



Stutzman ‘biggest fear’ is credit hit

Rokita expects ‘TARP-like’ 11th hour convulsions

By **MARK SCHOEFF JR.**

WASHINGTON - Lawmakers likely will not raise the federal debt-limit ceiling until the 11th hour – whether that witching time occurs on Aug. 2 or several days later.

The Washington Post reported this morning: Senior aides predict there will be a final vote in the late afternoon or early evening. House Republicans are holding a conference at 9 a.m. Then Boehner’s leadership team has scheduled a news conference at 1:30 p.m. The two hours of debate on the bill are not expected to begin until after the news conference. Under this timeline, the final vote would be a dinnertime affair. Republicans are increasingly optimistic they could win a majority for the bill. Prominent conservatives such as Reps. Darrell Issa (R-Calif.) and and Mike Pence (R-Ind.) have said good things about the measure. The freshmen seem to be break-



U.S. Rep. Marlin Stutzman, shown here at a Statehouse Tea Party rally in 2010, is moving toward Speaker Boehner on the debt ceiling. “My biggest fear is a downgrade in our credit rating,” he said. (HPI Photo by A. Walker Shaw)

ing strongly in the leadership’s favor.

But Club for Growth President Chris Chocola, while

Continued on page 3

Daniels warns of default

By **BRIAN A. HOWEY**

WEST BADEN, Ind. - Indiana Gov. Mitch Daniels cited President Obama’s “intransigence” as the biggest problem in the gathering debt ceiling crisis facing Congress this week. But the former White House budget director painted a dire scenario if the United States were to default on its obligations, as some members of his own Republican Party from Indiana are advocating.

The remarks were among his most detailed on the emerging crisis since he bowed out of the



“Get your ass in line. I can’t do this job unless you’re behind me.”

- House Speaker John Boehner, to the GOP caucus



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Republican presidential race in June. Many Republicans believe that Daniels would have been a leading voice in the nation's budget deficits and debt crises that he described as the "red menace" when he addressed CPAC in February. The former OMB director has written a book about the American fiscal house, due for release in September.

In February, Daniels told CPAC in Washington, "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."

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

On Tuesday, Daniels stayed true to this line of thought.

"Far and away the biggest problems are the intransigence of the President and his allies," Daniels said at a Statehouse news conference Tuesday morning. Asked by Howey Politics Indiana what his perspective on the crisis is, Daniels responded, "Everybody who honestly approaches this subject knows we have a huge problem. We cannot possibly generate the revenues to pay for it and go on borrowing 40 cents on every dollar like we've been doing. So the starting point, not the ending point, should be some meaningful step to reduce the blow-out levels of spending we're at today and start reducing the unaffordable commitments we've made

for tomorrow. And so this elephant is going to have to be eaten one bite at a time. The first bite would be something that demonstrates to Americans, and by the way, the markets, that we don't intend to spend and borrow our way over a cliff."

Daniels added that "you're never going to solve this problem in one great step. It's going to take actually years of steps if you look at the arithmetic. Therefore, don't let the perfect be enemy of the good. If you can get, as they've been close to with



the President, if they can get a meaningful first step on spending – and of course you have to raise the debt ceiling at some point – they ought to do that and the next morning start discussing step two."

Asked if allowing a default would be a good thing, as U.S. Rep. Todd Rokita, Indiana Treasurer Richard Mourdock, and U.S. Rep. Michele Bachmann, who is seeking the GOP presidential nomination, have advocated, Daniels said, "I disagree with that. Their intentions are good but I don't think they've thought through the potential consequences to the country." Mourdock is challenging U.S. Sen. Dick Lugar in the Republican primary. On May 16, Mourdock said on his campaign website, "Negotiating a deal across the political aisle to simply cut spending at any level is a



folly. Numerous times in the past such deals were agreed to, but once the debt limit was raised there were no serious efforts at reducing spending. If it had worked in the past, we wouldn't be in this current mess. Many in government again want to raise the limit on its credit card but we must say no!"

And what would those consequences be? Daniels, who served as OMB director from 2001 to 2003 under President George W. Bush, said, "A giant leap in the interest rate. Probably an end to investment in the country, which probably leads to more lost jobs. You'd probably have a big run up of commodity prices like gasoline because the world would assume that instead of doing what's right, starting to limit our spending, we're just going to print money. The first thing you'd see is \$5 or \$6 (a gallon) gas. Followed by a big increase in the interest rate for the money you've borrowed."

Daniels did give some cover for Republican freshmen, noting that they weren't there to vote for the spending that got the U.S. in this dilemma.

And the governor said that Indiana could survive

a temporary government default. "As we do, we need to stay prepared – almost uniquely – with money in reserve. Hypothetically if the federal government really did have a temporary collapse of its activities, we could cover if Medicaid checks didn't come. Other states would be up a creek."

Daniels' remarks will likely bring a wistful response from Hoosier Republicans and others who wanted him to seek the GOP presidential nomination in 2012. Many, including key aide Mark Lubbers, believed that Daniels was well positioned to win the nomination. The events of July – with a deadlocked showdown in Washington between President Obama and both congressional Republicans and Democrats – would have played into Daniels' wheelhouse, where he would have presented a message of tough love, and a road map to the future that would feature arduous fiscal discipline and entitlement reform.

With most of the Republican presidential field watching the crisis from a distance, Daniels' comments on Tuesday give us a look at what might have been. ❖

Debt ceiling, from page 1

studying the Boehner plan, warned Members on ABC News Wednesday of their own constituents. "We will score the vote, we will put it in their scorecard, and make decisions on our actions in primaries and general elections based on our scorecards," said Chocola, a former Indiana congressman. So, should incumbents worry about being targeted for defeat by this well-funded interest group? "I don't know that they should fear the Club for Growth as much as they should fear their own constituents," said Chocola.

When the moment does arrive for what will be one of the biggest votes of their careers, it could feature some lurches that characterized congressional action surrounding the bank bailout bill that was approved at the advent of the financial crisis in 2008.

At that time, the House first rejected the Troubled Relief Asset Program. The financial markets dropped quickly. The House approved the bill on a second try.

It's unclear whether Congress will lift the \$14.3 trillion debt ceiling by Aug. 2, when the United States will go into default, according to the Treasury Dept. Recent reports indicate there may be a few days of wiggle room beyond that date.

But achieving a final deal could include white-knuckle moments on the House and Senate floors. The latter chamber is likely headed for votes in the wee hours to clear procedural hurdles.

"It's likely it may have to go through some TARP-like convulsions first in terms of the voting procedure," said

Rep. Todd Rokita, R-4th CD.

The stakes will be high. A default could create chaos in global financial markets. A debt downgrade could catalyze interest rate spikes.

"We're in a situation where something has to happen," said Rep. Marlin Stutzman, R-3rd CD. "My biggest fear is a downgrade in our credit rating. We can't afford higher interest rates."

But as of late Wednesday afternoon, Stutzman and his Hoosier GOP freshmen colleagues were unsure of the direction they would take on the issue.

After months of negotiations between Vice President Joe Biden and congressional leaders and weeks of talks between President Barack Obama and House Speaker John Boehner, actual plans to raise the debt ceiling were finally committed paper to earlier this week.

As he left a House Education and Workforce subcommittee hearing on Tuesday, Rokita clutched a copy of Boehner's initial bill in his hand – a challenge given that he was hobbling around on crutches.

Rokita was on his way back to his office to review Boehner's plan for the first time. He hadn't made a decision on whether to support the approach.

Conservatives like Rokita are driving a hard bargain. They believe they were sent to Washington to rectify a fiscal house that is in shambles after years of neglect by both parties.

After first falling short of its deficit-cutting goals, the Boehner plan was hastily rewritten on Wednesday. It now hikes the debt ceiling by \$900 billion and achieves



\$917 billion in spending cuts over 10 years, according to the Congressional Budget Office.

