



No midterm wave developing to date

Obama unpopularity offset by GOP brand problems; status quo election for Indiana

By **BRIAN A. HOWEY**

INDIANAPOLIS – The 2014 election cycle conventional wisdom went something like this: With Obamacare so utterly unpopular, with President Obama's approval numbers mired in the low 40th percentile, and the historical second mid-term quicksand for the president's party creating a conspicuous obstacle down ballot, this had the potential to be a "wave election."

For Hoosiers expecting waves, I would recommend the Michigan City lighthouse as a cold front passes through. As far as the November ballot is concerned, this has the look and feel of a status quo election both in Indiana and across the nation. "I don't think this is much of a wave year," said Mike Gentry, who heads the Indiana House Republican Campaign Committee. "There is nothing driving interest at the top of the ticket. We don't have any-



thing to ramp up turnout."

In past wave elections – the 1966 and 2006 blowbacks to the Vietnam and Iraq wars, the Republican U.S. House take-overs of 1994 and 2010, and the post-Watergate Democratic gains in

1974 – wave years generally began to set up in July. The operatives closest to the ground would begin sounding the alarms or calling out the volunteers. In the 1980 Reagan Revolution, the decisive wave didn't really take shape until late October.

The area for the greatest potential change, forging a Republican majority in the U.S. Senate, is now a dubi-

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Putin and Flight 17

By **BRIAN A. HOWEY**

BLOOMINGTON – Any illusions I had about the progressive nature of the Putin regime quickly dissipated when I returned to my Moscow Grand Marriott room in August 2007. Upon opening the door, I was greeted with the spectacle of my papers and note pads strewn about the room. It was clear that an FSB agent stopped in to get a better handle on who this American journalist might actually be.

There had been a peaceful transfer of power between President Boris Yeltsin to Putin seven years prior, capping the decade following the collapse of the Soviet Union that few predicted. Putin had won a sub-



“We don't have an Ethics Commission in Northwest Indiana. We have the FBI.”

- Hammond Mayor Tom McDermott Jr., reacting to the \$5,000 fine former Supt. Tony Bennett received on ethics breach



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sequent election, though he controlled state media and international observers had determined it rigged. Russian people could now travel more freely to the West, and Russian hockey players populated the NHL without having to go through the rigors of defection.

As a congressional delegation headed by Sen. Richard Lugar and former Sen. Sam Nunn journeyed across Moscow's outer highway belts, a back-of-the-bus discussion involving the New York Times' C.J. Chivers and the Washington Post's David Hoffman speculated on whether Putin would relinquish power after his second term concluded a year later. There was no consensus and little speculation that Putin would elevate Dmitri Medvedev to the presidency and spend the next four years as prime minister before retaking ultimate power in 2012 from behind his facade.

The Soviet economy morphed into an oligarch-controlled quasi-capitalistic system. The gulags no longer existed, but as our delegation bus passed Lubyanka, the brutal Soviet legacy protruded and nudged the realm of the past and the possible.

Since last Thursday, when it appears that Ukrainian separatists working with the Russian military shot down Malaysian Air Flight 17 killing 298 people, the entire civilized world now has a greater appreciation of the nature of President Vladimir Putin. On the Sunday morning talk shows, U.S. Rep. Peter King described him as a "Mafia guy" and on MSNBC's Morning Joe, the term "thug" was commonplace.

The wreckage and grotesque images from the Ukrainian sunflower and wheat fields were aptly described by the New York Times' Peter Baker and a reporting team that included Chivers: "The plane exploded in midair and plummeted down into a series of large fields of wheat, grass and sunflowers, its fuselage and landing gear twisted into a mountain of

metal, wires, engines and seats. Bodies lying in the field struck strange, unnatural shapes in the tall grasses, many naked but for their shoes. Some were nestled together among piles of open suitcases, including a man in a mint-colored T-shirt lying near a woman in torn jeans whose right arm was thrown up over her head as if she were trying to protect herself. Others lay alone, like the tiny girl, probably no older than 3, dressed in a red T-shirt without pants. The sight was overwhelming, even to rebels, who stood in stunned groups trying to comprehend."

Included in this jarring scene were Indiana University graduate stu-



dent and rower Karlijn Keijzer and 297 other souls (as well as 80 children and infants), including former Kankakee Valley HS exchange student Laurens Van Der Graaff, her travel companion. In the following days, viewers on worldwide CNN, Al-Jazeera, the BBC and the American networks saw imagery of rebels picking through the debris field, removing missile shards, as well as wedding rings and other personal effects. Crumpled bodies were stacked in the summer heat along railroad tracks, and then loaded into refrigerated rail cars. Dutch forensic team members finally given access five days later appeared stunned at the entire fiasco. It was an appalling third world scene.

There were almost immediate assertions from Putin that the Ukraine military was responsible, absurd in the lack of time to make a meaningful assessment.

Foreign Policy's Shane Harris and Elias Groll would cite not only U.S.

intelligence sources and satellite imagery, but a "mounting pile of evidence posted on social media, including posts by separatist leaders, tweets about the location of missile launchers, and YouTube videos documenting potentially incriminating conversations between the men who may have shot down the jetliner." One included an image of a BUK missile system exiting Ukraine for Russia with one of its four missiles missing.

Harris and Groll reported: Washington's willingness to use Twitter and the Russian equivalent of Facebook to bolster its case against Putin is a signal moment in the history of social media, which is now taking its place alongside classified intelligence as an important source of information for world leaders. As impressive as spy photos and voice analysis may be, it's social media that has helped build the public case against Russia and that has rallied world leaders to call for a thorough investigation of the shoot-down and consider imposing new sanctions on Moscow. Given the volume and the specificity of this publicly available intelligence, it's likely that the case against Putin would be just as persuasive even if all the usual sources of state spycraft weren't on the table.

This all conjured softer but equally devastating imagery and rhetoric from the aftermath of the Sept. 1, 1983, Soviet shooting of Korean Airlines Flight 007, killing 269 souls. The Washington Post reported on the chilling exchange between the Soviet pilot and his air traffic controller that was broadcast around the world: "The target is destroyed."

