McDermott has repeatedly said he is committed to the mayoral election, that he's focused on remaining Hammond's mayor. But if he's offered a chance to become the Democratic gubernatorial candidate's running mate, he might change his tune. ❖

**Rich James, Post-Tribune:** Every once in a while something happens that leaves me speechless. Knocks my socks off. This week was one of those times. As I was leafing through the Post-Tribune early one morning, I saw the story that essentially said State Treasurer Richard Mourdock planned to take on Sen. Richard Lugar in the Republican primary next year. Is there no honor left in the Indiana Republican Party? Mourdock wants to oust the most storied figure in Indiana political history. Let's put it a bit differ-

ently. The Indiana tea party people want Mourdock to replace Lugar because, well, because Lugar won't kowtow to the ridiculous demands of the tea folks. Lugar stands for something. The tea party doesn't. And Mourdock, too, apparently stands for, well, just Mourdock. Mourdock told the Tippecanoe County Republican Women's Club last weekend, "Let me start simply by saying there's no one in the state of Indiana that has a greater respect for Senator Lugar." Just think if Mourdock didn't like you. What Mourdock has become is the latest pawn of the tea party. And he is about to make a fatal political mistake. The tea party doesn't like Lugar because he has the ability to think and get things accomplished. And I suspect the tea party has convinced Mourdock that he can win. And what is really frightening is that Mourdock apparently believes he can win. And this is the guy who invests the state of Indiana's money. Wow. Mourdock, despite what the tea folks are telling him, can't beat Lugar. A recent poll showed Lugar with a 66 percent approval rating. In politics, that's god-like status. And besides, Republicans like the finer things in life too much to trade in a Cadillac for an Edsel. ❖



**John Stossel, Fox News:** The Congressional Budget Office says the current year's budget deficit will be a record \$1.5 trillion.

It also says that over the next decade we're on track for annual deficits of "only" \$768 billion. I suspect the CBO has hired Rosy Scenario to do the bookkeeping, but let's take that number at face value. I'm now going to balance the budget, with the help of some experts. I'll begin with things I'm most eager to cut. Let's privatize air traffic control. Canada did it and it works better. Then privatize Amtrak. Get rid of all subsidies for rail. That'll save \$12 billion. End subsidies for public broadcasting, like NPR. Cancel the Small Business Administration. Repeal the Davis-Bacon rules under which the government pays union-set wages to workers on federal construction projects. Cut foreign aid by half (although we should probably get rid of all of it). So far, that's \$20 billion. Oops. That doesn't dent the deficit. We have to do much more. So eliminate the U.S. Education Department. We'd save \$94 billion. Federal involvement doesn't improve education. It gets in the way. Agriculture subsidies cost us \$30 billion a year. Let's get rid of them. They distort the economy. We should also eliminate Housing and Urban Development. That's \$53 billion more. Who needs the Energy Department and its \$20 billion sinkhole? The free market should determine energy investments. And let's end the war on drugs. In effect, it's a \$47 billion subsidy for thugs in the black market. I've already cut more than six times more than President Obama proposed in his State of the Union address. ❖





## White grand jury in second day

NOBLESVILLE - Grand jury proceedings against Secretary of State Charlie White entered their second day today in a Hamilton County courtroom today (Annis, Indianapolis Star). White, the top election official in the state, is accused of intentionally voting in the wrong precinct during the May 2010 primary, a potential felony.

If convicted of a felony, White would have to give up the position that he won by a wide margin over Democrat Vop Osili in November's election. White was at the Hamilton County Judicial Center today, but referred all questions to his attorney, Dennis Zahn. Zahn declined to speculate on the strength of the special prosecutors' case or on what evidence they might be presenting to the grand jury. Indiana Republican Party spokesman Pete Seat also didn't immediately return a phone call seeking comment. However, Hamilton County Democratic Chair Keith Clock said he thought White should step down if indicted. "It'd be harmful to his (and the office's) reputation and a huge distraction while he tried to carry out his duties," Clock said. "It just seems like the right thing to do." Special prosecutors John Dowd, a Republican, and Daniel Sigler, a Democrat, are investigating claims that White voted in a district he no longer lived in. The registered address was a home he had shared on and off with his now ex-wife until 2009.



## House cuts jet engine

WASHINGTON - A GOP-controlled House intent on cutting spending reversed past support for

an engine program that would benefit Indiana (Groppe, Gannett News Service). The House voted 233 to 198 to cut funding for a jet engine being developed by General Electric and Rolls-Royce. The companies have estimated that if the engine reaches full production, it would support 4,000 jobs, including several hundred around Indiana at Rolls-Royce's Indianapolis facilities and at GE's facilities in Terre Haute and Fort Wayne. The vote was on an amendment to a bill setting funding for the remainder of the fiscal year that ends in October. It still has to be passed by the House and be considered by the Senate so the debate isn't over. But the vote is a big blow for engine backers as the House upheld spending for the program last year when the Senate sided with the administration in not including it in their defense spending plan for this year. Because Congress did not finish the spending bills, spending authority runs out March 4 unless lawmakers act. Defense Secretary Robert Gates has said he will look at "all available legal options" to shut down spending on the engine program when the stop-gap bill the federal government has been operating on expires.

## School reform bills pass in panels

INDIANAPOLIS - Two key pieces of Gov. Mitch Daniels' proposed education reforms cleared their first legislative hurdles today (Schneider, Indianapolis Star). The House Education Committee voted 8-5 on party lines for a bill that would use public tax dollars for private school tuition. The Senate Education Committee voted 7-2 on party lines for bill that ties teacher pay to a yearly evaluation. The House measure, House Bill 1003, creates vouchers for some families. Those whose incomes qualify for free and reduced-price lunches would be

able to get 90 percent of the money that would have gone to their local public school and can spend it instead on private school tuition, including to religious schools. Those whose incomes are 200 percent of the level that qualifies for free and reduced-price lunches would be able to get half of their public school dollars to spend instead on private school tuition. The vouchers are only available to those who have been in public schools for at least two semesters or who are currently going to private schools thanks to the scholarships the state set up last year. Critics of HB 1003 argued that it drains money from public schools. Supporters say it gives parents more options to find the best educational choice for their children. The bill now goes to the full House for consideration. Under the Senate measure, Senate Bill 1, a veteran teacher or principal would evaluate teachers every year and rate them "effective," "highly effective," "improvement necessary," or "ineffective" based on state tests along with other indicators determined locally. Only teachers who rated in the top two categories could earn raises and teachers with a series of low ratings could be fired.

## Coats urges Obama to cut regulations

WASHINGTON - U.S. Sen. Dan Coats supported the Regulatory Responsibility for our Economy Act (S.358), a bill that would enforce the president's recent executive order directing federal agencies to review the economic impact of federal regulations on Wednesday. "Unnecessary regulations handed down by Washington are stifling growth and innovation across the country," said Coats. "To re-start the engine of America's economy, our job creators need relief from costly and burdensome mandates, rules and restrictions. This legislation gives teeth to the President's executive order."