



# The hacking assault on Americans

A Hobbesian scenario emerges from China and into our health, bank accounts

By **BRIAN A. HOWEY**

INDIANAPOLIS – In “Leviathan,” English philosopher Thomas Hobbes writes of “bellum omnium contra omnes” or “war of all against all”:

“There is no place for industry; because the fruit thereof is uncertain: and consequently no culture of the earth; no navigation, nor use of the commodities that may be imported by sea; no commodious building; no instruments of moving, and removing, such things as require much force; no knowledge of the face of the earth; no

account of time; no arts; no letters; no society; and which is worst of all, continual fear, and danger of violent death; and the life of man, solitary, poor, nasty, brutish, and short.”

Last March, Eric Holcomb, then a senior aide to U.S.



Sen. Dan Coats and now a Republican Senate candidate, relayed what seemed to be a Hobbesian scenario he had just heard during a briefing from former House Intelligence Chairman Mike Rogers. Through the hacking of U.S. companies such as Indianapolis-based Anthem, and as the Fort Wayne Journal Gazette reported this morning Medical Informatics Engineering which serves 300 medical centers in 38 states, medical information on millions of Americans could be accessed by a state or terror group. The medi-

Continued on page 3

## Democrats and a primary

By **CHRIS SAUTTER**

WASHINGTON – You can usually tell when a nomination is worth something by the number of candidates wanting to run for it. So it is with the Indiana Democratic Party and the chance to take on a wounded Governor Mike Pence.

Just a few months ago, former Indiana House Speaker John Gregg was the putative Democratic nominee for governor as former Congressman Baron Hill was quietly transitioning from the gubernatorial to the U.S. Senate race. Now that Pence appears truly vulnerable Gregg faces two opponents, Superintendent of Public Instruction Glenda Ritz and State Senator Karen Tallian.



**“After much consideration, my family and I have concluded the best way to serve our state and country at this point is to continue in the U.S. House.”**

*- U.S. Rep. Todd Rokita, adding he is prepared to serve ‘statewide again’ in the future*



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Others, including Jim Schellinger who lost the 2008 gubernatorial primary, Hammond Mayor Tom McDermott, and State Rep. Ed DeLaney, who spoke out forcefully during the RFRA controversy, have also been mentioned.

**Another possible** candidate, Democratic House Minority Leader Scott Pelath, recently announced he wouldn't run, claiming that a competitive primary will reduce the chances of upending Pence. Pelath is calling on Democrats to avoid a "primary free-for-all." His advice is for the party and the candidates to sort it out and get behind a single candidate by the end of the year.

But do primaries forebode a loss in the general election? Exhibit "A" against that proposition is the presidential nomination battle between Barack Obama and Hillary Clinton. The long, contentious nominating process that stretched into late spring of 2008 gave Obama tremendous exposure and allowed him to address liabilities, such as his association with Reverend Wright, well in advance of the general election. It also helped give his campaign its great organizational advantage over John McCain and the Republicans.

The Obama example is why both pundits and party faithful have been arguing that Hillary Clinton and the Democratic Party would be better served by a competitive presidential nominating process this round. One point made in favor of intraparty competition is that a nominee will be better prepared for Republican general election attacks. Another point is that a competitive process will require the nominee and the party to reach consensus positions instead of allowing the nominee to simply dictate positions without input from more progressive rank and file party activists who participate in the nomination process.

**Hoosier Democrats** who favor avoiding a gubernatorial primary point to 1988. Then, three candidates were seeking the Democratic nomination: State Sen. Frank O'Bannon, Kokomo Mayor Steve Daily, and

Secretary of State Evan Bayh. There was no way the son of the iconic Birch Bayh was going to lose that primary and Evan Bayh was clearly the face of the party's future. O'Bannon decided to avoid losing the primary and joined forces with Bayh to form the winning ticket in the fall. Some Democrats now are suggesting that Ritz follow O'Bannon's lead and take the second spot to Gregg to provide the unity needed to topple an incumbent governor, albeit a struggling one.

Undoubtedly, a Gregg-Ritz ticket would be a strong one. But it's not clear it would be any stronger than the Gregg-Simpson ticket that lost in 2012. Vi Simpson didn't have the statewide network that Ritz has developed with teachers as her base. But she was a smart and wily candidate, considerably more knowledgeable than Ritz on key issues, and had the experience of running for governor in the 2004 cycle before Gov. Joe Kernan changed his mind and decided to go for a full term following O'Bannon's death.

**John Gregg is** no Evan Bayh, to say the least. More to the point, Gregg is hardly the face of the Indiana Democratic Party's future, ran awful campaign commercials in 2012, and arguably came close to beating Pence in spite of rather than because of his efforts. He also has a voting record and other issues that Republicans chose to ignore in 2012 because they believed they could win without going negative. On the other hand, Gregg can be a powerful speaker, has deep understanding of state government, and has populist instincts that might make him the right match for this particular election year.

It's hardly certain, though, that Gregg would win a primary against Ritz. Primary elections start with base. Gregg and Ritz would seem to have similar size statewide bases, though Ritz's might be larger and is definitely more intense. Gregg's supporters claim he would be the stronger candidate against Pence. But between the two, Ritz is the only one to have actually won a statewide race.

And, Karen Tallian notwithstanding, Ritz has the ability more than Gregg to tap into the progressive mood that seems to be taking hold of the Democratic Party.

But there are serious doubts about whether Ritz is up to a gubernatorial race even among some of her own supporters. There is great sympathy for her because of the way she has been treated by Pence and the Republican leadership. But there are also complaints that she could have handled the situation much better. Add to that the fact she lacks experience in issues besides education, and some fear her campaign could seriously run awry.

**That neither Gregg nor Ritz** is an ideal candidate leads one to ask if there might be anyone else. By all accounts State Sen. Karen Tallian is a substantive legislator. But the self-proclaimed progressive candidate in the race will likely be blocked from raising "progressive" money so long as she has to contend with Ritz.

Among other names mentioned, Jim Schellinger, a successful architect, would be able to raise enough money to compete for the nomination. But he ran a very poor campaign in 2008 and lost the primary in spite of having almost the entire Democratic establishment behind him. The articulate Ed DeLaney would probably be best able of anyone to put Pence on the defensive and hold Repub-

licans accountable for the mess they have made of the state. But DeLaney is no new face and might have trouble rallying the forces enough to win.

**The so-called "primary free-for-all"** Hoosier Democrats are facing is happening because there is no true party leader, no heir apparent to the Evan Bayh era. Bart Peterson was the logical candidate to run governor in 2012 until he allowed then political novice Greg Ballard to defeat him for re-election as mayor of Indianapolis in 2007. Now there is no one that Democrats automatically think of as a likely winner, as they do, for example, with Joe Hogsett in the Indianapolis mayoral race.

In the absence of a clear front-runner or a group of party "wise men" to bring everyone together toward a resolution, Democrats will have little choice but to have voters settle it next May in the primary. There are worse things in a democracy than to have the future decided by the people. And, given Pence's problems, the winner would have a genuine chance to become governor. ❖

**Sautter is a Democratic media consultant based in Washington and an Indiana native.**

## Cyber attacks, from page 1

cines of powerful individuals could be altered in an attempt to destabilize behaviors. The New York Times this morning described it as a "systematic Chinese effort to build databases that explain the inner workings of the United States government. The information includes friends and relatives, around the world, of diplomats, of White House officials and of officials from government agencies, like nuclear experts and trade negotiators."

It seemed like a crazy, fantastic Trojan horse scenario, akin to Kurt Vonnegut's "Slapstick" where the King of Manhattan, the "last president of the United States," saw Americans getting bigger and bigger, while the Chinese got smaller and smaller until we were inhaling microscopic Chinese.