It prompted President Reagan, in a national address four days later, to say, "Let me state as plainly as I can: There was absolutely no justification, either legal or moral, for what the Soviets did. One newspaper in India said, 'If every passenger plane . . . is fair game for home air forces . . . it will be the end to civil aviation as we know it.' Commercial aircraft from the Soviet Union and Cuba on a number of occasions have overflown sensitive United States military facilities. They weren't shot down. We and other civilized countries believe in the tradition of offering help to mariners and pilots who are lost or in distress on the sea or in the air. We believe in following procedures to prevent a tragedy, not to provoke one."

President Obama said a day after the



shoot-down, "Nearly 300 innocent lives were taken – men, women, children, infants who had nothing to do with the crisis in Ukraine. Their deaths are an outrage of unspeakable proportions." He was quickly criticized on the right for his "weak" response.

The historical parallel is that after Reagan's 1983 speech, he did little to sanction the decrepit, aging and paranoid Soviet regime which had created a computer system that would have taken command and control of its nuclear arsenal had it suffered a decapitating blow from the U.S.

But the shooting of Flight 007 was a turning point in several ways. It was followed by the deployment of Pershing missiles in Western Europe, and the Jason Robards' film "The Day After," depicting Lawrence, Kansas, following a U.S.-Soviet nuclear holocaust, that drew 100 million viewers. Hoffman would report in his Pulitzer Prize-winning book "The Dead Hand" that Reagan came to realize how Flight 007 had sent the Soviets closer to a nuclear response than anyone had realized, that Soviet

leaders viewed the Americans as potential aggressors, and it prompted him to envision a world without nuclear arsenals. In an address that December broadcast across Europe, Reagan said, "If the Soviet government wants peace, then there will be peace."

The other turning point came within Mother Russia. Flight 007 was a symptom of a corrupt and collapsing regime, though there was more than half a decaying decade left. With the passing of Brezhnev, Andropov and Chernenko came the liberalizing Gorbachev, who realized the Soviet system was not only unraveling, but its closed nature could not compete with the West turning to personal computers, fax machines, cell phones and the emerging Internet.

Putin staked the 2014 Winter Olympics at Sochi to extend to the world his imagery of the current Russian Federation, and a sanitized, mechanized remake of the Soviet Stalinist era. Even in that feel-good sequence, there were signals of unrest as his Cossacks militia roughed up members of Pussy Riot. A Levada Center Poll stakes Putin's popularity at 80 percent. But a Pew Research survey released on July 9, a week prior to the Flight 17 shooting, shows disapproval of Russia spiking across the globe.

Even as corpses rotted among the sunflowers, Putin sought to open "negotiations" that he hopes will ultimately pull Ukraine away from the European Union, the issue that began this entire post-Olympic sequence.

There were bizarre twists in all of this, as the

New York Times reported that Putin’s July 17 flight from Latin America actually crossed paths with Flight 17 over Warsaw. In a phone conversation with President Obama minutes later – described as “edgy” – an aggravated Putin complained about the U.S. sanctions, and then mentioned to Obama in passing what he thought was a rebel shooting of a Ukrainian military aircraft.

Obama’s post-Crimean sanctions are beginning to work and are being extended. The revulsion from the European Union, which has had trepidation over the sanctions, could be a game-changer. U.S. Sen. Dan Coats, former ambassador to Germany, told Reuters earlier this week, “When you have a bully in the playground, you’ve got to stand up to him. You can’t sit there and calculate the potential economic risk. Better to do it now than to pay a much tougher price, a much harder price, later.”

President Bush41 had a 91-percent approval rating following the invasion of Kuwait in 1991, and lost an election a year later. Putin’s Russia now faces an epic backlash across the globe over Flight 17, the potential for news sanctions that could pound his economy if the EU finally steps up, and the next harsh winter a few months down the road. Putin is preparing by ramming through new laws that allow him to shut off social media.

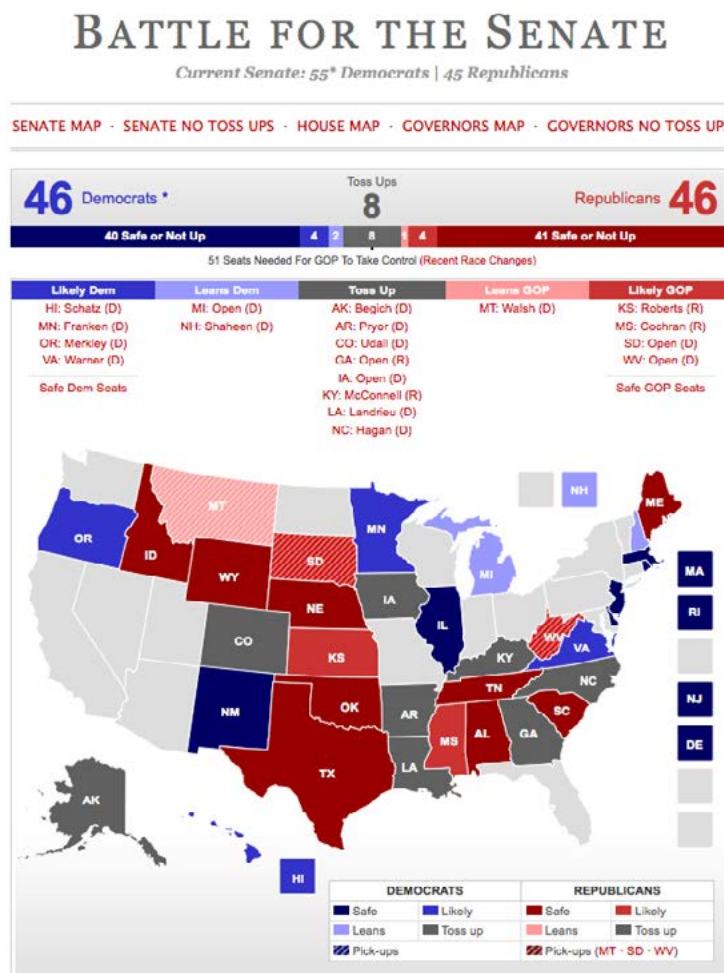
It’s far too early to predict this being the beginning of his end. Putin is surrounded by a small group of KGB-era cronies out of touch in a world of photo op tiger hunts and stacked hockey exhibitions. Here in the era of Arab Springs and colored revolutions in Kiev that toppled his puppets, Putin may not be able to fathom how quickly power erodes after epic mistakes and miscalculations. ❖

Midterm, from page 1

ous bet at best, particularly following Tuesday’s Georgia primary where businessman David Perdue upset 11-term U.S. Rep. David Kingston for the U.S. Senate nomination. Republicans need to pick up six seats to gain a majority, and at this point most experts put their current gains in the three- to four-seat range. While there is widespread distrust of President Obama’s performance, the GOP millstone is that its own congressional approval is at historic lows.