In the second of a two-step process, it would require congressional enactment by the end of the year of another \$1.8 trillion in additional spending reductions, including changes to entitlement programs, identified by a congressional panel. The recommendations would be subject to an up-or-down vote without amendments. At that point, Obama could raise the debt ceiling again by that amount.

The plan also would cap discretionary spending, place limits on future spending and require votes in the House and Senate on a balanced budget amendment before the end of the year.

On Tuesday, Rokita was warming up to the initial Boehner plan.

"I'm seeing some aspects of this that are permanent and structural that would allow me to put \$2 trillion on the heads of my grandchildren," he said.

But he had qualms about the congressional commission that would determine future budget cuts.

"All they have to do is peel off one of the six Republican appointees for tax rate increases or a tax hike on the rich or whatever class warfare mechanism (Democrats) are trying to put into play, and we have a pretty big problem," Rokita said.

News reports about House GOP meetings late Wednesday indicated that conservatives were getting behind the Boehner plan. But even if it passes the House on Thursday, it will hit a wall in the Senate.

A letter on Wednesday signed by 51 Senate Democrats and two independents who caucus with them indicated that none of the lawmakers would support the Boehner bill.

"In addition to risking a downgrade and catastrophic default, we are concerned that in five or six months, the House will once again hold the economy captive and refuse to avoid another default unless we accept unbalanced, deep cuts to programs like Medicare and Social Security,

without asking anything of the wealthiest Americans," the letter states.

Democrats are touting Senate Majority Leader Harry Reid's plan. Under Reid's approach, the debt ceiling would be raised by \$2.4 trillion all at once while reducing domestic and defense spending by \$1.2 trillion over 10 years. It also would include \$1 trillion in savings from the costs of the wars in Iraq and Afghanistan.

Like Boehner, Reid would establish a joint congressional committee to come up with more savings to reduce federal spending to 3 percent of the economy. But raising the debt ceiling would not be contingent on its actions.

In another similarity with the Boehner plan, Reid would not raise taxes. But, in a sharp break, he does not allow for a vote on a balanced budget amendment.

Democrats say their plan is superior to Boehner's because the CBO scored it as achieving \$1.3 trillion more in deficit reduction.

As has been the case for months, however, House GOP freshmen aren't showing any inclination to give any concessions to Democrats.

Rep. Todd Young, R-9th CD, said that he would consider raising the debt ceiling in one step but dismissed Reid's approach.

"After you get past the budget gimmicks, I'm not

sure Reid's plan is credible enough for the credit rating agencies," Young said in an email. "Essentially, it gives the president the blank check he has asked for with no structural reforms to ensure we begin to tackle our debt issues."

One area in which the freshmen have not wavered is in their conviction that they have already done all the compromising they're going to do. They continue to point to the so-called cut, cap and balance bill that recently was approved by the House but failed in the Senate.

Stutzman said: "The compromise is cut, cap and balance, where we're saying we'll raise the debt ceiling \$2.4 trillion but we need to start cutting and capping spending and sending a balance budget amendment to the states."

That approach is not likely to be revived. But something has to give by this time next week. ❖



U.S. Reps. Marlin Stutzman (left) and Larry Bucshon at the Mike Pence gubernatorial kickoff in June at Columbus. Both face the biggest vote of their careers. (HPI Photo by Brian A. Howey)



Bauer's delusions

By **BRIAN A. HOWEY**
Indianapolis Business Journal Forefront

NASHVILLE, Ind. - When I think of B. Patrick Bauer, somehow the word "delusional" comes to mind.



On Tuesday, Nov. 2, 2010 - Election Day - Speaker Bauer was convinced that his worst case scenario was a 50/50 split in the Indiana House. This was despite the fact that the Gallup national Congressional generic had Republicans with a 15-point lead, which would project out to a 77-seat Republican gain in Congress (it ended up at 63). Fox News had it at 13 percent. CNN at 10 percent.

Howey Politics Indiana would forecast on Nov. 1: "Based

on the overlapping Congressional generic polling, the late supplemental House money activity, the history of wave election years and the negative campaign tactics Democrats have employed during the homestretch, HPI is projecting at least a six-seat GOP pickup - translating to 54 seats with the potential for up to 62 seats - if there is a base collapse and eight tossup seats go to the GOP, particularly in Southern Indiana and the 8th CD."

And that's what happened. Indiana Republicans ended up with 60 seats. Democrats lost two Southern Indiana Congressional seats, two state Senate seats, along with five House seats in the region, and six others scattered elsewhere. It was an epic drubbing.

Bauer had switched out his pollster and media consultants after the 2008 elections when Democrats maintained control of the House despite Gov. Mitch Daniels' landslide reelection. Democratic sources say that it was about Bauer's desire for control. The impact of that decision? The lurid district-by-district campaigns Bauer directed in 2010 contributed to the loss of 11 seats, ultimately resulting in the legislative disaster that the Democrats experienced during the 2011 Indiana General Assembly.

Bauer's decision to lead a five-week Democratic walkout to Urbana, Ill., when faced with the

sprawling Republican agenda, in hindsight, played right into new Republican Speaker Brian C. Bosma's wheelhouse, resulting in titanic victories on education reform, the new Congressional and legislative maps, and historic abortion restrictions.

During the walkout, Bauer was treated as a hero to the gathered labor "volunteers" who held noisy Statehouse rallies day after day. But organized labor makes up about 8 percent of the Hoosier population these days. Many other Democrats came to this conclusion: Bauer as the Indiana Democratic poster boy and chief party voice is a disaster, particularly now with the Evan Bayh dynasty concluded.

Thus, out of this blood, sweat, angst and smoke, we learned that this past spring, Bauer actually contemplated a run ... for governor!

Seriously.

Mike Pence, Eric Holcomb and all the stars in the GOP universe couldn't have come up with a better strategy for retaining the Indiana governorship. Bauer for Governor: To Pay or Not to Pay. Trust me. I'll bring us back to the glory days of the 1970s.

When former Democratic House Speaker John Gregg - who during this period essentially secured the Democratic gubernatorial nomination imprimatur - heard about the Bauer dream lust, his reaction was something akin to a giddy "bring him on."

A Gregg-Bauer primary would have allowed the presumed nominee from Sandborn to earn universal accolades from independents and Democratic progressives who view Bauer as a throwback to a bygone era, and maybe even some Republicans. Gregg could have Bauer bashed and seen his polling approval skyrocket.

A modicum of sense prevailed over Bauer, and he appears to be poised for reelection to a 21st term.

A lot has changed since 1970 when Bauer first entered the Indiana House. Since then two sitting Indiana speakers were upset in general elections. And perhaps the two most powerful legislators in state history - Senate President Pro Tempore Robert Garton and Senate Finance Chairman Larry Borst - were upset in Republican primaries.

Republican voters in two Senate districts essentially stood up, decided that long-term incumbent pork power could be sacrificed for the greater good of the state. The Indiana Senate has gone from a white-haired, elderly good ol' boys network to a reformist, gender-inclusive super majority. Female senators now hold unprecedented power in





the new Indiana Senate.

Such a dynamic should give progressive Hoosier Democrats something to pause and think about: what would the Indiana House be like without the delusional Bauer?

There is already a passing of the guard as longtime Democratic lawmakers named Bischoff, Stilwell, Robertson and soon Bill Crawford pass from the scene, either in defeat or retirement.

Bauer will never lose a general election battle in heavily Democratic South Bend. But Republican House mapmakers - with a little help from their friends in Washington - have given Indiana Democrats a new tool. Bauer's new district combines the African-American voting blocs from two districts into one. Therein tills the ground for seeds to sow; for perhaps a primary challenge to a 41-year veteran whose modern traits appear to be delusion, and a pervasively paranoid, stasist mentality. ❖

CPI proposal costs little, saves a lot

By **MORTON J. MARCUS**

INDIANAPOLIS - The struggle to reduce government spending involves many small cuts. One small change will produce many loud screams. A change in the calculation of the Consumer Price Index (CPI) would reduce Social Security and supplemental income payments.