This past week, the Washington Post gave credence to the concept: China is building massive databases of Americans' personal information by hacking government agencies and U.S. health-care companies, using a high-tech tactic to achieve an age-old goal of espionage, recruiting spies or gaining more information on an adversary, U.S. officials and analysts say. Groups of hackers working for the Chinese government have compromised the networks of the Office of Personnel Management, which holds data on millions of current and former federal employees, as well as the health insurance giant Anthem, among other targets, the officials and researchers said.

"They're definitely going after quite a bit of personnel information," said Rich Barger, chief intelligence officer of ThreatConnect, a Northern Virginia cybersecurity firm. "We suspect they're using it to understand more about who to target [for espionage], whether electronically or via human recruitment." The targeting of large-scale databases is a relatively new tactic and is used by the Chinese government to further its intelligence-gathering, the officials and analysts say. It is government espionage, not commercial espionage, they say.

In U.S. history, we have endured domestic attacks by the British in 1814, by Pancho Villa along the Mexican border a century ago, by the Japanese at Pearl Harbor in 1941, and by al-Qaeda on Sept. 11, 2001. Now we learn that hackers in China, a state that keeps repressive control over the Internet, has conducted a series of data breaches that have jeopardized the finances and personal information of millions of Americans. The Anthem cyber attack alone has compromised the data of 80 million Americans.

In a question to U.S. Sen. Dan Coats, who sits on the Senate Intelligence Committee, isn't this an act of war?

"While the suspicions are very, very strong, it has not been fully verified," Coats told HPI, describing the difference between a "state action" as opposed to "an entity in China."

"The administration has not fully clarified the fact," Coats said. "Whether this was or not state-sponsored, we have a very, very, very serious problem with information



captured in cyberattacks at Anthem, Target or the federal government's Office of Personal Management, which holds security clearances that can be exploited and used in damaging ways."

While 80 million Anthem policyholders may have been exposed, what seemed to capture more attention was the OPM breach of 4.1 million federal employees. U.S. Sen. Lindsey Graham, the South Carolina Republican who is running for president, called it a "cyber Pearl Harbor" and warned, "I fear the massive data breach at the Office of Personnel Management may turn out to be yet another example of America being walked over by rivals and adversaries."

Washington Post columnist Robert J. Samuelson observed on Wednesday, "The more hackings there are — and the more harmful they seem to be — the more likely that, at some point, public opinion and political authority will begin to take the threat seriously. They will recognize that hacking, at its worst, can jeopardize the nation's physical and economic security. The dangers compare with a serious recession or even war. But none of these intrusions threatens the everyday routines of the overwhelming majority of Americans. This may be self-delusion. What we ultimately have to fear from hackers is that they — and this would apply mostly to hostile governments and terrorist groups — will get inside our most sensitive data systems with the intent of causing havoc. They would hijack, destroy or corrupt the data systems that regulate energy, control financial transactions, contain medical records and oversee transportation networks. Everyday life would be disrupted for countless millions."

Samuelson added, "We don't know our full vulnerability because these attacks have yet to be mounted on a grand scale. But given the success of lesser hacking, it's hard to be confident that this most destructive variety is simply the figment of an overactive imagination."

Coats told HPI, "There is significant alarm in the danger that exists." Sitting on the Senate Intelligence Committee, he acknowledged there were some aspects of this story he could not disclose. But he lent credence to the scenario Holcomb described in March. He said the "potential exists" of plundered data that "can be used by China, or terrorist groups, or commercial entities. It can be

used to blackmail people, such as gaining personal information from a background check on employees. There are any number of ways that can have consequential negative ways on how we live. More importantly, this is something that could put us a great risk. Imagine an attack on electric grid in New England in February when temperatures are near zero. Push a button and a nation state or a non-government entity could throw six states in New England into a deep freeze. Lives would be lost. Imagine a breach of one of the large banks, basically looting savings accounts of millions of people.

"This is a threat that requires an emergency response that is not there," Coats acknowledged. "The intelligence agencies say this is our No. 1 threat. We have a government which is responding from behind. We are reacting, instead of looking forward." He said part of the blame rests with Congress. "I was part of a group that was pushing for this years ago," he said of legislation that would encourage corporations to work with the federal government and each other. "We were not able to get it over the vote threshold." There were fears that the legislation could invade privacy.

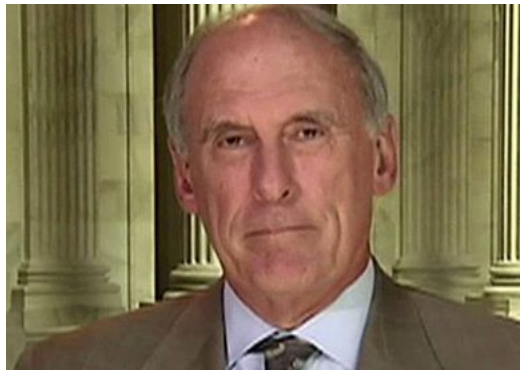
In a Howey Politics Indiana interview last March, Rogers explained, "China has unfettered cyber attack capabilities. Unfettered. There were hundreds of millions of dollars of damage and no consequences."

"This is a very difficult issue," Rogers said, adding the Anthem attack was "the mother of all fishing campaigns. Now I know your Social Security number, your birth date, your personal information, and your medical records. I can craft an email. Let's say your doctor's name is Bob. It looks like it comes from Dr. Bob's office. It says, 'Here's the last four of your Social Security for verification. There's been a mislabeling of tests you had back in June' because they know you had tests back in June. So you go, 'Oh, that makes sense.' It will say, 'click here to see if this is your test.' Click. They're in. There's something called the 'dark net' where they shop this information around. It's a bazaar of stolen identity

information and stolen source code. You can buy almost anything you want on the black market."

"It's hitting home," Rogers said. "They are part of a foreign nation taking aggressive action against American businesses. If there was a server farm and they sent a submarine and launched a missile off the coast and blew that thing up, we would all agree that's pretty egregious. With a cyber attack, that's exactly what they did."

And the Chinese government knew. "They control the Internet," Rogers confirmed. "They completely control it. I argue the next generation's prosperity is going to be impacted."



**U.S. Sen. Dan Coats and former House Intelligence Committee chairman Mike Rogers are sounding the alarms on cyber attacks, which they describe is the No. 1 security threat to the U.S.**



### What are the solutions?

Coats said that on Tuesday decisions were made to include legislation in the Department of Defense bill that passed out of the Intelligence Committee by a 14-1 vote. "The legislation does a number of things. It allows the sharing of information between the private sector and the federal government. It puts in place several means of privacy, without giving government access and rights. There is liability protection so that they don't face the liability of sharing information. It gives companies anti-trust protections, so that Target can talk to Walmart. The whole idea is for companies to work together."

However, Senate Democrats are angered that the legislation was placed in a Defense bill and are concerned about privacy. They seemed to be more alarmed at the U.S. government invading individual and corporate privacy than the systemic Chinese effort to do the same.

U.S. Rep. Susan Brooks, who sits on the House Select Committee on the Events Surrounding the 2012 Terrorist Attack in Benghazi, explained in Indianapolis on Monday, "We've passed a bill out of the House that would allow for a much more robust, voluntary sharing of information between the private sector and government, particularly when the government, FBI, and other agencies see that hacking might be occurring. There right now is not a good exchange of information between government, the private sector, and the non-profit sector. We have a lot of work to do."

What if the Obama administration determines that the Chinese government was involved?

"The response is not just preventing this, but making those who are responsible . . . pay a huge price," Coats said. "It's more than just sending the secretary of state to China to say, 'Don't do this.' It would make them pay a huge price. This is a threat that has to be addressed.

Some of the things we are doing I am not at liberty to share with you."

Rogers explained in March, "If you want to look and see what the world looks like without our engagement overseas, turn on your TV. The problems you see, and this happens with both Republicans and Democrats, both parties are having this 'let's pull back from the world, it's too hard and complicated.' But because of that, you're getting national states, Russian, China, Iran, which are going to step in to fill the void. That's not good for economic prosperity at home and it's not good for our national security. When ISIS can attack an arts center cyberwise in Indianapolis, when the Chinese send a human spy here to steal Dow Agro secrets and send them back to China, Indianapolis should be as much engaged as the state of Indiana on national security issues as any other state. They are not immune here.