New York Times blogger Nate Cohn reported earlier this week: “The anti-Democratic wave might still arrive. But with three and a half months to go until November’s elections, the promised Republican momentum has yet to materialize. The race for the Senate, at least right now, is stable. There aren’t many polls asking whether voters would prefer Democrats or Republicans to control Congress, but the Democrats appear to maintain a slight edge among registered voters.”

Nate Silver’s 538 blog observes: “In 2010, Democrats were down 2 percentage points on the trust measure, predicting a loss on the national House vote by about 4 points. In reality, Democrats lost by a little under 7 points. That’s close, but the question doesn’t perfectly predict the national House vote; it tends to overestimate how well the president’s party will do. That’s why the Republicans’ 2-point edge in 2010 predicted a 4-point victory. The average absolute error between the measure’s predicted margin and the actual margin is 3.3 points. Right now, Democrats and Republicans are tied, according to this measure – each received 35 percent in Gallup’s latest poll. This suggests Republicans have a slight edge. This question also helps unravel another apparent paradox: Polls show voters favor the Democratic position on “nearly everything,” including the minimum wage, the environment and same-sex marriage. But while Democrats may hold a lead on most issues, Americans con-



sider few issues pressing. Voters prioritize.”

Despite talk from House Minority Leader Nancy Pelosi about the potential for a Democratic majority there, most national experts predict only a shift of a handful of seats. In Indiana, only the 2nd CD is in play and freshman U.S. Rep. Jackie Walorski is favored, though that race bears monitoring throughout the fall.

Hoosier Republicans appear to have the advantage in the three statewide races, if fundraising and cash on hand is indicative of likely November results.

And in general assembly races, Senate Republicans are likely to pick up two Southern Indiana seats in their first election cycle under the new maps, while Democrats are hopeful they can knock off a couple of southeastern GOP incumbents. In the Indiana House, Democrats are defending HD45 in the seat vacated by State Rep. Kreg Battles and are targeting a handful of seats in the Terre Haute, Northwest Region, Anderson and Fort Wayne areas. But to say that Indiana Democrats are poised to make major inroads in the legislative GOP super majorities would be an exaggeration at this mid-summer point.

Here is a breakdown of the various battlegrounds shaping up for the 2014 cycle:

U.S. Senate

David Cantanese and Lauren Fox, writing for U.S. News & World Report, observe that the Republican quest for six additional U.S. Senate seats is being tempered due to a slate of mediocre candidates who are underperforming expectations. “If the election were held today, the GOP would net pickups in South Dakota, West Virginia and Montana, propelling them halfway to the marker necessary to win control. The next most favorable environment looks to be in Louisiana, where Rep. Bill Cassidy is slightly ahead of Sen. Mary Landrieu, D-La., in a race likely headed to a December runoff. Arkansas and North Carolina, states that seemed like the party’s best battleground conversion opportunities, now look less promising. That gets Republicans to a gain of four, but at least seven other seats remain too close to call, including emerging opportunities in Iowa and Colorado, leaving the GOP just short of a majority four months from the election.

Perdue’s upset win in Georgia appears to be giving Michelle Nunn a chance to convert that seat. In Kentucky, Senate Majority Leader Mitch McConnell is in a tight race against Democrat Secretary of State Alison Lundergan Grimes, but McConnell is still a good bet there due to

President Obama’s war on coal. North Carolina Sen. Kay Hagen is in better shape than most figured at this point.

U.S. House

Analyst Stuart Rothenberg of the Rothenberg Political Report observed last week: “The fight for Congress is all about the Senate. The battle for the House of Representatives is about positioning for 2016 rather than about which party will control the chamber next year. National polls continue to forecast a rocky midterm election for President Barack Obama’s party, and Democratic insiders privately acknowledge that they have no chance of netting 17 seats the party needs to win a House majority in the fall. But they know that 2016, when a presidential electorate will turn out at the polls, could vie them a better environment in which to run. They would like to narrow the GOP’s House margin this cycle to increase their chances for taking back control of the House next cycle.”

In Indiana, few Democrats wanted to set up in the 2014 cycle and other than U.S. Reps. Pete Visclosky and Andre Carson, as well as 2nd CD challenger Joe Bock, no other Democratic challengers are showing any traction in fundraising. U.S. Rep. Jackie Walorski had \$900,000 cash on hand at the end of the second quarter FEC deadline, compared to Bock’s \$277,000. Walorski has out-raised Bock \$1,520,000 to \$534,000 for the cycle. Bock still has time to get competitive on the money front.

Rothenberg rates the 2nd CD as “Republican favored” and notes that Walorski is already up with positive TV ads this summer. South Bend Tribune columnist Jack Colwell wrote last week that Walorski “would like to win the race right here, right now, this summer. It’s smart strategy for Walorski to try to win it now, even if some politicians cling to old theories of waiting for supposed race-starting time in September.”