Congress and the Administration want to compensate for inflation with a Cost of Living Adjustment (COLA). However, for all of our philosophical pondering combined with our statistical cleverness, we cannot figure out what is "living" nor determine its "cost". At best we can measure changes in the quantities we

consume and the prices we pay. That is the CPI.

Today we measure price changes in a very simple fashion. Let's consider Sam the Steadfast. He consumes the same amount of beer and pizza regardless of how prices change. Year after year, as beer and pizza prices rise, Sam drinks his 40 bottles of beer and eats 30 pizzas. It's what he does on Tuesdays most weeks of the year. Back in 2007, Sam spent \$160 a year on beer and pizza. In 2011, he is spending \$414.

If nothing else is included, the CPI has gone up by 159 percent. But Sam is not a typical consumer. Charles the Changer does what most of us do when prices rise: he consumes less. Where he matched Sam spending \$160, beer for beer and pizza for pizza, in 2007, he now buys just 21 beers and 12 pizzas with a total outlay of \$191, an increase of just 19 percent.

In this world, Charles has suffered a decline in his standard of living because he now consumes less. Sam's standard of living has remained the same, but he is paying much more for it. To adjust for inflation and changes in consumption, we want a measure that combines price

changes with changes in the quantities bought.

The current CPI answers the question, "What does it cost today to buy the same combination of goods we bought at some time in the past?" It does this by keeping the basket of goods constant and letting prices change. But how do we adjust for the fact people do change the quantities they buy?

Fortunately there is Herbie the Hybrid. Herbie buys quantities this year that Charles bought last year. Herbie's behavior allows us to look at the cost of maintaining the same level of consumption as in the previous year. The difference is we now average the results over a number of years. Thus, the consumption level changes annually along with prices.

In 2011, Herbie spends \$226 on beer and pizza or 41 percent more than the \$160 he spent in 2007. What's the rate of inflation? For Herbie the Hybrid it's 41 percent. For Sam the Steadfast it's 159 percent. For Charles the Changer it's 19 percent.

In the past, increases in Social Security checks were calculated holding the market basket constant following Sam's example. The new calculation has been proposed since 1996. It employs Herbie's hybrid approach, measuring average year-to-year changes in prices for Charles' changing basket of goods, lagged by a year.

Believe it or not, this example is terribly oversimplified. But the practical issues hidden behind the curtains do come forth. Linking annual changes is standard for many of our economic statistics, but it is not used to adjust Social Security payments. That lets recipients receive a little extra cash each month, adding millions to the deficit each month.

What would it mean if the Herbie solution is adopted? Some analysts suggest the average Social Security check might fall about \$3 per month. There are 60 million persons drawing Social Security or supplementary income payments. In sum, the new calculation method amounts to about \$2.2 billion of savings in the first year of deficit reduction. ❖

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



The Grecian formula approach to budgeting

By **MARK SOUDER**

FORT WAYNE - With all the publicity about the collapse of the Greek economy, our national legislators seem to have learned little. You might call our current crisis "the Grecian Formula" approach to government spending: same hair, colored to make it look different.

On my Facebook page, generally including people at least as conservative as I am, private messages are increasingly coming from people concerned about what happens if the government doesn't pay its obligations in August. The airline tax mess is just a sample of what may be coming. For all incumbents, this is not a good sign.



The politicians in Washington seem to be stuck in the same gear: 1) Congressional Democrats don't want to touch entitlements, cut any spending, or really do much other than delay the vote until after the election; 2) Congressional Republicans "cut, cap and balance" is, in my opinion,

excellent policy but irrelevant right now (bumper stickers aren't going to accomplish anything); and 3) the President has yet to produce any plan, apparently sticking with the same approach as his health care proposal (you can read it as the vote is taken).

Tuesday it looked like some progress was being made since neither Speaker John Boehner's nor Senator Harry Reid's proposals really cut anything. The difference – a very important political one – is whether to force another vote next year before the election or delay it until after the 2012 election. Both Boehner and Reid propose to limit discretionary spending growth, mostly five years from now. This is a true, pure, Grecian Formula approach: take those tough non-specific positions sometime in the future.

But Speaker Boehner ran into two problems: 1) math – this wasn't the time for a basic numbers "whoops" (200 billion was all, because his proposal was actually raising Pell Grants by so much that there was really only \$1 billion in annual "cuts" – the rest was reduced future growth tilted in years six to ten) 2) the Republican freshmen and other conservatives feel that Boehner's plan doesn't meet the commitments the Republicans made in the 2010 elections.

To be fair, I need to point out again that the President isn't having math errors because he has no plan. He isn't going to be mistaken for a leader.

While presumably the Speaker can fix the financial part by hiring, say, a Purdue grad to do some math, the internal political problem is more challenging. Of course the Republicans can't implement their 2010 promises – they don't control the government. This is the type of thing that so frustrated me about politics. People often said my answers were too long or too complicated: they wanted simple soundbites. Guess what – when you make a bunch of simplistic promises, forgetting for example that Barack Obama is President of the United States until 2012 - you are deliberately misleading people or made a terribly naïve assumption that this President was just going to fold. It is amazing that many of the same people who think that the President is a committed socialist expect him to fold in a game of chicken.

I felt, and wrote for Howey Politics, that it was worth pushing him to the limit because I believe his record is inconsistent: Is President Obama the man who as a state legislator cast more "present" votes than anyone? Or is he the most left-wing President in American history? One day he seems to want to be Ronald Reagan, another Bill Clinton, and a third an American version of Karl Marx. So the Republicans, led by Paul Ryan and House Majority Leader Eric Cantor, pushed him to the limit. So now the "limit" has arrived. As Cantor said, it is time to stop the whining and win the next election.

The difference between the House and Senate as to whether to have another vote in 2012 before the election is important. The Republicans have successfully, for now, blocked tax increases and the Democrats have prohibited the needed re-structuring of entitlement programs. If the vote is delayed until after the election, I fear we will still have the same colored hair – but instead of going from gray to black, it may be locked into a permanent red. It is also essential to remember that even if Congress pulls a likely NFL move – come to a deal right before the "drop dead" date – it is only one of the two problems. The second problem, just as large, is a possible downgrade of US Bond ratings. Failure to truly deal with the long-term debt could be as devastating as a default (as if we weren't depressed already).

It is absolutely essential that this debate continue throughout next year, and not be delayed. And both Republicans and Democrats need to be more honest, and resort to something beyond bumper stickers. A balanced budget amendment, however good, isn't going to pass in anything like a timely manner relevant to default or bond ratings – if ever. We tried caps numerous times, the best effort being the famed Gramm-Rudman effort which didn't work. There really is no replacement for Members of Con-



gress discovering a spine.

If done soon, changes to retirement funds can be limited to those under 55 so those who can no longer make significant adjustments don't have to take significant reductions. The alternative is to stall and cause unnecessary pain to those who need that income, including Social Security Disability (the category of greatest increase). Not doing something is just mean-spirited.

But the entitlement problem isn't just retirement programs. In my first term, I served on the Small Business Committee. The head of the SBA came before us to ask that he be able to loan more money because the default rate had dropped because times were relatively good. What about the total exposure if things went bad, I pressed. Let's just say that his answer was about as helpful as those given by Fannie Mae/Freddie Mac which later triggered the financial crisis of 2008. What we learned in 2008 was that housing credit was the tip of a gigantic iceberg: student loans, farm loans, SBA loans, pension ob-

ligations, increasing social security and Medicare rolls, etc. Ballooning debt, and defaults, as far as the eye could see. Compromise isn't that hard: once the changes in entitlements occur, then any tax changes can be implemented since in every other agreement the taxes have been implemented but not the cost controls. In other words, if the cost containment is five years out, so are any tax changes. That would also give the economy a chance to start growing, and anticipate tax changes so they don't shock the system.

Combined with this simple concept – keeping spending growth below actual economic growth plus inflation – and we have no crisis. Solutions are available. But in Washington they need to learn from a little editorial cartoon I had posted on my file cabinet when I worked for Senator Coats years ago: "Thou shall not believe thy own hype." Get real: get a deal. ❖

Souder is a former Republican member of Congress.