"If we don't get the national security posture right, then all the other stuff we'll never get right," Rogers said. "It's the 'peace through strength' message."

### Epilogue

In the wake of the Anthem breach, thousands of Hoosiers and millions of Americans were urged to add security provisions on their bank accounts. For our public officials, it may now be wise to review those prescriptions going to the pharmacy for refill.

Worth noting is Thomas Hobbes' final words as he lay dying in 1679, describing the scenario we face today. "A great leap in the dark," his faltering voice was said to say.

Or, perhaps, Vonnegut would observe: "History is merely a list of surprises," I said. "It can only prepare us to be surprised yet again. Please write that down." ❖



# First proxy volleys in governor's race

By **BRIAN A. HOWEY**

INDIANAPOLIS – The proxy wars surrounding the Indiana governor's race commenced this week. On Tuesday, EMILY's List announced it was making Gov. Mike Pence its first gubernatorial target for the 2016 cycle and acknowledged talks with the nascent Glenda Ritz campaign. Within a day, Indiana Right to Life responded, calling it a "radical, pro-abortion" organization.



It represents the first volley in what could be an intense gubernatorial race,

some of which will be played out by special interest groups backing Pence and the eventual Democratic nominee.

Pence has vowed to run a positive, issues-oriented effort, and his campaign said that the governor never coordinated with outside groups in his 2012 gubernatorial race, and, in fact, discouraged them for working on his behalf. In the May 28 edition of *Howey Politics Indiana*, Pence said he hoped the Democratic nominee would do the same. "Our campaign will be about who we are and what we believe," Pence explained, adding his reelection campaign will be about "debating issues and records."

"My hope is, whoever is the Democratic nominee, they do likewise," Pence said.

The proxy volley began with EMILY's List, with its President Stephanie Schriock saying, "Gov. Pence has a long record of prioritizing policies that are dangerous to women and families and damaging to the Indiana economy, most recently with his signing of a bill that legalized discrimination against the people he was elected to serve. That's why EMILY's List is putting Mike Pence 'on notice' – his refusal to focus on issues that create greater economic opportunity for the people of Indiana will get him sent packing in 2016."

A day later, Mike Fichter, Indiana Right to Life president and CEO, fired back, describing EMILY's List as a "radical, pro-abortion" special interest group. "EMILY's List believes nothing should limit abortion access," Fichter said in defense of Pence. "EMILY's List would like its candidates to make abortion more available by scrapping late-term

abortion laws and allowing partial birth abortions. Hoosiers have chosen pro-life leadership throughout the state including the governor's office, a pro-life supermajority in the General Assembly and most of our representatives in Congress."

Fichter added, "Killing children moments before birth or as they are being born is simply radical, and a far departure from Hoosiers' positions on abortion. Gov. Pence is a strong advocate for the unborn, and Hoosiers appreciate his willingness to stand up for life. This year, six pro-life bills passed the Indiana General Assembly with the support of Gov. Pence. EMILY's List will not be able to convince voters that Indiana needs a governor committed to expanding abortion on demand and undoing common-sense laws that protect women."

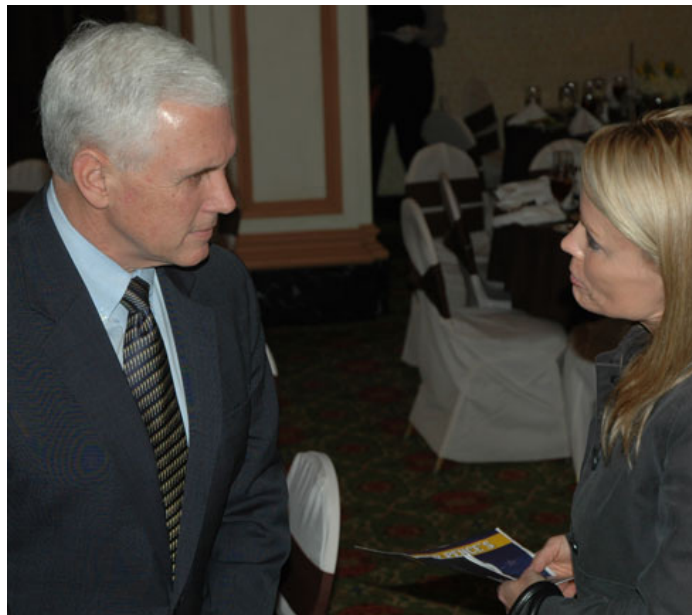
EMILY's List cites Pence's assault as a congressman on Planned Parenthood, with the Indiana General Assembly following suit, slashing government funding for the organization, which in turn shuttered the only woman's health clinic in Scott County, now the scene of the nation's worst rural HIV outbreak. It said that in 2011, Pence co-sponsored the Ultrasound Informed Consent Act, a bill to require abortion providers, before a woman gives informed consent to any part of an abortion, to perform an obstetric ultrasound on the pregnant woman, explain the results, display the ultrasound images so the woman may view them, and provide a medical description of the ultrasound

images, including the dimensions of the embryo or fetus and the presence of external members and internal organs, if present and viewable.

The organization, which stands for "Early Money Is Like Yeast" and is committed to funding female Democratic, pro-choice candidates for governor and congress, also cited the Religious Freedom Restoration Bill he signed last March, and his cosponsorship of a bill in Congress that redefined rape in 2011 with the No Taxpayer Funding for Abortions Act. In 2007, Pence voted twice against House

passage of the Lily Ledbetter Fair Pay Act. In 2009, he voted against the Paycheck Fairness Act.

EMILY's List told *Howey Politics Indiana* that while there have been talks with the emerging Ritz campaign, this is not an endorsement. Ritz announced her candidacy last Thursday, vowing to bring to the debate education issues, as well as declining wages and the agenda that brought about the RFRA debacle. In addition to Ritz, State Sen. Karen Tallian of Ogden Dunes and 2012 nominee John Gregg have announced gubernatorial campaigns.



Pence campaign spokesman Robert Vane called EMILY's List a "Democratic, pro-choice woman's group," adding, "It's not like it's a non-partisan, non-special interest group."

While Democrats expect Pence and his campaign to refrain from negative ads, they expect proxy groups to wage some of the more gritty aspects of the coming battle. Vane, however, said that isn't the Pence campaign's intent. "I haven't had discussions with any particular groups," though he expects the Republican Governors Association will be involved.

"I haven't talked to any outside groups or have been tasked with talking to them," Vane said. "Gov. Pence did not allow outside groups to run negative ads on his behalf" in 2012.

Vane said that as Republican Senate nominee Richard Mourdock's campaign imploded in late October 2012 with his "God intends rape" remarks in a debate with Democrat Joe Donnelly, Pence resisted going negative. "If Mourdock doesn't destroy his own campaign, (Pence) would have won more votes than Glenda Ritz. He would have defeated John Gregg by more than 3 points. If Mike Pence had run a negative campaign, it would have been far more than 3 points."

That dynamic, however, has prompted speculation that with Pence having to defend his record in a reelect, particularly his signing of the controversial Religious Freedom Restoration Act, outside groups might pick up the mantle of the more unseemly street fight aspects of the coming campaign.

Throughout his governorship, the Koch-affiliated Americans For Prosperity has publicly released polling on behalf of Pence and has run TV ads pushing his legislative agenda.

Pence officially announces his reelection bid next Thursday at Primo's in Indianapolis. Earlier this week, Republican Chairman Jeff Cardwell announced the dinner was sold out.

Vane said, "You'll see a prototypical Mike Pence speech. He will praise Hoosiers on how hard they've worked, talk about his accomplishments. You'll see him lay out how he is going to continue to work hard, what his priorities are and the rationale for accomplishments coming in the second term. He has a strong record to run on. We welcome that debate every day."