Liberal political commentator Bill Maher has his eyes on Walorski as part of his Flip a District campaign, meant to unseat an incumbent in elections later this year (Vandenack, Elkhart Truth). Maher has yet to select the finalist, the U.S. House member who’ll eventually be the target of the comedian ahead of the Nov. 4 election. In singling her out on the June 25 edition of his HBO program, “Real Time with Bill Maher”, he alluded to the new boundaries drawn for the 2nd District after the 2010 census count that made it more conservative. Walorski narrowly lost in 2010 to Democrat Joe Donnelly in her first bid for the U.S. House, but won a tight election in 2012 after redistricting. “That’s right, she is a gerrymandering queen, and don’t forget, this is what we are fighting against,” Maher said on his program. **HPI Horse Races Status:** Leans Walorski

Indiana statewides

Republican incumbent Secretary of State Connie

REAL CLEAR POLITICS ELECTION 2014	
Battle for Senate	RCP Averages
46 Dems 8 GOP 46	GOP +6 Pick-Ups
Top Senate Races	RCP Average
Kentucky	McConnell (R) +1.5
North Carolina	Hagan (D) +3.0
Iowa	Ernst (R) +0.7
Arkansas	Cotton (R) +2.8
Colorado	Udall (D) +1.0
Louisiana	Cassidy (R) +1.0
Michigan	Peters (D) +5.8
New Hampshire	Shaheen (D) +10.5
West Virginia	Capito (R) +10.0
Oregon	Merkley (D) +10.0

Lawson had a \$534,000 to \$195,000 second quarter ending balance over Democrat Beth White; Auditor Suzanne Crouch had a \$336,000 to \$57,000 second quarter balance advantage over Democrat Mike Claytor; and Treasurer Kelly Mitchell led Democrat Mike Boland \$58,000 to \$6,300. These races are likely to follow party line voting in what will likely be a low-turnout election, with no one having the financial resources to buy enough gross rating points to alter the dynamic. While Republicans have had ethical and election issues in recent cycles that had statewide candidate totals running well below gubernatorial nominees, in the last cycle without a presidential, gubernatorial or U.S. Senate candidate on the ballot (2002) the GOP easily won all statewide races.

Indiana General Assembly

In the Indiana Senate, Republicans are likely to pick up the open SD48 seat vacated by State Sen. Lindel Hume with State Rep. Mark Messmer running, as well as SD47 where State Sen. Richard Young faces Republican Erin Houchin due to the 2011 redistricting. Democrats are

challenging State Sens. Jim Smith and Ron Grooms with former and current county commissioners Julie Berry and Chuck Freiberger running, but any Democratic gains in the Senate appear to be unlikely at this point.

In the House, Democrats believe they can take out State Rep. Jack Lutz in HD35 in a rematch with Melanie Wright, and appointed Rep. Holli Sullivan with Vanderburgh Commissioner Steve Melcher and are pressing freshman State Reps. Martin Carbaugh, Hal Slager and Alan Morrison. Democrat Jim Wieser is challenging Slager, Mark Spelbring is in a rematch against Morrison. Republicans believe that former representative Bruce Borders can reclaim the HD45 seat vacated by Rep. Kreg Battles, though former House speaker and 2012 gubernatorial nominee John Gregg is expected to ardently campaign on behalf of Rep. Bianca Gambill for his old seat. Republicans are also taking aim at State Reps. Shelli VanDenburgh with Republican challenger Julie Olthoff and Terry Goodin with Republican Lisa Shadday. Like the Senate, at this point the Democrats don't seem poised to make any substantial gains in the GOP's 69-seat majority. ❖

Despite primary loss Kubacki presses for kids

By MAUREEN HAYDEN
CNHI Statehouse Bureau

INDIANAPOLIS – State Rep. Rebecca Kubacki had plans for her return to the General Assembly next January. The two-term Republican from Kosciusko County wanted to exert “full force” to roll back a law that prevents the children of undocumented immigrants from paying in-state tuition to attend state colleges and universities.



Kubacki, a conservative and the daughter of migrant workers, envisioned granting in-state rates to undocumented students in return for their promise to complete a degree,

perform community service and stay in Indiana. The best and brightest, as she saw it, could become teachers, doctors and entrepreneurs – not to mention role models to immigrant children everywhere.

“These are the kids we want to stay in our state,” she said. “Instead we’re just kicking them in the teeth.”

But Kubacki won't be coming back to the General Assembly. In May, she lost in the Republican primary to Tea Party candidate Curt Nisly. She'd been targeted for not supporting an amendment to the state constitution to ban same-sex marriage. With her loss came the loss of the only Republican Latino in the Legislature.

Kubacki is not going away quietly. Until her term

is done, at year's end, she plans to fiercely advocate for children whom she believes are Indiana's most disenfranchised.

This summer, as a member of the Commission on Improving the Status of Children in Indiana, she's serving on a task force examining the education of juveniles in state prison. Their graduation rates are deplorable, and she wants to devote more resources to those children to reduce the risk of them returning to prison as adults.

She's hopeful someone will carry the water for both the immigrant and jailed children when she's gone. But she knows they're unpopular constituencies without much voice “in the hallway” – the power spot where lobbyists huddle outside legislative chambers.

As congressional gridlock stalls immigration reform, Kubacki says states should move ahead.

Indiana is one of only five states that specifically prohibit colleges from charging in-state tuition to undocumented students or bars them from attending public college. Other states, including Texas and California, have eased access to their state colleges and public scholarship funds.

Proponents of banning undocumented students from paying in-state rates argue that lawbreakers shouldn't be rewarded for entering the United States illegally, and that only lawful residents should qualify for resident tuition.

“I believe in the rule of law. We're a nation of laws,” is Kubacki's response. “But these children didn't break the law, their parents did. But they're paying for the sins of their fathers.”

While working to convince fellow Republicans of the merits of her argument, Kubacki has also actively

supported the Indiana Latino Scholarship Fund. Its annual dinner, earlier this month, raised \$325,000 to help first-generation Latino students attend college.

That's not enough money, she argues, to help all of the undocumented children who've grown up in Indiana, attending K-12 public schools, who could make important contributions if allowed to continue their studies.

"Why are we fighting this?" she asks. "Let's be honest, these children aren't leaving."

As she sees it, there are two options: Indiana can deny these children an education, creating a permanent underclass of undocumented immigrants who will may

need a lifetime of taxpayer-funded services. Or it can open the door to the American dream.

Kubacki may be leaving the Statehouse, but she's not losing her voice.