Chocola gives Mourdock campaign a push poll

By **BRIAN A. HOWEY**

INDIANAPOLIS - On the face of it, the news for Richard Mourdock's struggling U.S. Senate campaign was intriguing: He was leading U.S. Sen. Dick Lugar 34-32 percent with 34 percent undecided.

The poll was conducted by the Republican polling firm Basswood Research, on July 23-24, during an estimated \$100,000 statewide media buy from the Club for Growth which assailed Lugar for his role in expanding U.S. debt. The sample contained 500 likely Republican primary voters, with a margin of error of +/-4.4 percent.



"An incumbent who sits at 32 percent in his own party's primary, and trails a much less known challenger, is in a world of trouble," said Club for

Growth President Chris Chocola. "Senator Lugar is a very decent man, but it's clear from the poll that after 35 years, Hoosier Republicans are eager for a more conservative alternative."

But Club for Growth spokesman Barney Keller refused to show HPI the questions and sequence. It noted that this question was asked: "Would you say the following statement is true or untrue? "Richard Lugar has done some

good things for Indiana, but after thirty-five years in Washington, it's time for a change." Keller said that 69 percent said the statement was true, 19 percent said it was untrue and 12 percent were unsure. "The horserace is a straight ballot test, not an informed ballot, if that helps," Keller said.

"The data released by the Club for Growth does not resemble anything we are seeing," said David Willkie, political director for Friends of Dick Lugar. "Before commenting on a purely publicity driven poll commissioned by an outside group that has spent hundreds of thousands of dollars against us, we need to know much more about the methodology."

Willkie said that the Lugar campaign had been in the field in June and saw undecideds in the low teens, and not 34 percent. "The poll confirms the grumblings we have heard on the campaign trail that people are ready for a change," Christopher Conner, Mourdock's campaign communications director, said in an email to the Fort Wayne Journal Gazette). "It gives some insight to why Lugar is running TV ads so early in an election and the negative comments in the mailer about us." The Club for Growth ad campaign and poll came after Mourdock reported raising only \$300,000 in the second quarter and the campaign had only \$213,000 cash on hand.

Did Indiana Sen. Richard Lugar bail out New York City? That's one of the charges in recent Club for Growth ads criticizing Lugar's fiscal record. Former Indianapolis Mayor Stephen Goldsmith, who is now deputy mayor of New York, came to Lugar's defense with an opinion piece saying that Lugar made sure the federal aid to New York protected taxpayers (Indianapolis Star). Former Indiana



Rep. Chris Chocola, who heads the Club for Growth, fired back that Goldsmith "bizarrely and inaccurately" defended Lugar. Meanwhile, a neutral party has weighed in on the ad. Factcheck.org, a project of the Annenberg Public Policy Center, said the ad exaggerates the impact of Lugar's past votes on the federal debt. Lugar was mayor of Indianapolis in 1975 when Congress approved a direct loan to New York City. Lugar did vote in 1978 for \$1.65 billion in federal loan guarantees for the city, but that didn't cost the taxpayers anything, according to the nonpartisan group. Factcheck.org also said the Club for Growth ad exaggerates the cost of the bailouts for Wall Street and the auto industry that Lugar supported.

New Mourdock PR firm

The Mourdock campaign has hired Advocacy Ink, and Alexandria, VA., public relations firm. "We're proud to join his team, he's a solid conservative across the board on every issue and a genuinely good man," said Katie LaPotin of Advocacy Ink. The move comes after an anemic fundraising quarter and a series of campaign gaffes during June.

Murdock blasts Lugar on debt

Murdock is also accusing Lugar of not acting quickly enough to back the conservative cut, cap and balance proposal that passed the House, but failed in the Senate last week (Walsh, ABC News). "I was stunned that he was the last of the Republican senators to get on board with the cut, cap and balance," Mourdock told ABC News. "The day before it went to Harry Reid, Lugar suddenly said, 'Yeah, me too' and jumped on to co-sponsor." Mourdock added that Lugar has voted to raise the debt ceiling in the past, something the Tea Party supported candidate hopes will work to his advantage with conservatives. He says that on the campaign trail he constantly meets voters who say they respect the 79 year-old-senator, but that "it's time" for a change. The Lugar camp says it's just not true that the senator was late to sign on to cut, cap and balance, and that Lugar has been involved throughout the year on spending issues. Lugar's spokesperson for his senate office, Andy Fisher stressed that the senator didn't just back the bill but added his name to the list of co-sponsors. "That's a full endorsement," he told ABC News. Legislation requires thought, Fisher added. "It's quite simple to be able to campaign when you are not in the position of responsibility of studying the proposals and making certain the proposals are good ones." Fisher added that Lugar is co-sponsoring Sen. Pat Toomey's "Full Faith and Credit Act," which will ensure payments are made to Social Security recipients, the military and interest on the national debt if the government does go into default.

Brian Howey, author of Howey Politics Indiana, says until the outcome of the debt ceiling deal is known, it's too early to know how the debate could affect this campaign. "Lugar and Mourdock have very different stances. Lugar's remarks have been that he is very concerned about U.S. credit being downgraded and what that could do to the economic standing of a dollar, and Mourdock is signing on to the Tea Party position that failure to raise the debt ceiling along with default is not a bad thing," Howey told ABC News. "If we were to get into a default and spin down into a double dip recession, that could hurt Richard Mourdock even in a Republican primary, certainly in a general election... The Mourdock strategy is riskier at this point." **Primary Horse Race Status:** Leans Lugar

Governor: Wallace begins TV ads

Republican Jim Wallace kicked off the gubernatorial TV ad sequence this morning with an introductory ad that the campaign says will run statewide.



Republican Jim Wallace in his first TV ad which began airing today.

The ad features Wallace walking through downtown Indianapolis. "While Indiana is doing better than most states, there's still a lot to do. I've been here working and people are talking. Hoosiers are tired of the games being played in Washington. We need a real Hoosier with real business experience running this state. I'm here, I'm running for governor and I'm on it."

Wallace told HPI last week that Ron Arnold is helping his campaign's fundraising efforts. Arnold responded, saying, "I was alarmed to learn that it was reported (Thursday) in Howey Politics Indiana that I am involved with Jim Wallace's campaign for governor. It is not true and I would ask that a retraction and correction be made for the record. I have no official or unofficial role with the Wallace campaign. For a short time, before Mike Pence announced his candidacy for governor, I provided general consulting for the Wallace campaign. Any reports to the contrary are in error. I had the distinct honor of serving with Congress-



man Pence for nearly 10 years. He has served my hometown of Elwood and the entire 6th Congressional District with distinction. I have been proud to call him my friend and Congressman. Although I respect the primary election process, Mike has my full support and I look forward to the day next year when Mike's title changes from Congressman to Governor of Indiana."

One of the first campaign promises Mike Pence made in his run for governor is that he won't talk about policy until after the May 2012 primary (WTHR-TV). Fishers businessman Jim Wallace says he's "insulted" by that pledge and thinks voters in the Republican primary need to know more about where his opponent stands. But Republican consultant Mike Murphy says not talking policy is smart politics because Pence doesn't risk alienating voters early with unpopular ideas. Pence leads a small pack of candidates for governor in campaign cash, and he is the Republican establishment candidate in a Republican-dominated state. Likely Democratic nominee John Gregg is not talking about policy just yet. But he hasn't ruled out talking specifics while he is campaigning.