### Democrats off to measured start

With three Democrats officially in the race and Hammond Mayor Thomas McDermott Jr. pondering a potential bid, the field is off to a measured start.

Ritz did a statewide roll out last Thursday and Friday, spending most of the time addressing education issues, though she touched on declining personal income and Pence's RFRA controversy. Her campaign says she will begin branching out into topics in the coming weeks. Ritz vowed to engage Pence in what will be a potentially seismic showdown during the 2016 Indiana General Assembly session on expanding the state's civil rights code to include sexual orientation.

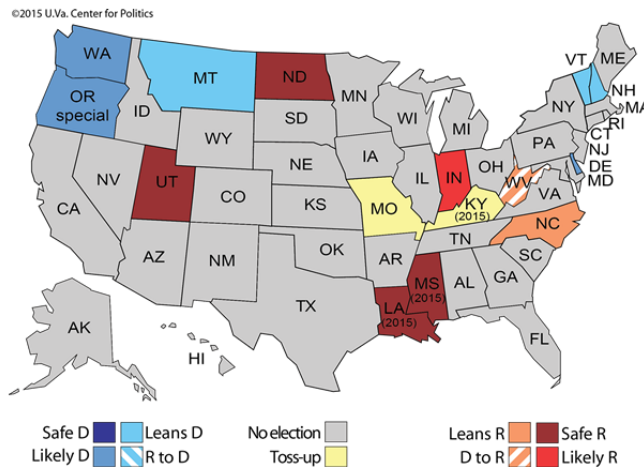
"We must respect the personal and civil rights of all of Indiana's citizens," Ritz said, "and bring forward legislation that respects the rights of all Hoosiers."

Republicans will attempt to portray Ritz as in over her head. "Glenda Ritz does not have a successful track record of leading those in her own department, let alone managing contracts or implementing effective policies," Cardwell said. "Hoosiers have time to decide who will be Indiana's next leader, and I'm confident they will vote to keep our state on the right track of growth, opportunity and fiscal health."

The pushback for Ritz was not limited to Republicans. Daviess County Democratic Chairman Dave Crooks, a former House colleague of Gregg who acknowledges he is supporting the former speaker, told the Washington Times Herald, "I am not happy about her candidacy. I think it seriously hurts Democrats' chances to win the governor's seat. People say they want a spirited primary, but what will happen is it will be divisive. The Democrats will spend all of their money beating up on each other and then

will have no money left to take on a sitting governor who has a campaign war chest of \$10 to 14 million for the fall. I want to win and John Gregg gives us the best chance to do that."

The Democratic-leaning Fort Wayne Journal Gazette editorialized: "When it comes to their schools, Indiana voters don't like politics. They proved it in 1992 when they elected Suellen Reed as state schools chief over Stan Jones. They did it again when they chose Glenda Ritz over Tony Bennett in 2012. Each time voters chose an educator instead of a candidate emphasizing business interests over students. Now, the superintendent of public instruction appears poised to raise the political stakes herself by planning to announce on Thursday a bid for the Democratic nomination for governor. We wish she wouldn't. As a candidate for governor, she squanders an opportunity to work from the inside to challenge the worst of the so-called reforms. She wastes the opportunity to work with a newly formed State Board of Education, one whose members



aren't under pressure to defend Bennett's record. As a candidate for governor, she shifts any policy discussion from education to politics."

The Democratic field rolled out campaigns in different ways. Ritz did the Indianapolis announcement at Ben Davis HS and then traveled to Fort Wayne, Hammond, South Bend, Evansville, Terre Haute and New Albany, the traditional statewide rollout. But she did not incorporate the expected legions of teachers and educators who propelled her stunning upset over Supt. Tony Bennett in 2012, drawing crowds last week in the dozens or a couple of hundred.

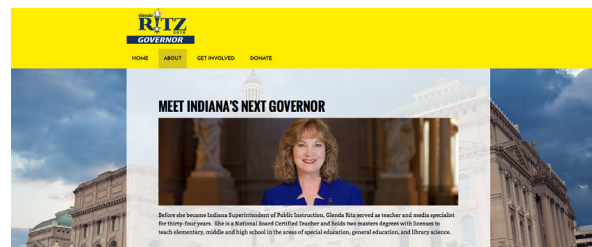
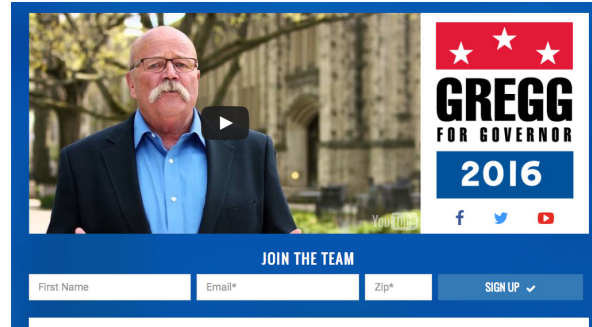
Gregg announced his campaign in a video released the day after the General Assembly concluded. The former Speaker received generally good reviews for the quality of his video announcement that took Pence to task over RFRA and other divisive issues. Since then, Gregg has hunkered down, dialing for dollars. Gregg has the greatest threshold, and perhaps the biggest potential payoff when the mid-year campaign reports are filed and released in early July. He has been in the field longer, essentially he has never stopped running since 2012, and a report in the \$1 million to \$2 million range would put to rest some of the doubts about his fundraising abilities. In contrast, Ritz (around \$130,000) and Tallian (\$26,000) have meager campaign war chests.

Sen. Tallian did her announcement on the south steps of the Indiana Statehouse, with a similar number of supporters and media that Ritz drew at Ben Davis HS.

All the announced candidates have websites:



Democrat governor candidate John Gregg gets a mustache trim this morning at Red's Barber Shop.



com) Pence (mikepence.com) and Ritz (GlendaRitz.com). Ritz and Gregg also have Facebook pages. The Ritz and Tallian websites are not search engine optimized.

Former

Democratic chairman Robin Winston told HPI last week that it will probably be early July before Ritz has a campaign team in place and begins to ramp up the fundraising. The fact that EMILY's List is talking to her, and not Tallian, is indicative of where money from its three million members will flow.

As for McDermott, he is mulling gubernatorial or Senate bids. "I am still weighing my options, realizing perfectly well I need to move sooner rather than later," McDermott said in a text to HPI. "Then again, technically, I still have a mayor's race in November, so I need to keep my eyes on the prize in more ways than one."

### U.S. Senate: Rokita won't run

U.S. Rep. Todd Rokita, R-Indianapolis, will not enter the 2016 Republican primary contest to succeed U.S. Sen. Dan Coats (Carden, NWI Times).

The Munster native and former secretary of state, whose congressional district includes Newton and Jasper counties, informed supporters Wednesday that he believes he can do the most good for Indiana by remaining in his current office. "Second to being a husband and father, my greatest responsibility and love is serving the people of Indiana," Rokita said. "After much consideration, my family and I have concluded the best way to serve our state and country at this point is to continue ... in the U.S. House of Representatives." "While I am prepared to serve statewide again ... the answer for now is to enact major education reform, fund an infrastructure that keeps Indiana the crossroads of America and continue enacting spending reforms that we all know are necessary," he said.

### Reid, Hoyer to host Hill fundraiser

Senate Minority Leader Harry Reid and Whip Steny Hoyer will host a fundraiser for Democratic Indiana Senate candidate Baron Hill June 24 in Washington. The range of donations run from \$5,400 to \$500.

### Holcomb picks up endorsements

Republican U.S. Senate candidate Eric Holcomb appears to have picked up support from the Indiana GOP's financier class. Big guns such as Bob Grand, Dan Dumezich, Mike Rose, Anne Hathaway, Fred Klipsch, Jim Morris, Harry Gonso, Deb Daniels and Earl Goode will be



hosting a fundraising event for the former Indiana Republican chairman.