"I've seen these kids who work so hard and never give up their dream of going to college," she said. "So I can't give up on them." ❖

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Kansas, Brownback no 'Laffing' matter

By SHAW FRIEDMAN

LaPORTE – What's the matter with Kansas? It's a Laffer all right, but it's no laughing matter.

That's right. Arthur Laffer, former Reagan advisor and tax cut champion who was invited in to speak at Gov. Pence's recent closed door "Tax Competitiveness and Simplification" Conference in July is still peddling (for a hefty speaking fee) the same discredited trickle-down, supply-side tax-cut nonsense that helped tank the economy under the Bush administration.



His latest disaster was urging Kansas' Republican Gov. Sam Brownback to enact the largest tax cuts in percentage terms in one year that the state has ever enacted. Same old bromides coming from the same old, tired advisors who have wrongly advised those in government for years. It's the same witch doctor stuff that the Indiana Chamber of Commerce tried to peddle this last session of the legislature when they sought to completely eliminate the business personal property tax and claim that once again magically such tax cuts would pay for themselves with increased business activity and new revenues.

Problem is this doctrine crashed and burned some two decades ago and there's no evidence that the experiment works. Even Harvard's Gregory Mankiw, a Republican and later chairman of George Bush's Council on Economic Advisors, has written about the damage done by "charlatans and cranks" and he was specifically referring to a "small group" including none other than Arthur Laffer. He highlighted the role of those who advised Reagan that an across-the-board cut in income tax rates would magically raise tax revenue, and it simply never happened.

But the right-wing American Legislative Exchange Council (ALEC) and their allies in various state capitals like the Indiana Chamber of Commerce keep peddling this nonsense. Fortunately, in Indiana, a bi-partisan group of mayors and county commissioners, who have seen state support to cities, towns, schools and counties "trickle down" with each new tax, cut rose up together and said "no." Without replacement revenue from the state which is currently hoarding a \$2 billion surplus, Republican and Democratic mayors alike declared enough was enough. One after another wrote that even more important to inducing new business and creating jobs than tax cuts was a community where public safety was attended to, infrastructure was repaired, parks did not go to seed and public schools could turn out a skilled workforce.

Unfortunately, Kansas was not so lucky to see this kind of bi-partisan opposition to the Laffer tax-cut nonsense. Gov. Brownback after urging by Arthur Laffer pushed through his spectacularly ill-advised income tax cuts in 2012 and 2013. The cuts, which largely benefited the wealthy, cost the state 8 percent of the revenue it needed for schools and other government services. What happened as a result? Kansas' economy isn't booming. It's a bust thanks to Arthur Laffer and supply side economics. Kansas just reported it took in \$338 million less than expected in the 2014 fiscal year and would have to dip heavily into a reserve fund.

The state's budget has plunged so deeply into deficit that Moody's just downgraded its debt. With less money to spend, Kansas is forced to chop away at its only real hope for economic expansion, investment in public schools and colleges, cutting K-12 schools by 2 percent over the last two school years and higher education some 3 percent.

It's a cautionary tale for our Hoosier legislators who listen to the siren song of Arthur Laffer, ALEC and their discredited supply-side, trickle-down theories. Most of ALEC's efforts as Nobel laureate Paul Krugman have written are directed to trying to impose Kansas-like tax cuts in other states while calling for increases in state

sales taxes, which falls most heavily on lower income households. Its agenda is simple and straightforward says Krugman: "ALEC's efforts are directed not surprisingly at privatization, deregulation, and tax cuts for corporations and the wealthy."

Maybe it's time to take a lesson from disasters like that pushed on the state of Kansas by supply siders like Laffer and ALEC. Maybe, just maybe, the next time our governor holds a "tax competitiveness and simplification" conference, he might want to invite in speakers from all sides of the spectrum like the Center on Budget and Policy

Priorities or even the non-partisan Multi-State Tax Commission who could give a much more balanced picture than the one presented.

We've got to do better than Arthur Laffer. And that is no laughing matter. ❖

Shaw R. Friedman is a LaPorte attorney who has advised various local government entities during the 30 years of his law practice and is a regular HPI contributor.



Unions remain a viable political force

By **RICH JAMES**

MERRILLVILLE – Although their numbers have fallen, unions in Northwest Indiana remain a viable force when it comes to electing folks to public office.

Politicians – make that largely Democratic candidates – go out of their way to seek the support of unions. And if they win a union endorsement, the fact is proudly displayed on campaign literature prior to primary and general elections.



That union label is in large part why there are signs in yards across the region proclaiming "Proud Union Home." Many times, the signs will refer to the specific union. As a result, the Northwest Indiana Building and Construction Trades, the United Steelworkers of America, Teamsters and other unions remain a viable part of the fabric of Northwest Indiana.

When Gov. Mitch Daniels and the Republican-controlled general assembly approved right-to-work legislation a couple years ago, the local unions took it as a personal assault. Area unions nicknamed the new legislation the right-to-work-for-less law because it attacked the heart of what unions stand for, good working conditions and a livable wage. Unions at the time provided evidence that those working for non-union shops were paid considerably less than their cohorts who worked for union shops.

At least in part because of the right-to-work issue, area unions were thrilled this week when a study indicated that those who worked for the local union construction industry had 15 times fewer accidents than the national rate.

The Northwest Indiana Business Roundtable studied data compiled from 40 region construction companies and 30 million man hours. The study examined man hours, recordable incidents, days away and restricted work cases over the last three years. Over that period, are contractors were involved in one of the largest construction projects in area history, \$4.2 million in advancements to the BP refinery in Whiting.

In terms of the safety, Jim Andreas said, "These numbers are very significant for all of the hard-working men and women of the Northwest Indiana union construction industry and for the Construction Advancement Foundation. Andreas is Environmental Safety and Health director with CAF.

Andreas added, "We've built some outstanding training programs throughout our region that focus on developing essential skills to keep workers safe on the job, keep production activity high and reduce losses due to accidents and time away from work."

CAF recently opened a \$1.6 million training facility for a host of trades. That isn't usually the case for companies who hire workers into non-union firms.