Governing Magazine rates the Indiana governor's race in its top five. Reporter Lou Jacobson observes: 5. Indiana (R-held; previous rating: 5). U.S. Rep. Mike Pence, buoyed by his national profile as a GOP spokesman and his fundraising network, is a strong favorite to succeed GOP Gov. Mitch Daniels. The likeliest Democratic nominee, folksy former state House Speaker John Gregg, has a conservative profile that won't win him much love within his party's base, but which offers at least a sliver of opportunity in the general election. For Gregg to catch fire, Pence would probably have to stumble badly, something considered unlikely given his surefooted communications skills and conservative track record. **Primary Horse Race Status:** Likely Pence

GOP sees Indiana as pivotal in '12

Indiana will be among six battleground states in the 2012 presidential election, the Republican National Committee declared Wednesday (Francisco, Fort Wayne Journal Gazette). "Our path to the White House goes through Indiana," RNC political director Rick Wiley said in a conference call with reporters. It's an unfamiliar detour for the national GOP. Since 1940, the party's candidate has carried the Hoosier State in 16 of 18 presidential elections. But one of the Democratic victories came in 2008, and along with it, the state's 11 electoral votes. So the RNC has rolled out its fourth weekly TV spot in a monthlong ad campaign disparaging President Obama, this one projecting what the United States might be like on Obama's last day of a second term in 2017.

"With debt to China reaching record levels, some analysts believe the Chinese have overtaken the United

States," an actor portraying a newscaster says over video of Obama standing next to a Chinese flag. The 30-second ad, which also refers to climbing unemployment in 2011, is designed as much for an online social-media audience as for television markets in six key states, Wiley acknowledged. "It's not a huge buy on television," he said. Wiley said the RNC is focusing its efforts on "ground zero" states that Republican incumbent George W. Bush won in 2004 but that Obama captured in 2008: Indiana, Ohio, Iowa, Virginia, North Carolina and Florida. "We're very thankful no one is taking us as a flyover state going into 2012," state Republican Chairman Eric Holcomb said.

Holcomb said RNC Chairman Reince Priebus will come to Indianapolis on Aug. 22 to meet with party officials and business leaders. Holcomb also said one candidate had accepted his blanket invitation to nine GOP presidential hopefuls to visit the state soon; that person's identity will be disclosed next week. "A couple of others are very interested," Holcomb said. "There's obviously a lot going on in Iowa right now."

Mayors endorse Gregg

Twenty-seven mayors from Southern Indiana announced their endorsement of John Gregg for governor today. Gregg, a former Speaker of the Indiana House, has formed an exploratory committee in preparation for a run for Governor in 2012. The announcements demonstrate Gregg's widespread support throughout Southern Indiana.

"I am honored to receive these endorsements," Gregg said. "Indiana needs a governor who will work with mayors to give our cities and towns the tools they need to build better communities. Indiana also needs a governor who knows how to work with mayors whether they are conservative, liberal or somewhere in the middle. As someone who has presided over a statehouse that was divided 50-50, I've got some experience in that area. Mayors understand the problems facing Indiana because they stand on the front lines. They know as well as anyone that many of the problems that face our communities aren't Democratic problems or Republican problems; neither are the solutions."

The 27 mayoral endorsements came from all corners of Southern Indiana and included large cities and small towns, showing Gregg's appeal to a broad range of voters.

Southern Indiana Mayors Endorsing John Gregg
Mayor Doug Campbell – Austin
Mayor Richard Fledderman – Batesville
Mayor Mark Kruzan – Bloomington
Mayor Tom Galligan – Jeffersonville
Mayor William Cunningham – Lawrenceburg
Mayor Timothy Armstrong – Madison
Mayor Doug England – New Albany



Mayor Harold "Soup" Campbell – North Vernon
Mayor Bill Marksberry – Rising Sun
Mayor David Bower – Salem
Mayor Jon Flickinger – Bicknell
Mayor Pamela Hendrickson – Boonville
Mayor Ann Bradshaw – Brazil
Mayor Morris Graves – Cannelton
Mayor Jonathan Weinzapfel – Evansville
Mayor Marvin Belcher – Huntingburg
Mayor Roy Terrell Sr. – Jasonville
Mayor Bill Schmitt – Jasper
Mayor Patti Jones – Linton
Mayor Don Bowling – Loogootee
Mayor John Tucker – Mount Vernon
Mayor Alfred Cooper Sr. – Oakland City
Mayor Robert Hurst – Princeton
Mayor Ed Eble – Sullivan
Mayor Barbara Ewing – Tell City
Mayor James Baldwin – Vincennes
Mayor Lawrence Haag – Washington

6th CD: Bookout gets Dem support

Brad Bookout has a full head of hair, but the former Delaware County Council member's admirers could easily call him Mr. Clean (Muncie Star Press). Bookout laughed recently when he assessed his own tendency to avoid trouble. "I've long sworn off alcohol, cigarettes, even golfing," Bookout told The Walker/Roysdon Report. "That stuff leads to negative impressions. I'm the guy who shows up for work 10 minutes early and leaves 10 minutes late." Bookout is also the guy whom Muncie Democrats are touting as their best hope to succeed GOP Rep. Mike Pence in Congress and, for the first time in 18 years, return that House seat to the Democratic Party column. In the wake of Pence's decision to run for Indiana governor, hopefuls from around the Sixth District are jockeying for position in the race for his House seat and political insiders are looking for viable candidates. "I've had a lot of people ask me if I would run for that seat, if I had an interest in that seat," Bookout said. "We've explored a few things with that. No decision has been made at this time." Political insiders say state Democratic Party officials have told Bookout he'll be considered a viable candidate if he can ramp up fundraising efforts, which is a tricky thing because the Democratic Party in Delaware County, home base for a potential Bookout Congressional campaign, is focusing on Dennis Tyler's efforts to oust incumbent Republican Mayor Sharon McShurley in the November election. "It's never too early to get started on a campaign, but local races take precedent this year," Bookout said, adding he does not have a formal campaign organization.

Indianapolis Mayoral: Kennedy eyes utility money; crime drops

Overall crime in Indianapolis declined by 4.4 percent last year, thanks to steep dips in property crimes (Indianapolis Star). But the city's 2.7 percent decline in violent crime lagged far behind the 5.5 percent reduction seen in the U.S. as a whole. And one key violent crime category, aggravated assaults, showed a sharp increase, though homicides were down. Democratic mayoral nominee Melina Kennedy has been maintaining that crime has risen during the Ballard administration. The overall drop in crime in 2010 was fueled largely by big decreases in property crimes. Residential burglaries, for example, fell by nearly 8 percent. Overall, property crime in Indianapolis last year dropped 4.7 percent, better than the 2.4 seen across the nation as a whole. Declines in violent crime in Indianapolis were much less steep, however, and aggravated assaults -- a category crime experts say is the most accurate barometer of violence -- increased by 6 percent. Aggravated assaults include attacks, usually with a weapon, that cause serious harm. Whether someone lives or dies in an attack often depends on unpredictable variables like the aim of the shooter, the quality of the hospital care and how quickly paramedics get to the scene, experts said.

Kennedy on Friday proposed setting aside \$150 million from the pending sale of the city's water and sewer utilities to endow grants targeting early-childhood education, crime prevention and workforce training (Indianapolis Star). Republican Mayor Greg Ballard, though, has long proposed to use the estimated \$425 million from the sale to repair the city's crumbling infrastructure. Kennedy, a Democrat, pitched her idea during a noon meeting of the Kiwanis Club of Indianapolis. She said she plans to announce specifics in coming weeks as she campaigns to unseat Ballard in the Nov. 8 general election. Ballard has proposed that all of the money be used to fund RebuildIndy, his initiative to upgrade roads, bridges, sidewalks and trails and to demolish abandoned houses. Since September, the city has spent more than \$140 million from various funding sources. Kennedy acknowledged that roads are an issue but not the only issue that the city needs to tackle. After taking out the \$150 million, she would use the remaining \$275 million much as Ballard proposes, though she says she would seek community input on which projects to launch. "If we spend all of the money on roads," Kennedy said, "in 10 years, the roads will have to be repaved again. We'll look back and say, 'We've had nice roads for 10 years, but what else have we done?'" Megan Robertson, Ballard's campaign spokeswoman, said RebuildIndy has made the city a more attractive place for businesses and residents. "As usual, Melina Kennedy is ready to spend large amounts of money with absolutely no detail," Robertson said. "Using a one-time funding source for ongoing programs is



completely irresponsible and will result in tax increases when the money dries up." Kennedy said no tax increases are part of the proposal. Calling the plan Vision 2021, she proposes using the \$150 million as seed money to secure philanthropic contributions.