It represents a good portion of the Indiana Republican financial class as well as former members of the Daniels administration and his family. The event for Holcomb will take place at 5:30 p.m. June 23 at the Meridian Hills Country Club. Donations for the reception range from \$5,400 to \$1,000.

Holcomb and U.S. Rep. Marlin Stutzman are the two announced candidates in the race to succeed U.S. Sen. Dan Coats on the Republican side. Former congressman Baron Hill has announced for the Democrats. But Holcomb and Stutzman await a decision from U.S. Rep. Todd Young, whose entry could dramatically reshape the contours of this race. State Sens. Mike Delph and Jim Merritt are also preparing Senate bids. Delph told HPI that he will be "traveling the state" throughout June.

From the onset of Holcomb's campaign, it appeared he had the support of a good part of the Republican coalition that backed former Gov. Mitch Daniels, whom Holcomb served as deputy chief of staff and then as GOP chairman. Last week former GOP chairs Al Hubbard and Jim Kittle Jr. publicized a letter urging Young to get into the race. However, Purdue President Mitch Daniels said he would not endorse in the Senate race.

In addition to the aforementioned supporters, others hosting the Holcomb event include Bill Barrett, Jerry Slusser, Andre Lacy, Mike McMains, Larry Griggers, Joe Robinson, Doug Braly, Larry Garatoni, Mike Weaver, Jim Sweeney, Paul Thrift, and Joe Clayton.

On Wednesday, Holcomb announced endorsements from Northwest Indiana, including: State Reps. Michael Aylesworth, Bill Fine and Ed Soliday; Mayors Jon Costas of Valparaiso, Blair Milo of LaPorte and Jim Snyder of Portage; and party leaders including Jasper County Chairman Duke Critser, Chair, LaPorte County Chairman Michael Gonder, 1st CD Vice Chairwoman Rebecca Holwerda, 1st District Vice Chair, Porter County Chairman Michael Simpson and 1st CD Chairman Chuck Williams.

**Mayors: Harrison draft**

A "draft" petition drive for an independent Indianapolis mayoral campaign is underway on behalf of Rev. Charles Harrison, the community activist with the Ten Point Coalition and a United Methodist pastor. Should enough signatures be procured, it could set up a three-way general election race among Harrison, Democrat nominee Joe Hogsett and Republican nominee Chuck Brewer.

Harrison acknowledged the draft movement, saying in a statement, "I'm humbled by some folks out there who think that I should consider a political career. I'll certainly listen and anything is possible, but right now I am focused on my wonderful family, my church and the Ten Point Coalition."

Sources tell Howey Politics Indiana that Har-

ison would need to certify 3,175 signatures to qualify for the ballot. Indianapolis Republicans view an independent Harrison candidacy as having the potential to siphon off African-American support from Hogsett. Last Friday, Harrison received the Sagamore of the Wabash from Gov. Mike Pence at the annual Ten Point Coalition breakfast.

**Presidential: Bellwether states**

The Buckeye State, long recognized as perhaps the nation's premier presidential swing state, deserves its status (Kondik, Sabato's Crystal Ball). In the 30 presidential elections since 1896, Ohio has correctly picked the winner 28 times.

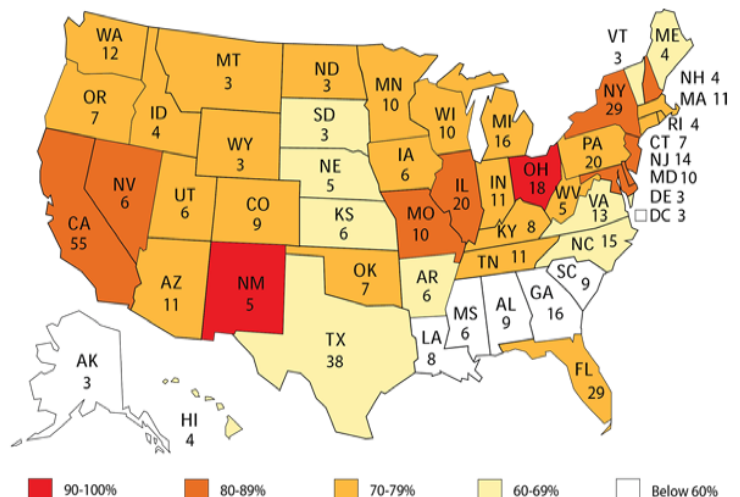
Ohio has company at the top though -- it beats out another top presidential swing state, New Mexico, by only a hair. Like Ohio, the Land of Enchantment has also only been incorrect twice, but because statehood arrived in 1912, its record is just 24-2, and thus it has a slightly lower batting average (92%) than Ohio (93%).

The other states with the best records since 1896 are Illinois and Nevada, which voted with the winner 26 of the last 30 elections. However, Illinois is not a particularly good predictor anymore, as it is now consistently several points more Democratic than the nation as whole (the same thing appears to be happening in New Mexico, which has the nation's most Hispanic electorate and which also has become more reliably Democratic).

Another state that is not as reliable a predictor of the national mood as it used to be is Missouri, which The Economist rightly observed prior to the 2004 election had "an almost mythical reputation in American presidential politics" as a bellwether. That year, the Show Me State voted for George W. Bush, correctly picking the winner as it had in every election over the past century but one (1956, when it backed Adlai Stevenson over Dwight Eisenhower).



Map 1 and Table 1: How often states have sided with the winner in presidential elections since 1896



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Note: Numbers on map indicate each state's current number of Electoral College votes.

# Mayors venture where lawmakers won't go

By MAUREEN HAYDEN  
CNHI Statehouse Bureau

KOKOMO – Indiana mayors, both Republican and Democrat, are willing to talk about sex and gender. As much was clear at a gathering of city and town leaders



this past week in Kokomo that was hosted by the non-partisan Indiana Association of Cities and Towns. Discussions covered a range of issues from tax-increment financing to rules about carrying concealed weapons at public meetings.

Those at the closed-door meeting also wrestled with the question of whether they should add sexual orientation and gender identity to local human rights

ordinances, according IACT director Matt Greller and others gathered there.

It wasn't court orders or political pressure that prompted the discussion. It was the premise that inclusiveness makes business sense for communities that want to attract good jobs and retain young talent. The conversation focused on how local leaders can talk about using such ordinances to recruit employers who care about more than just tax incentives.

"If you don't have this, you may be seen as being one step behind your neighbor," said Greller. "It's become another driver for moving this conversation along."

**But the** conversation is not happening in the Statehouse, despite the fact that civil rights for lesbian, gay, bisexual and transgender people was the show-stopping issue of this past legislative session. The divisive Religious Freedom Restoration Act passed by lawmakers sucked up all oxygen in the building when it was cast as a license to discriminate. But in late May, when legislative leaders released a list of 40 critical issues that merit in-depth study this summer, noticeably missing was

the issue of expanding the state's civil rights law to cover sexual orientation and gender identity. There wasn't much explanation why.

Mike O'Connor thinks it's a missed opportunity. At the Kokomo meeting, O'Connor talked about the experience of his employer, Indianapolis-based Eli Lilly and Co., in confronting a similar matter more than a decade ago. In 2004, Lilly joined some big-name corporations that offered domestic partner benefits to employees. But because Lilly was based in a conservative state where 11,000 of its employees lived, company leaders spent a lot of time talking about the decision with their workforce.

Talking and talking and talking, said O'Connor, a Lilly vice president. "There was a transformation that occurred," he said. "But you have to take the time to make that happen. People with legitimate concerns can disagree, and that's when you have to say, 'Let's sit down and talk.'"

**For the global pharmaceutical** giant, it was an economic decision meant to attract and keep talented employees who cared about the issue, or cared if they worked for a company that did.

As O'Connor told the mayors, big companies like his don't intentionally step into nasty political debates. He didn't advise them to do so, either. "We don't get involved in morality issues," he said. "We get involved in economic issues."