Even Rick Ruble, Indiana Department of Labor commissioner, praised the BP construction and the unions, calling the project a "model example of safety priorities in action." ❖

Rich James has been writing about state and local government and politics for more than 30 years. He is a columnist for The Times of Northwest Indiana.

Truth and consequences about inflation

By **MICHAEL HICKS**

MUNCIE – Inflation is oft confused with simple fluctuations in supply and demand.

Almost nothing in economics seems to confuse people as much as monetary inflation. That confusion leaves an intellectual void into which some of the least credible ideas of the modern world crawl.

Goods and services typically have a price dictated in currency, like our dollar. The prices for these goods can



rise or fall for a variety of reasons. Sweet corn is cheaper at the end of July than the end of June because it is more plentiful in July, and its price will rise again in late summer. This is simple supply and demand, not inflation.

We hear often about healthcare costs rising, but are they really? There is almost no medical procedure that

is more costly now than it was a couple of decades ago. Healthcare costs and prices are falling, but we consumers are buying more of it because we are offered a dizzying array of medical services with which to make our lives better. This is also simply supply and demand, not inflation.

A beer example is perhaps the best way to describe healthcare. If I buy a six-pack of beer today and like it so much I go back to the store and buy two six-packs of a better, more expensive beer tomorrow, that ain't inflation, simply higher demand.

As it turns out, inflation can only occur when the supply of the money used to make the transaction increases. Inflation is not due to some underlying change in the supply and demand for goods or services, but in an excess supply of the currency in which we measure the price of goods.

This growth in the money supply is only a necessary, but not sufficient, condition for inflation to occur. We also need businesses that aren't afraid to raise prices and workers who are unafraid to ask for higher wages.

In the wake of the Great Recession, we have had a historic growth in the supply of money, but few businesses seem willing to boost prices and few workers feel inclined to demand higher wages. So, we have had very modest inflation for several years.

This unwillingness to change prices has come as a bit of a surprise to many economists, including this one. I even wrote a doctoral dissertation on price stickiness, as

this phenomenon is called. The current low rate of inflation is not due to the government 'cooking the books.' Now, I know some readers think there is a grand conspiracy afoot to lie about official statistics. That is nonsense of the first order.

It is true that future inflation can be very damaging and looms deeply over our future. This is especially true because the Federal Reserve has no historical example of a nation safely reducing the huge money supply we now have. Still, the very low inflation now is a sign of continued weakness in an economy that remains unable to grow and create jobs and opportunity. Why would the Obama Administration lie about that? Moreover, does any rational reader believe this administration is sufficiently competent to hide such a large scale lie? Nope! ❖

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The vanity of the state

By **DAVE KITCHELL**

LOGANSPORT – Any Hoosier who wanted to walk into an Indiana Bureau of Motor Vehicles branch and plunk down a little extra spendable income to reserve a specialty vanity license plate for the last year has had to deal with this reality: You can't pay the state money to do it.

That's because the vanity plate program has been delayed while state officials sort out the controversy over what might be considered offensive language on the plate. Meanwhile, state coffers have suffered because Hoosiers who want to give the state their money can't.



This story is relevant because it serves as a terrific example of how inept state government can be when it is given a challenge, even one as innocuous as determining what the rules are for spending your money on a

state service.

This isn't the first time we've had issues with license branches in this state. Hoosiers who were around in the late 1980s can recall the time when the "old boy" system of managing license branches with county political chairs and/or their spouses was ended. Then when specialty plates finally came into being with the Bayh administration, there were those who thought we should stop selling some of the plates that weren't popular, including the Butler University plate. That was before the Bulldogs played in two Final Fours, and you don't hear anyone lobbying for that change now. Hoosiers who didn't support a license plate for gay youth also made their objections known.

But when a Greenfield police officer couldn't secure "Oink" for his plate, it set off a debate that continues. Granted, it may be offensive to some officers to be referred to as pigs, but it shouldn't be if you own a farrow-to-finish operation that contributes to the state ag economy. Offending, like beauty, is in the eye of the beholder, which is to say that many license plates might be offensive to someone, somewhere, somehow. But oink, really?

Restricting free speech on vanity license plates is a bit like editing letters to the editor in newspapers: Eliminate profanity, racial slurs and religious attacks and as one

pop song goes, "Let the words fall out honestly."

Vanity plates are simply a means of indicating our humor and pride and assigning more value to each driver than another number. The plates serve a purpose in that drivers don't have to struggle to remember what's on their license plate because they paid good money to remember the tag.

The head-shaking part of this story is a report that Indiana may consider eliminating the vanity plate program because of the controversy. Wait a minute, you're telling us a farm family that puts food on my plate can't put the words "We Farm" on a plate? What's wrong with this picture?

Indiana legislators, the governor and the head of the Indiana Bureau of Motor Vehicles could have their own specialty plates issued by taxpayers: "INEPT." Why has it taken a year, and probably will take longer, to come up with simple regulations for purchasing vanity license plates? Is it any wonder legislators struggled to come up with a consensus on the Defense of Marriage Act?

Sometimes, doing nothing is the right thing to do, whether it's in a business, a church, a charity or a family. Doing nothing in government tends to get the attention of people who expect something to be done by people who are paid to do it. But in Indiana, we put off doing what needs to be done until we have to deal with it, witness legislation such as the Affordable Care Act which forced Indiana's hand to come up with an alternative to providing health care for Hoosiers. Say what you want about Obamacare, and many have, but it has succeeded in getting Indiana lawmakers to deal with a problem they have ignored for years.

There are those who want to see the cardinal replaced as the state bird. For those who want vanity plates and for all those who expect more from state government

than what they're getting, the nominee for the new state bird is probably the ostrich, sticking its head in the sand. That would symbolize state officials who don't take a stand on anything other than their right to do nothing and get paid for it.

Carly Simon once sang a hit song titled

"You're So Vain" that targeted actor Warren Beatty. Don't look for Warren any time soon in Indiana, but the chances of him or Carly Simon showing up here may be better than legislators resolving a fiasco of state decision-making that leaves us all thinking how vain state officials are when they claim to be running the state. ❖



Kitchell is an award-winning columnist based in Logansport. ❖

Despite Kernan, South Bend Council not as bad as Congress

By JACK COLWELL

SOUTH BEND – South Bend’s city council, now a punch line for jokes, is ridiculed as the most quarrelsome council around here since Snyderville days in Roseland.