Kennedy set off political fireworks Friday when she proposed to set aside \$150 million from the pending sale of the city's utilities to create an endowment (Indianapolis Star). Marion County Democratic Chairman Ed Treacy issued a news release that blasted Republican Mayor Greg Ballard for "gutless, mindless and reactionary leadership." The words left Ballard's supporters simmering at the characterization of the retired Marine and Gulf War veteran. "For well over 40 years now, Democrat Chairman Ed Treacy has made a career out of outlandish behavior, ridiculous comments and political cheap-shots, but his recent desperate statements regarding Mayor Ballard have hit a disgraceful new low," said Marion County Republican Chairman Kyle Walker. **Horse Race Status:** Tossup

Fort Wayne mayoral: Holcomb boosts Hughes

Four years ago, the local Republican party fractured over a controversial mayoral candidate, so this year's nominee is doing all she can to show a unified front (Fort Wayne Journal Gazette). Paula Hughes and other Fort Wayne GOP candidates are sending out joint mailers for which the county party is paying. Hughes said this is an attempt to show voters that the party stands together on its platform of cutting spending, reducing debt and improving the economy. Even the state party is getting into the unity game, with Indiana GOP Chairman Eric Holcomb attending a Hughes event last week to praise her efforts. While having a Republican is not that unexpected in politics, it is a sharp contrast to the turmoil of 2007. Holcomb, while not providing a dollar figure, said the state party would do "all we can" to help Hughes win. **Horse Race Sta-**

tus: Leans Henry

Muncie mayoral: McShurley's rumors

One staple of political campaigns in Delaware County is the use of rumor to subvert a candidate to voters. It's a political dirty trick that crosses party lines and is rarely meant to attract headlines. It's the real-world equivalent of a viral video (Muncie Star Press). Between now and the November election, this column will feature rumors making the rounds -- and attempt to separate fact from fiction. Last week, Mayor McShurley told The W/R Report about two rumors regarding her that she had heard about: • Callers to the mayor's office asked if it was true the mayor had caused the end of the high school band competition at the Delaware County Fair. • Other citizens reported that a local utility company was telling its customers that McShurley had caused electric utility disconnections to some Muncie homes. Those rumors were unfounded, although it is true that McShurley was responsible for the recent spate of hot weather. **Horse Race Status:** Likely Tyler

Evansville mayoral: Davis park plan

Mayoral candidate Rick Davis said on Monday a plan to rejuvenate the city Parks and Recreation Department is better for economic growth than plans announced by his GOP opponent (Evansville Courier & Press). In a three-page press release distributed by Davis on Saturday, he called for improvements to the city parks system that make it more attractive to prospective residents and companies. "If we're in the running with another city and the representative of the company selecting the site comes here sees on the front page of the paper, '7-year-old girl stuck by hypodermic needle,' we've lost those jobs," Davis said on Monday. "We are not going to win that." Saturday, Vanderburgh County Republican Party Chairman Wayne Parke offered a response that claimed Davis' plan proposed the spending of more tax dollars "on wasteful, redundant programs." **Horse Race Status:** Tossup ♦

Preferences for 2012 Republican Presidential Nomination

Based on Republicans and Republican-leaning independents

	Full list	Announced candidates
	%	%
Mitt Romney	17	27
Rick Perry	15	--
Sarah Palin	12	--
Rudy Giuliani	11	--
Michele Bachmann	11	18
Ron Paul	8	11
Herman Cain	3	5
Newt Gingrich	3	7
Tim Pawlenty	2	4
Jon Huntsman	2	2
Rick Santorum	2	3
Other	1	2
None/Any/No opinion	14	21

Gallup, July 20-24, 2011



Chocola calls Lugar primary defeat ‘inevitable’

By JACK COLWELL

WASHINGTON - Chris Chocola, the former Hoosier congressman who heads the Club for Growth, a group that targets Republicans it rates as too moderate, says defeat of Sen. Richard G. Lugar in the 2012 Republican primary is an “inevitability.”



Chocola cited a poll commissioned by the Club for Growth as an indicator.

It showed Tea Party favorite Richard Mourdock, the state treasurer, in a virtual tie with Lugar among likely Republican voters.

Chocola denied that the poll was a “push poll, one worded to push respondents to pick a particular choice.

The poll, conducted by Republican polling firm Brasswood Research last weekend, came right after an extensive Club for Growth buy of negative TV ads attacking Lugar.

The TV buy and poll taking advantage of the spread of the portrayal of Lugar as a big spender too long in Washington, could have come just in time to rescue Mourdock, who suffered a series of June setbacks, including disappointing fundraising in Indiana. Mourdock could not have afforded his own negative TV blitz.

The Club poll had these percentages:

- Murdock, 34
- Undecided, 34
- Lugar, 32

With a plus or minus margin for polling error, the results basically show a three-way tie.

Lugar, asked if he believed the Club poll could have been conducted in a way to provide accurate results, said “no.”

The senator said his own two polls on the primary election show him “with a very substantial lead.” He said phone bank calling and fund-raising success confirms that.

Chocola said the results, coming before Mourdock has gained widespread name recognition, confirm what he contended is obvious: That Lugar, seeking Republican renomination for a seventh term, is vulnerable.

“I think it’s beyond vulnerability. It’s inevitability,” Chocola said.

The former congressman from Indiana’s 2nd District, said the Club’s attack on Lugar is nothing personal.

“We all like Dick Lugar,” he said. “Dick Lugar is a fine man. But Dick Lugar isn’t going to change the culture of the Senate. He is the culture of the Senate.”

The Club for Growth wants to change the culture of the Senate, of Congress, of Washington, of the nation, to one of strict anti-taxation and anti-government spending, with no compromises.

The Club tossed a grenade Tuesday in seeking to blow up the proposal of House Speaker John Boehner to solve the debt-ceiling crisis.

While President Obama and most congressional Democrats found the Republican speaker’s plan too one-sided, Chocola said he found it too much of a compromise on the Club’s goal of massive and permanent cuts.

The Club issued a call for House Republicans to vote “no” on Boehner’s plan and warned that the recorded votes would be part of the Club’s “scorecard” in determining conservative ratings.

Lugar is being attacked by the Club because his rating compiled by the conservative group showed too many votes for more moderate approaches or compromises.

The warning by the Club is cited as one of the reasons Boehner feared he lacked sufficient support for passage and delayed a Wednesday vote on the plan.

A warning of a different type came Wednesday from the conservative editorial writers of the Wall Street Journal. A Journal editorial concluded:

“If conservatives defeat the Boehner plan, they’ll not only undermine their House majority. They’ll go

far to re-electing Mr. Obama and making the entitlement state that much harder to reform.”

Chocola said the debt limit situation is very serious, though not as catastrophic or unsolvable as portrayed, and he scoffed at the contention that the Club’s efforts endanger rather than help the Republican cause.

He said Mourdock, if ousting Lugar, would be certain to win the Senate seat in what Chocola sees as a big Republican year in Indiana. He wrote off any 2012 chances of Congressman Joe Donnelly, who defeated Chocola in the 2nd District and now is virtually certain to be the Democratic nominee for the Senate. ❖

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





Mr. President, take cuts to entitlements off the table

By **SHAW R. FRIEDMAN**

LAPORTE - Mr. President: There are few issues which more define our party than a commitment to the sacred programs of Social Security, Medicare and Medicaid. The Democratic Party brand, if it means anything, means standing tall against efforts to gut these most basic entitlement programs for the middle class, the poor and the elderly.