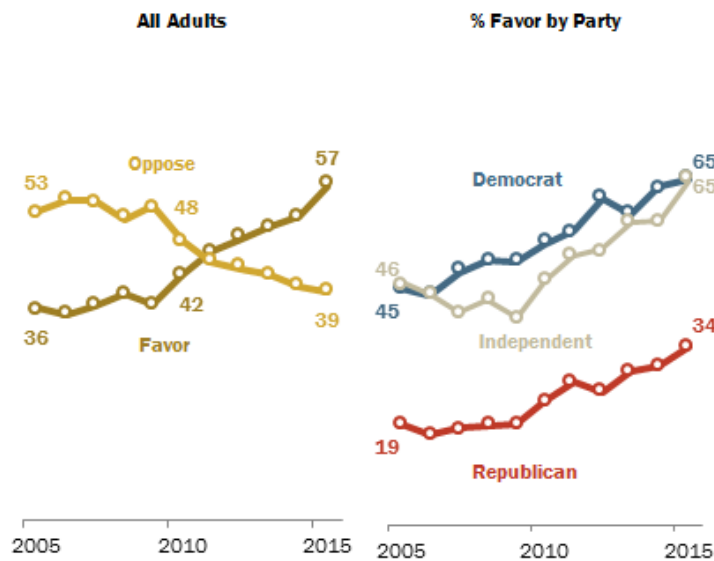
Before the big debate on the religious freedom law, a dozen communities had local rights ordinances. Since then a handful more, led by Republicans and Democrats, have enacted or expanded those ordinances, or passed resolutions affirming hospitality to all as a community value.

Others are have conversations about it, even if they're stepping into the issue gingerly, Greller said. "I think mayors and cities across the state never once thought they were excluding, or not welcoming, to LGBT folks," he said. "But there was a wake-up call that made a lot of mayors think, 'Does everybody know that? And, if they don't, we need to make everyone does.'" ❖

**Maureen Hayden covers the Indiana Statehouse for CNHI's newspapers.**

## Support for Same-Sex Marriage Rises Across-the-Board, Partisan Divide Persists

% who say they \_\_\_ allowing gays and lesbians to marry legally



Survey conducted May 12-18, 2015.

PEW RESEARCH CENTER



# Brooks, Bucshon align on 21st Century Cures

By **MATTHEW BUTLER**

INDIANAPOLIS — During the height of the ebola crisis last October, HPI sat down with U.S. Rep. Susan Brooks. Along with quarantines, no-fly lists, and sending medical aid to West Africa, we discussed the need to accelerate biomedical innovation, particularly for so-called orphan diseases, like ebola and antibiotic resistance, in which market-incentives deter the research and development of therapies. Brooks mentioned her excitement for the 21st Century Cures Act, which would increase funding for the National Institutes of Health (NIH) and streamline the Food and Drug Administration's (FDA) approval process. The goal is twofold: Improved public health and high-tech economic growth.

The bill, however, was being developed within a committee of which Brooks was not a member. Now, with the 114th U.S. Congress, Brooks and her delegation colleague Larry Bucshon, M.D., sit on that panel, The Energy and Commerce Committee, as well as its Subcommittee on Health. Both have played an integral role in drafting the 21st Century Cures Act legislation which passed to the full House floor, by a 52-0 committee vote two weeks ago.

"I'm delighted that both Susan and Larry serve on the Health subcommittee. Their fingerprints are all over this bipartisan legislation," said Chairman Fred Upton (R-MI) on Monday in Indianapolis. The three federal lawmakers



were visiting with Indiana biomedical and health care firms seeking input on finalizing the regulatory reform. They expect further amendments on the house floor. As of Wednesday it has 52 Republican and 52 Democratic cosponsors. Brooks described the collaboration and bipartisan support for the bill "incredibly unusual in today's congress."

Upton credits the overwhelming bipartisan support for the legislation on the collaborative manner in which it has been drafted since December 2013. All told there have been over 30 hearings including field hearings, listening tours, and roundtables across the country. The draft language has also had in-depth input from former FDA Commissioner Andrew von Eschenbach, current NIH Director Francis Collins, and Health and Human Services Secretary Sylvia Burwell. "The administration is on board, I have to commend them," said Upton.

## Streamlining the regulatory process

Indiana research institutions and biomedical firms have been pressing for reforms to the regulatory approval process. There is hope the novel use of biomarkers and genetics can fast track clinical trials and FDA approval. "By doing it here, we keep the jobs here," Upton said. He remarked innovative biomedical research and venture capital had migrated overseas to places like Ireland and New Zealand. "They decided to go overseas because that's where the approvals were, that's where the jobs went too."

Brooks and Bucshon stress "streamlining" the regulatory process is doubly important for Indiana considering the economic weight of biotech within the state. Research universities and firms like Eli Lilly and Company and Roche Diagnostic have told them regulatory hurdles are exacerbating international competition. "Cook Medical and Boston Scientific are in my district in Spencer and they tell me all the time, 'Look. We're being forced to release new products overseas because of the regulatory climate,'"



U.S. Reps. Susan Brooks (left) and Larry Bucshon (right) bookend House Energy and Commerce Committee Chairman Fred Upton, (R-MI) Monday at Faegre Baker & Daniels in Indianapolis. Brooks and Bucshon have joined forces on the 21st Century Cures Act. (HPI Photo by Matthew Butler)



Buchson said Monday.

"The bill will hopefully bring new, innovative therapies, drugs, and devices to market sooner, whether it's for rare diseases or for more common diseases like Alzheimer's and cancer," Brooks added. "We want to make sure that we are bringing these therapies to market in this country."

"This bill advances the ball considerably," said Dan Evans, president and CEO for IU Health. "We have 18 hospitals. Over two million patients per year contact our system. For us, the complexity of the regulatory scheme is daunting." Evans thanked the work of Brooks and Buchson on the bill and remarked, "I know a good statute from a bad one."

It would be astounding if a major revision of biomedical regulations would not have its critics. "An underlying premise of the bill is the need to accelerate approval for new products, but this process is already quite efficient," wrote two physicians in the *New England Journal of Medicine* earlier this month. "A third of new drugs are currently approved on the basis of a single pivotal trial; the median size for all pivotal trials is just 760 patients. More than two thirds of new drugs are approved on the basis of studies lasting six months or less." The authors add, "Embedded in the language of the 21st Century Cures Act are some good ideas that could streamline the development and evaluation of new drugs and devices; its call for increased NIH funding may prove to be its most useful component. But political forces have also introduced other provisions that could lead to the approval of drugs and devices that are less safe or effective than existing criteria would permit."

### Increasing NIH funding

Brooks also wanted to stress another "exciting" aspect of the bill: "It funds at a much higher level the NIH to the tune of \$10 billion, \$2 billion a year, ultimately grants given to our researchers at IU, Purdue, (and) Notre Dame." The appropriation for NIH would increase from \$30.3 billion to \$34.8 by 2018; the FDA would realize a \$550 million funding increase as well. From his background as a cardiac surgeon, Buchson said, "Increasing the NIH funding is really important. We really can't be



IU Health CEO Dan Evans praised the 21st Century Cures Act, saying it will help the system's 18 hospitals and two million patients deal with what he described as "daunting" complexities in the health regulatory scheme.

shortsighted. We need to continue to make the United States the worldwide leader in R & D."

"If we're going to demand more of them, we want to give them the resources that they can approve these in a safe way," Upton said. Sourcing the funding was the "biggest hurdle." The act identifies mandatory spending cuts, captures them and allocates them to the NIH and FDA. Funding will also come from selling a half-day supply of the strategic petroleum reserve, roughly \$5.2 billion.

"For the state of Indiana this will mean incredible things relating to the universities working for NIH," Upton added. IU, they were told, received \$157 million this past year in NIH grants. Upton said he worked in the 1990s to double funding for the NIH. "Since then," he lamented, "it's been fairly flat spending, especially when you account for inflation. So this is a dramatic increase, really. It encourages younger researchers to be involved, engaged, and submit (grant) applications."