Spending nearly half the year in snappish deliberation over a councilman posting an obscene picture of a naked man and a dog on Facebook will do that to a council’s image. Especially when that flap was only part of the flapping and the result was no resulting resolution.



But the South Bend Council is better than Congress. OK, maybe that’s faint praise, like saying a baseball team is better than the Chicago Cubs.

But the South Bend Council is much better than Congress. Congress has hurt the nation, rejecting a jobs bill for economic recovery, lowering the nation’s credit rating with deficit default and

government closing shenanigans and shattering investor confidence with stalemate on budget, deficit, infrastructure and immigration issues. The council hasn’t hurt the city. Not yet.

South Bend is doing quite well, with all the new economic development projects, new employers, new jobs and future research projects in conjunction with the University of Notre Dame.

When Joe Kernan, former mayor and former governor, harshly criticized obstreperous council conduct - personal insults and threats and lack of decorum - some members cited all the developments as proof that bad behavior hasn’t stalled progress.

They are right. So is Kernan.

Credit for successful governmental efforts on economic development goes to the administration of Mayor Pete Buttigieg. Yes, the council could have blocked some of the development projects and didn’t. Some council members did demand that the city negotiate purchase of Chase Tower, the city’s tallest building, by a developer accused before that and after of fraud with developments elsewhere. The mayor wisely refused, and a good deal with another developer was struck. So the council caused no harm.

Kernan is right, however, in warning about sound and fury at council meetings, all the nastiness, pettiness and long wrangling. These antics make the council

a laughingstock. News travels. The city council image doesn’t just stay in the city. As the economic development folks have warned, this could somewhere turn off a potential developer. Sure doesn’t help.

There are mostly good people on the council.

It’s a shame that all now are tarnished with the same obscenity. Only one member posted the obscene picture. Six of the nine council members wanted some form of critical resolution. A two-thirds majority can’t prevail?

Derision came amid the long delay as the council considered noisily a response after Council Member Henry Davis Jr. in January posted that extremely graphic picture and a link to an article about sex with animals on Facebook, with his council affiliation listed.

Some members wanted lawyers, including the prosecutor, involved. Could there be removal from office? Some criminal charge?

Even if there had been a way to throw Davis off the council, doing that would be ridiculous. He was duly elected and had committed no felony. He should be subject to removal only by those who elected him. They can choose to remove him or to re-elect him in voting next year.

There should have been a quick passage, a resolution to express council displeasure with the posting. It should have passed 9-0, with Davis agreeing. After all, he said the picture was disgusting and out of order.

Mayoral politics involved? Well, much council blustering over those mysterious recordings of police telephone conversations targets Buttigieg, even though the mayor certainly didn’t authorize the recordings and they apparently reflect police dissent that he inherited.

By the way, Council Member Derek Dieter isn’t running for mayor. Not currently. Dieter is likely to run for city clerk. And it’s too bad he didn’t retain the council presidency this year. If he had been presiding at the start of the year when the obscene picture captured all that attention, Dieter would have enforced some decorum.

Decorum has fled. Punch lines abound. Will council members stop punching?

If not, they will be left with naught but a motto of faintest praise: “We’re as funny as Snyderville and better than Congress.” ❖

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

Karen Francisco, Fort Wayne Journal Gazette: Indiana Inspector General David Thomas and the state ethics commission dispensed with the Tony Bennett mess as quietly as possible, but making something disappear doesn't mean it never happened or that it should have happened in the first place. Bennett's champions outside Indiana have an easier job because their audiences don't know the details of the former state superintendent's transgressions and don't realize they represent just more of the muck in the ethical swamp of Indiana state government. Under one-party rule, anything goes here. Democratic elected officials in northwest Indiana have appropriately noted that the same campaign violations for which Bennett was fined \$5,000 have sent politicians there to prison. "We don't have an ethics commission in northwest Indiana. We have the FBI," Hammond Mayor Tom McDermott Jr. told a radio station. At the Statehouse, however, the most blatant of conflicts can be dismissed and anyone daring to point them out can be labeled as a "self-serving opportunist" or "crusading journalist." . . . Indiana's leaders make no apologies for the ethical mess. Like Bennett's champions, they wonder aloud how anyone could possibly suggest these "public servants" are doing anything but serving Hoosiers. The problem for them, however, is that the swamp doesn't go beyond Indiana's borders. When one of these public servants makes a bid for a post elsewhere, they quickly learn what is acceptable in Indiana is not only frowned upon most everywhere else -- it's not legal most everywhere else. That's why you won't see a former Indiana governor in the White House for awhile and why Florida's commissioner of education is not a Hoosier. ❖



Megan McArdle, Bloomberg News: A U.S. appeals court issued a ruling that could endanger, or even destroy, Obamacare. The case, *Halbig v. Burwell*, involved the availability of subsidies on federally operated insurance marketplaces. The language of the Affordable Care Act plainly says that subsidies are only available on exchanges established by states. The plaintiff argued that this meant, well, subsidies could only be available on exchanges established by states. Because he lives in a state with a federally operated exchange, his exchange was illegally handing out subsidies. The government argued that this was ridiculous; when you consider the law in its totality, it said, the federal government obviously never meant to exclude federally operated exchanges from the subsidy pool, because that would gut the whole law. The appeals court disagreed with the government, 2-1. Somewhere in the neighborhood of 5 million people may lose their subsidies as a result. This result isn't entirely shocking. As Jonathan Adler, one of the architects of the legal strategy behind *Halbig*, noted today on a conference call, the government was unable to come up with any contemporaneous congressional statements that supported its view of congress-

sional intent, and the statutory language is pretty clear. Members of Congress have subsequently stated that this wasn't their intent, but my understanding is that courts are specifically barred from considering post-facto statements about intent. When you read through the ruling, it's easy to see the many ways in which the law's architects brought this on themselves. The law was highly complex, badly drafted and very controversial. When a Republican won a special election for the Senate in Massachusetts, the Democrats had to push it through on a straight party-line vote with some adroit parliamentary maneuvering -- which gave them a health-care law, but one that was badly put together and couldn't be substantially amended. The gaping holes were patched with administrative fixes such as an IRS ruling that held federally established exchanges to be equivalent to an exchange established by the state. The vast scale of the law meant that the administrative gymnastics that held it together might not be sustainable. ❖