It's a unifying principle that we cannot give ground on, particularly in the face of a renewed effort by the corporate-funded Right to try to demonize these programs. When Social Security's funding is not raided by politicians



seeking to open the "lock-box," the funding mechanism secured by the payroll tax is sufficient to fund Social Security well into the future. Medicare's cost-effectiveness over private sector insurance has been shown time and again.

Remember, Mr. President, when we as a party had to stand united against the Bush campaign to privatize Social Security in 2005? The President and his corporate

allies on Wall Street wanted to gut Social Security then and convert it from what it has been since the 1930s – a rock-solid guarantee of minimally decent living conditions for America's elderly– turned over to Wall Street hucksters and speculators.

Don't do it Mr. President, don't give an inch on when there has been not one inch given by the corporate-funded Right Wing on demanding sacrifice from the wealthiest individuals and most profitable corporations to do their fair share. Warren Buffet put it well recently when he said, "There is plenty of room on the revenue side with wealthy people like me. We've never had it so good. I mean our tax rates have never been lower than this and we've had it for 10 years and it's shown in the great disparity of wealth that's occurred in the last decade or so."

It's never good enough for the corporate-funded Right, Mr. President. It's got to be maddening the way John Boehner and his allies are willing to imperil this nation's triple-A credit rating rather than raise taxes on the wealthy, but that doesn't mean having to give in on matters that are sacred to Democrats. While our nation's biggest

corporations hoard \$2 trillion in cash and refuse to invest in new jobs in this nation, they are paying record bonuses, moving money offshore and buying back stock and now they want more. (How about those absurd demands by the U.S. Chamber for yet another tax holiday on profits earned offshore? That's choice!)

Rather than continue negotiating with hostage-takers, how about calling them out for refusing to undertake reasonable measures to help reduce the deficit? We're already one of the lowest tax countries in the world. U.S. corporations and wealthy citizens pay far less in taxes than other developed nations. Since 1950, capital gains taxes have dropped 10%, tax rates for million-dollar households have decreased 10% since the mid-'90s and the estate tax has virtually disappeared.

We don't have to touch Social Security and Medicare by doing some of the following: Pass Sen. Carl Levin's Stop Tax Haven Abuse Act and generate \$100 billion in new revenue by closing loopholes that allow corporations to unpatriotically shift profits to overseas bank accounts; impose a transactions tax on speculative Wall Street trading, we get another \$150 billion a year; Jan Schakowsky (D-Illinois) has it right – repeal the Bush tax cuts for households earning over \$1 million annually and we gain another \$100 billion; and progressively taxing estates worth more than \$5 million adds an extra \$45 billion in revenue.

Don't let hostage-takers, win, Mr. President. The corporate-funded Right Wing that now runs the U.S. House of Representatives appears truly willing to risk the nation's credit and create economic turmoil so they can preserve tax breaks for corporate jets, outrageously low tax rates for hedge fund managers and loopholes for oil companies. And they are fighting reasonable financial reforms like Dodd-Frank that would prevent another meltdown like that which happened in 2008. Is there no end to their greed?

Wages have remained stagnant the past decade while the richest 1 percent in our country now has the same wealth as 150 million Americans combined! Are we are going to let the corporate-funded puppets who run the U.S. House of Representatives demand that the social safety net now be shredded? Mr. President, there are just some concessions that cannot be agreed to. ❖

Shaw R. Friedman is a LaPorte attorney, former legal counsel to the Indiana Democratic Party and frequent contributor to Howey Politics Indiana.



Mark Kiesling, NWI Times: Nepotism can come in many flavors, from a smoothie to a rocky road. Porter County Clerk Karen Martin has hired her daughter, despite the fact her daughter had been fired from the office six years ago amidst criminal allegations. Now, to be fair, there were never any criminal charges filed against the daughter, Carrie Martin-Schenck, who has steadfastly denied any wrongdoing. The allegations related to work done within the clerk's office, and were made by an employee of the office. Martin-Schenck was fired in 2004 by former Clerk Dale Brewer. In her dismissal letter, Brewer said she was firing Martin-Schenck "due to what I perceive to be misconduct and because I feel, as the elected official, I can no longer trust you." All right, fair enough. Martin-Schenck's \$300,000 lawsuit against the county went nowhere. Political hirings, firings and transfers come with the territory, especially if there is some nepotism involved. Now, I'll admit I am not familiar enough with Porter County politics to know, but it seems like Martin-Schenck was working for Brewer before her mother was clerk. Now that she's been rehired, by her mother, the charges of nepotism inevitably have surfaced. But let's look at the situation from a dispassionate point of view. If her daughter was really fired for unproven allegations, as it seems, it looks to me like Martin-Schenck is just restoring the status quo that existed under Brewer before someone in the office began complaining and filing police reports. Is this really nepotism? ❖



Raymond Dix, Post-Tribune: The Indiana State Teachers Association filed a lawsuit in Marion County court to block implementation of the new school voucher law. According to an article in the Indianapolis Star, the suit argues that school vouchers, which redirect a portion of state aid from public school districts to private schools for some low- and middle-income parents, violate the state constitution. According to the suit, the state constitution forbids the use of tax dollars to support religious institutions and requires public education funds to be spent only on a "uniform system of common schools," that are open to all. The suit argues that private schools do not qualify as part of that system. It is interesting that the state teachers union would sue in order to prevent educational choice for taxpaying parents. If our system of education is really about the children, then why would teachers sue to prevent low-income and some middle-income families from choosing the best means to direct their tax dollars? Several issues come to mind regarding this lawsuit. First, let us examine the issue concerning the reason for the law. One serious question needs consideration: Are public schools delivering quality education to students? The answer to this query is not so simple. On the surface, statistics will tell us that while many suburban public school systems succeed to educate

on a high level, the opposite is true for many urban school districts. There are many reasons these troubled districts fail to produce acceptable student achievement; some important ones like parent involvement have little to do with the school administrators or teachers. However, most would agree that schools must be held to a standard of accountability regarding the task of educating our children. Secondly, at issue in this suit is the alleged violation of the Indiana Constitution. This is an interesting argument put forth by the teachers union. In essence they say public dollars given to parents in order to choose the educational vehicle they deem proper for their own children are in fact unconstitutional and amount to supporting religious institutions with public funds. At issue seems to be who is best qualified to determine the expenditure of tax dollars, which come from the very parents the union says would violate the state Constitution. ❖

Andrea Neal, Indianapolis Star: In 1995 Congress came within one vote of passing a balanced budget amendment. Sens. Dan Coats and Richard Lugar voted in favor of the amendment and to this day lament the missed opportunity. "If this amendment had passed and been ratified by three-fourths of our states, we would not be faced with the dire financial situation that exists today," Coats says. "Since that time, nearly \$10 trillion has been added to our national debt," Lugar notes. "It is critical that we act to cut spending now and passing a balanced budget amendment would go a long way toward improving our long-term economic security." Ever since Congress lost fiscal discipline -- by most accounts in 1932 or so when balanced budgets ceased to be the norm -- the country has debated the need for a constitutional spending limit. Polls show strong public support for the idea. Yet only once, in the mid-1990s, did Congress come close to making it happen. Conventional wisdom, expressed by one legal scholar in 1998, is that "ratification is virtually impossible" due to the economic sacrifice it would entail. With the debt now at \$14.3 trillion, Congress has a historic moment to challenge conventional wisdom. The Obama administration wants lawmakers to raise the debt ceiling so government can pay its bills. Republicans, who control the House, have unprecedented leverage. Coats calls it "a unique opportunity to make it right this time." Indiana's congressional delegation heavily favors a balanced budget amendment, though members disagree on the fine points. Reps. Dan Burton, Mike Pence, Marlin Stutzman, Larry Bucshon, and Todd Rokita are among 103 House Republicans who sent a letter to Speaker John Boehner demanding a balanced budget amendment as part of the debt ceiling deal. The other Hoosier Republican, Todd Young, supports a balanced budget amendment but prefers not to link the two issues in the same vote. ❖



White trial delayed until September

NOBLESVILLE - Noblesville -- A judge has delayed the start of Indiana Secretary of State Charlie White's criminal trial on voter fraud and other charges (Indianapolis Star). The trial, which had been scheduled for Aug. 8, has been continued to Sept. 12. Defense attorney Dennis Zahn said at a hearing earlier this month that he would not be done reviewing evidence in time to go to trial in August. White could lose his job if he's convicted of any of the seven felony charges he faces. He also could face prison time. The Indiana Recount Commission last month ruled that White's candidacy last year was valid despite the allegations that he had committed fraud by using his ex-wife's address on a voter registration form.