Budget sequestration and a lack of interest in public health investment have meant delayed cures and, arguably, lives lost. "One of things that (NIH Director) Francis Collins

told us, as well as Tom Friedman from the CDC, last year, if we had this additional money for the NIH a couple of years ago, we might not have had the problem we did," Upton told HPI regarding last fall's ebola outbreak. That disease among other "orphan" and rare maladies often fail to provide sufficient economic incentive to encourage private R & D. It's widely accepted that filling this market failure is a crucial role of the NIH. On that front, Upton told HPI, "We wanted to do more, but we ran into some stumbles." Yet he stressed, "This isn't the end. We'll be able to build on this."

Brooks, Buchson, and Upton are optimistic the bill is on the shortlist for full House consideration after trade promotion authority is resolved. Chairman Upton hopes an overwhelming, if not unanimous, vote will garner the attention of his colleagues in the other chamber. Talks are already underway with Senate leaders Lamar Alexander (R-TN) and Patty Murray (D-WA), chairman and ranking members, respectively, of the Committee on Health, Education, Labor, and Pensions. There is a decent chance the bill will be on the President's desk before the end of the year. ❖

**Butler is HPI's Statehouse correspondent.**

# Pence orders \$1.46M for Guard scholarships

By **MATTHEW BUTLER**

INDIANAPOLIS – This past spring marked the second consecutive year in which the Indiana National Guard Supplemental Grant scholarship exhausted its funding and left many guard members in a college tuition lurch.

Though this last budgetary session saw legislation enacted to place the program on firmer financial ground, there was no increased appropriation despite a request by the Pence administration. Since then Gov. Mike Pence has

ordered \$1.46 million be transferred into the program and the Commission on Higher Education (CHE) is confident this will be sufficient going forward.

Howey Politics Indiana drew attention to the grant's

financial difficulties in early December 2014. By then it had exhausted its yearly appropriation of \$3.67 million. Though there was enough funding for all approved scholarships that fall, only some students received monies for the spring semester. According to figures supplied to HPI by the Indiana National Guard, there were 822 applications and 628 grants awarded last fall. For this past spring, 733 applications were placed and 422 grants were awarded. For the U.S. Army component, there were 593 applications and only 295 awarded. Among those 298 denied scholarships, 47 were told to use federal assistance whereas the remainder had incomplete documentation or did not meet in-state residency requirements.

Despite having nearly a \$2 billion surplus, the state's failure to adequately fund the program drew criticism. "It was stunning to me, with the surplus that we have," U.S. Sen. Joe Donnelly remarked at the time. "I can't believe there would be a conscious decision to make this kind of bad decision."

**Gov. Pence told HPI** in December he was both aware of the program's funding issues and very receptive to ameliorating the situation. "I was aware of the reports about the program. I defer to the (higher education) commission and the budget amounts that have been approved by the legislature, but I would be more than open to recommendations by members of the General Assembly to expand education opportunities for more members of the Indiana National Guard in the

coming session," he said. When the Pence administration presented its budget in early January, there was a request for an additional \$500,000 for the program. Lawmakers, however, passed the same yearly appropriation as the previous biennium.

Last week the CHE told HPI it did not expect to exhaust the grant with the newly transferred funds for either of the two coming fiscal years. The \$1.46 million addition by the administration coupled with new requirements from legislation this past session should put the program on a sound footing.

**"With collaboration from** the commission, the National Guard and the governor's office, reforms were made to the program to ensure long-term fiscal sustainability through HEA 1333," Stephanie Wilson of the CHE said. "It came to our attention that many of these qualifying students were forgoing the often cumbersome and bureaucratic process of applying for federal aid altogether and instead seeking only state aid, putting the full weight of aid on the state and leaving federal support on the table. This significantly strained the NGS grant and reduced the funds available for all Indiana guardsmen and women. HEA 1333 fixed this problem by requiring guardsmen and women to apply for and draw available federal aid before seeking the NGS grant. This ensures the grant is used as intended and all the men and women who need these supplemental funds receive them."

The same legislation requires grant holders main-



**Gov. Pence with out-going National Guard Adj. Gen. Martin Umbarger and incoming Gen. Courtney C. Carr. (HPI Photo by Brian A. Howey)**

tain a GPA the "eligible institution determines is satisfactory academic progress." It might, however, increase applications under the program by extending eligibility to out-of-state Indiana National Guard members. Another new law, SEA 434, will help mitigate this expansion of eligibility by extending public college and university in-state tuition to out-of-state guard members. ❖



# Obama has been surprisingly consistent

By **CRAIG DUNN**

KOKOMO – You can say all you want about President Obama. He is a consistent man of his beliefs. He may permanently damage the United States with his loathing of anything American, but you cannot deny that from day one in office that he has remained laser focused on obtaining his ultimate goals.

Whether it is the destruction of the finest health-care system in the world, endangering the strongest military in the world, destroying the reputation of the United States as an ally who can be counted on or in the promotion of every single item on the socialists' dream list,



Barack Obama has been unsurprisingly consistent.

As many astute observers pointed out during Obama's rise to the presidency, you can get to know someone by looking at the company he keeps. Look at the mentors who helped nurture and develop Barack Obama and you'll not be surprised by any of his policies nor pronouncements. He is focused on remaking the United States

by using every tool in the presidential arsenal including executive orders, a willful disregard for the U.S. Constitution, promoting a strangling federal bureaucracy and attacking just about every piece of the American fabric. However inept, crude and bumbling that the president may have been in executing his agenda, he has made up for it with a singular devotion to the greater goals of those who have made his accidental presidency possible.

**Which brings us to** the sorry state of affairs in the Democrat Party. President Obama gave no thought to the long game as he put together his administration of misfits and miscreants. His policies and legislative agenda did a superb job of clearing the Democratic bench of some of its best players in both the U.S. Senate and the House. Just about any Democrat with a moderate bone in their body has gone down to defeat in the off-year elections of 2010 and 2014. Obama's cabinet appointments have been excellent for promoting redistribution of wealth and the implementation of the president's vision for his America, but not a single cabinet member, save Hillary Clinton, has emerged from the pack as someone with a potential future in elective politics. Finally, President Obama squandered an excellent chance to perpetuate his questionable legacy by not choosing a vice president who could be a force at the polls and continue the current race to the bottom. Of course, Joe Biden was never a threat to the president but neither was he a potential threat to Republicans.

President Obama's failure to attend to the health and future of the Democrat Party will ultimately doom his legacy. As the days of 2015 begin to dwindle down, we are left with the best that the Democrat Party has to offer for 2016.

We have the frontrunner, Hillary Clinton, and all the glories of times past. Devoid of original ideas or any scintilla of inspiration, she brings nothing to the presidential race except the same dirty money, financial manipulators and apologists who were the hallmark of Bill Clinton's Administration. The nuclear financial meltdown of 2008 can be directly traced to the same people who are supporting Hillary Clinton's current campaign. She reminds me of Greece, lots of ruins to look at but nothing that speaks to the future.

**Then we have Vermont** Sen. Bernie Sanders. He is an unabashed socialist. The best I can say about Senator Sanders is that he is at least honest about what he wants to get done. His campaign rallies have been one part Woodstock and one part One Up on Wall Street.

Finally, we have has been Gov. Martin O'Malley of Maryland. He did such a great job as governor in his perpetually blue state that a Republican now leads the people of Maryland. His current strategy seems to be to go shirtless as much as possible. Let's hope his Democratic opponents don't try to match that strategy.

The bottom line is that the Democrat Party has sunk to unimaginable depths when it comes to new ideas and talented spokesmen. They are like a professional football team that finishes last in the league, is at the salary cap and has no draft picks. Do wa ditty, trouble in Demo city!