Masha Geffen, Slate: What various observers have perceived as a moment of truth that changes the mathematics of the Ukrainian crisis is, from Putin's point of view, a misstep in a conflict with the West that he will be engaged in for years—until he leaves office, which he plans to do feet-first many years from now. It does not call for radical steps; it calls on Putin to be cunning in the way he obfuscates and buys time—two of the very few areas in which he is actually capable of being cunning. He proceeded to hold an emergency meeting of the Russian security council on Tuesday. When the meeting was called, many opposition-minded Russians expected the announcement of a crackdown: Putin has often used tragic events as a pretext for measures such as abolishing elections or limiting media freedom. Nothing like that happened and Russian liberals breathed a collective sigh of relief. As far as foreign observers could tell, Putin said nothing of consequence. But here is what he said at the start of his talk: "Obviously, there is no direct threat facing our country's sovereignty and territorial integrity today, of course. This is guaranteed primarily by the strategic power balance in the world." Translated, this means, I gathered you here today to remind the world that Russia is a nuclear power eanwhile, on Tuesday, when he was not busy threatening the West with nukes, Putin signed several new laws. One bans advertising on paid-cable and satellite channels, effectively banning any independent television channel now or in the future from making money. (All broadcast channels are controlled by the state.) Another gives the government the tools to shut off Russians' access to Western social networks such as Facebook or Twitter and services such as Gmail or Skype. A third provides for a jail sentence of up to four years for denying that Crimea is a part of Russia. On the same day, courts in Moscow and St. Petersburg ruled a half-dozen human rights organizations were "foreign agents," effectively ending their activities. ❖

Lake judge strikes down right to work

INDIANAPOLIS - A Lake County judge has struck down Indiana's 2012 right-to-work law that made it illegal for companies to compel nonunion members to pay fees for union services (Associated Press). But Indiana Attorney General Greg Zoeller said Wednesday that he will ask for a stay to prevent the decision from taking effect immediately. And the matter is expected to ultimately be decided by the Indiana Supreme Court, where a similar case already is pending. "Strong opinions exist on both sides about involuntary union dues, but the attorney general's office has a duty to defend the laws the legislature passes from legal challenges plaintiffs file," Zoeller said in a statement. "If a trial court finds a law unconstitutional, then the appropriate action is to stay its ruling pending the appeal." Lake Circuit Judge George Paras issued his ruling July 17 and said it would take effect immediately upon its entry into the chronological case summary, which makes it official. Bryan Corbin, a spokesman for the attorney general, said the office received the decision by mail Wednesday. State attorneys were working Wednesday evening on the request for a stay, and Corbin said it would be filed as soon as possible. He said the state also would file a notice that it would appeal the decision.



a year for local governments (Indiana Public Media). Legislation passed this year allows local governments to either exempt new equipment from the business personal property tax, eliminate it on small businesses or abate the tax on specific projects for up to 20 years. It also created a study committee to examine the business personal property tax. The commission is made up of lawmakers, business leaders and local government officials. State Sen. Brandt Hershman, R-Buck Creek, who chairs the commission, says it's meant to dig into the details of tax policy, which he notes can be a complicated subject. "We want to ensure that we're achieving our job creation goals, preserving local revenue, and doing so in a way that's fair to all taxpayers," Hershman says. A group of local government organizations – everyone from mayors, cities, towns, and counties to school corporations and public safety officials – has been leading the fight against cutting the tax without providing money to make up for the lost revenue. They call themselves the Replace Don't Erase coalition. Matt Greller, Indiana Association of Cities and Towns executive director, who helps lead the coalition, says he's hopeful the commission will make meaningful suggestions about possible replacement revenue for local governments. "And replace it so that in four, five, ten, fifteen years, whatever that replacement revenue isn't taken away in the next budget shortfall, the next down economy," Greller says.

Tax showdown over business tax

INDIANAPOLIS - The next showdown between the state and local governments over the business personal property tax will be at a blue ribbon commission studying the issue this summer. There is an ongoing debate over the levy on business equipment that generates a billion dollars

Sierra Club wants power plant closed

INDIANAPOLIS - The Sierra Club is pressing Indianapolis' local utility to retire an aging coal-fired power plant that's slated to continue burning coal for at least two more decades and has long been the capital city's biggest industrial polluter. The envi-

ronmental group and its supporters say the 427-megawatt unit at Indianapolis Power & Light's Harding Street complex threatens the public health with toxic emissions that cause respiratory woes in children, the elderly and others. A resolution supported by the Sierra Club, the consumer watchdog group Citizens Action Coalition, neighborhood organizations and other groups was endorsed Tuesday by a City-County Council panel calling for IPL to retire the unit.

Amanda Banks now a candidate

COLUMBIA CITY — Amanda Banks, wife of State Senator Jim Banks (R-Columbia City), announced today that she will run to fill her husband's vacancy in the Indiana State Senate while he is deployed to Afghanistan during the 2015 legislative session. "It would be an honor to serve in my husband's place and represent the people of the 17th Senate District while Jim serves our country overseas," Banks said. "I believe my background in public policy and communications, combined with my experience as a full-time mother of three busy girls and as a military wife, will bring a unique perspective to the State Senate. I've had the opportunity to travel throughout the district with my husband over the past five years, getting to know the people who live and work here, and some of the issues most important to them." State Sen. Jim Banks, a U.S. Navy reserve supply corps officer, has been called to active duty in Afghanistan in September through May of 2015. Banks is unopposed in his reelection campaign and will remain on the ballot in November. He intends to submit a leave of absence from the Senate for the length of his deployment. Precinct committeemen from the 17th Senate District will elect a temporary replacement for Sen. Banks in a caucus following the general election.