McCain calls Tea Party frosh 'foolish'

WASHINGTON - Veteran Sen. John McCain has had enough with tea-party-aligned lawmakers who have vowed not to vote to raise the debt ceiling before passage of a constitutional balanced budget amendment (Politico). The Arizona Republican, the GOP's 2008 presidential nominee, described their position as "foolish," "deceiving, even bizarro," given Americans' anxiety about the sliding stock market, a halt on hiring and the possibility of higher interest rates related to the looming default. "What is really amazing about this is that some, some members are believing that we can pass a balanced-budget amendment to the Constitution in this body with

its present representation, and that is foolish. That is worse than foolish – that is deceiving. ..." McCain said on the Senate floor on Wednesday afternoon. "That is not fair to the American people, to hold out and say we won't agree to raising the debt limit until we pass a balanced-budget amendment to the Constitution. It's unfair, it's bizarro. And maybe some people have only been in this body for six or seven months or so really believe that. Others know better. Others know better."

Chocola opposes Boehner bill

WASHINGTON - One of the biggest critics of Speaker John Boehner's so-called "two step" plan on the debt ceiling is the conservative group the Club for Growth (ABC News). In a statement yesterday afternoon, the group wrote that the legislation "simply doesn't fix the country's fiscal problems. We strongly oppose it and we urge a NO vote." On "Top Line" today, Club For Growth President, and former U.S. Rep. Chris Chocola reiterated his opposition to the bill, saying "the Boehner plan does not solve our long-term debt crisis" and "gives the president additional authority to raise the debt ceiling." While acknowledging that "we're willing to look at" the "latest iteration of the Boehner plan" and "hope there's something we can be for," Chocola noted that the "previous plan said let's have confidence in Congress that they'll do the hard work later. I'm not sure what Congress has done in a generation that would instill the confidence that they'll do the hard work later." So will there be a political price to pay for those Republicans who do support a bill that the Club doesn't? After all, the Club for Growth has actively engaged in GOP primaries in the past. "We will score the vote, we will put it in their scorecard, and make decisions on our actions in

primaries and general elections based on our scorecards." So, should incumbents worry about being targeted for defeat by this well-funded interest group? "I don't know that they should fear the Club for Growth as much as they should fear their own constituents," said Chocola. "The American people are the ones that ultimately elect members of the House and the Senate, and they're the ones that are really - as Congressman Guinta said - 64 percent of Americans believe in the "Cut, Cap and Balance" approach, which is actually the only plan offered that solves the problem."

Legislators eye theft law change

INDIANAPOLIS - In what one legislator likened to "busting rocks," state lawmakers are pushing ahead with an effort to revamp Indiana's criminal code by focusing on sex, drug, and theft crimes (Hayden, CHNI). The process, done through two legislative study committees this summer, is proving to be slow-going as differences emerge over how to treat many of the crimes that crowd court dockets and fill state prisons. On Wednesday, during a three-hour session devoted to property crimes, one of those study committees voted to recommend what would be a major change in Indiana law: Setting a monetary threshold for what constitutes a crime of theft that could be charged as felony. Currently, Indiana is the only state in the nation without such a threshold, according to Deborah Daniels, a former U.S. attorney who's been researching state criminal codes for the study committees. In a close vote of 7 ayes to 6 nays, members of the Criminal Code Evaluation Commission voted to recommend a \$750 threshold – meaning the item or items stolen during a theft would have to be worth at least that much for the offense to



be charged as a Class D felony crime rather than a misdemeanor. One big difference between the two: A Class D felony carries up to three years in a state prison, while the highest level misdemeanor carries up to a year in a county jail.

McRobbie pay hike criticized

BLOOMINGTON - Indiana University workers are criticizing President Michael McRobbie's 22 percent increase in his base pay over the last two years. The Communication Workers of America Local 4730 called on McRobbie Wednesday to forgo all but 1.5 percent of his increase to match the average pay raises of university employees. IU Bloomington Professional Council President Grant Simpson says other workers received smaller pay increases while shouldering more of their health care costs. The council represents 2,400 professional employees of the university. IU Trustees Chairman William Cast says the board promised McRobbie it would try to raise his pay from the bottom of the Big Ten when he was hired in four years ago. The Herald-Times says it's now in the middle of the range of salaries for Big Ten presidents.

GOP staffers chant 'fire him' at Teller

WASHINGTON - House Republicans on Wednesday morning were calling for the firing of the Republican Study Committee top staffer after he was caught sending e-mails to conservative groups urging them to pressure GOP lawmakers to vote against a debt proposal from Speaker John Boehner (R-Ohio). Infuriated by the e-mails from Paul Teller, the executive director of the RSC, members started chanting "Fire him, fire him!" while Teller

stood silently at a closed-door meetings of House Republicans. "It was an unbelievable moment," said one GOP insider. "I've never seen anything like it." Teller and other RSC aides sent a Tuesday e-mail to outside conservatives seeking to "kill the Boehner deal." The RSC emails were sent to a listserv with conservative activists. "We need statements coming up to the Hill every hour of the day in mounting opposition to the plan," RSC staffer Wesley Goodman wrote to a Google email group called "CutCapBalance." That group included Teller.

Obama to unveil new fuel standards

WASHINGTON - President Barack Obama on Friday will roll out new fuel economy standards that are expected to go down as one of his biggest environmental accomplishments during his term (Politico). Obama appears to have won broad support from the auto industry for its plan to ramp up the fuel economy limits for cars and light trucks over the next 14 years, ultimately reaching 54.5 mpg by 2025. He is set to unveil the CAFE limits at an event at the Walter E. Washington Convention Center in Washington, D.C., White House spokesman Jay Carney said Wednesday. "This program, which builds on the historic agreement achieved by this administration for model years 2012-2016, will result in significant cost savings for consumers at the pump, dramatically reduce oil consumption, cut pollution and create jobs," Carney said at the start of Wednesday's press briefing. The industry support appears to be contingent on several flexible compliance approaches built into the agreement and limiting California's ability to set its own emission standards, a right it has under the Clean Air Act. "Automakers really wanted to see a single national program, and we believe that

the White House understands how much of an economic disruption would occur from multiple standards at the state and federal levels," said Gloria Bergquist, a spokeswoman at the Alliance for Automobile Manufacturers. "So, we are moving one step closer to a single national program for greenhouse gases and fuel economy for the next 14 years." General Motors, Chrysler, Ford, Honda, Hyundai and Nissan are reportedly behind the White House plan, even though none have spoken up publicly about the plan, according to several sources tracking the talks.

Walter Reed MC closes

WASHINGTON - Walter Reed Army Medical Center, the Army's flagship hospital where privates to presidents have gone for care, is closing its doors after more than a century with a ceremony today (Washington Post). Hundreds of thousands of the nation's war wounded from World War I to today have received treatment at Walter Reed, including 18,000 troops who served in Iraq and Afghanistan. President Dwight Eisenhower died there. So did Gens. John J. Pershing and Douglas MacArthur.

Council advocates Lake income tax

MERRILLVILLE - The majority of the Town Council supports an income tax in Lake County (NWI Times). The council voted 5-1 Tuesday to instruct Town Attorney Steve Bower, Town Administrator Howard Fink and Clerk-Treasurer Eugene Guernsey to draft a letter indicating they are in favor of a countywide income tax. Town Councilman Andy Sylwestrowicz voted against the proposal. Town Councilman Shawn Pettit said the letter would be sent to the Lake County Council, Lake County commissioners .