In contrast, the Republican Party has an embarrassment of wealth when it comes to new ideas, fresh faces and eloquent spokesmen and spokeswomanes. The bench is deep and getting deeper by the minute. In fact, the biggest challenge facing the Republican Party is how to run an effective winnowing process involving so many talented candidates without it being portrayed by a desperately liberal press as a political circus. The Democrats should be lucky enough to have this problem.

**It now appears that** there could easily be 16 or more serious contenders for the Republican presidential nomination representing the considerable breadth and depth of the Republican Party; extremely capable candidates who can not only express a vision for our country, but also raise campaign funds to get that vision exposed to the voting public.

The difference between the Democrat Party and the Republican Party at this time is somewhat akin to the difference in toilet paper options between a grocery store in Russia and Krogers in Muncie.

One wonders when that sickening feeling of nausea will begin to sink in with the leadership of the Democrat Party when the realization hits them that the party that they decried as dead in 2008, is now poised to completely eat their electoral lunch. It is not a good feel-



ing. As a Republican, I've felt the feeling before. That, my friends, is the nature of the political beast. If you let your guard down for one minute, your world can be upended before you know it.

To paraphrase Dickens, 2015 is the best of times and the worst of times for the tale of two political

parties. Madame DeFarge awaits the Democrat Party in 2016. ❖

**Dunn is chairman of the Howard County Republicans.**

# What do you know about Jasper County?

By **MORTON MARCUS**

RENSELAEER – What do you know about Jasper County in Northwest Indiana? If you drive often on I-65, you may know you travel more miles in Jasper than any other Indiana county. In addition, Jasper County has five interchanges on the route. There you'll find the towns of Remington and DeMotte, as well as the city of Rensselaer.



The city of Jasper is not in Jasper County. Nor are Madison, Marion or Monroe in those counties. But I digress.

Last week, at the invitation of the Jasper County Economic Development Organization, Ivy Tech Northwest's Innovation and Entrepreneurship (I&E) Center held the third of seven regional meetings calling for nominations for its annual innovation awards. The session was informative, inspirational and energizing.

These days every chamber of commerce and economic development agency seems to be pushing entrepreneurship as the route to the revitalization of local economies. Some add innovation as a mystic element in the mix. But the Society of Innovators of NWI at the I&E Center has been leading the way for two decades.

How do they do it? With important support from NIPSCO and other community-minded businesses and individuals, the society is developing an archive of innovators from NWI in many fields. Thus, they have stories to tell from the past and living models of innovation.

Many in the field of economic development know Indiana business leaders who are too easily contented with their achievements, too satisfied with their current status in life. What does this do to the firm, its workers, and its community? While contentment and satisfaction are positive factors in life, they also may be accompanied by stagnation, inefficiency, and indolence. A company not progressing generally falls behind.

These firms cannot be embarrassed into recogniz-

ing opportunities. These owners cannot be called out for misusing or under-utilizing assets by employees or organizations that depend on them for support. To get them engaged in the processes of change, development and innovation takes a different, positive inducement.

That's what the I&E Center offers through living examples, recognizing individuals and organizations that have moved themselves, their companies and organizations, and NWI forward.

The annual nomination activity involves many local people in the search for those who deserve recognition. The process increases awareness throughout the community of the need for and benefits of innovative activity.

Often the term innovation scares people away when they think of discovering something completely new, original and previously unknown. Yet, most innovative acts involve combining elements or processes that are familiar. Innovation is not an act of genius, but an act of commitment to change. Innovation involves risk taking and is often avoided for that reason. But failing to innovate, to adapt and to adopt new elements in business can be catastrophic.

For citizens in Lake, Porter, LaPorte, Starke, Pulaski, Jasper and Newton counties this significant Ivy Tech-NWI initiative keeps the spotlight on those neighbors who are contributing to a progressive future. ❖

**Mr. Marcus is an economist, writer, and speaker who may be reached at [mortonjmarcus@yahoo.com](mailto:mortonjmarcus@yahoo.com).**

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**YOUR FRIENDS ALL HANG OUT HERE... DO YOU?**

# Manufacturing myths and realities

By **MICHAEL HICKS**

MUNCIE - Despite some dips, the manufacturing industry is relatively healthy.

This week my center, along with Conexus Indiana, released a couple of studies on manufacturing and logistics. One was our annual report card, and the other was our attempt to debunk some pervasive myths about manufacturing in the U.S.



Indiana continued to do well on the report card, earning a top spot. We improved in several key areas including human capital and unfunded liabilities, and have maintained a strong fiscal environment. The only unpleasant news was an increase in health care premiums relative to other states. Still, I am amazed at how prevalent untruths are about the current state and future of manufacturing and logistics. Let me set straight the record.

There are many otherwise smart and educated folks in the country who think that our manufacturing base is shrinking. It simply is not. On an inflation-adjusted basis, last year was the record year of manufacturing production in the United States. Absent some unpredicted collapse of the world economy, 2015 will be the new record year. The data are stunningly simple to obtain from the Department of Commerce's website. Sure, there are ups and downs with recessions, but the trend is obvious. There is really no reason why a literate person with a computer and internet connection should suppose otherwise.

**A second big myth** is that we are losing huge numbers of jobs to foreign trade. Here is where there is plenty of well-deserved confusion because the truth is inconvenient to many interest groups who do much to sow confusion. A bit of honest analysis tells us something different, and it is best to look at the decade from 2000 to 2010 to understand it.

The first decade of this century saw the largest declines of manufacturing employment in history. But, a bit of algebra and data allows us to build an equation that can solve the job loss riddle. As it turns out, 87 percent of job losses in the last decade were due to productivity gains. We are

simply very good and getting better at manufacturing, and trade deficits accounted for no more than 0.08 percent of annual job losses per year over the last decade.

**The final myth is that** new manufacturing jobs pay less. The average new hire in manufacturing in Indiana makes more than \$20 an hour. This is good money even though it is less than most retiring workers made. The simple truth is that millennial workers are replacing baby boomers and that masks the fact that new manufacturing jobs are very high paying opportunities.

Manufacturing production is growing and when we account for retirements and turnover, Indiana alone will have 125,000 manufacturing job openings per year over the next decade. By way of comparison, we will only have 70,000 high school graduates per year.

Sure, we have work to do to boost manufacturing. Our corporate taxes are too high, and some countries continue to interfere with free trade through currency manipulation, but the real problem may be the need to better prepare folks to take these jobs.

**Michael J. Hicks, PhD, is the director of the Center for Business and Economic Research and the George and Frances Ball distinguished professor of economics in the Miller College of Business at Ball State University.**



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# Ritz and unintended consequences

By JACK COLWELL

SOUTH BEND – The law of unintended consequences creates the opportunity for Indiana Superintendent of Public Instruction Glenda Ritz to run for governor. In seeking to take away powers of the education office



Ritz won in 2012, Gov. Mike Pence and Republican legislative leaders gave Ritz the chance for a powerful challenge to Pence as he seeks a second term as governor in 2016.

Ritz certainly wasn't thinking about one day being governor when she took on the seemingly impossible task of running in 2012 as the Democratic nominee in a race with Tony Bennett, the

high profile, well-funded Republican superintendent in what was shaping up as a big Republican year in Indiana. Pence was seen as sure to lead the state Republican ticket to victory, winning big for governor.

Ritz, former teacher of the year designee in two districts and then a library media specialist in an Indianapolis area school, was unknown politically. She was outspent by over a million dollars in the race. She won. In a startling upset, Ritz got more votes in winning over Bennett than Pence got in a surprisingly narrow victory over John Gregg, the Democratic nominee for governor.

**The law of unintended consequences** came into play in 2012 after Republican conservatives in the primary election picked Tea Party favorite Richard Mourdock over Sen. Dick Lugar for the GOP Senate nomination. When Mourdock imploded that fall, consequences included election of Democrat Joe Donnelly to the Senate, a sudden surge by Gregg, who came very close, and the victory by Ritz against what was expected to be a powerful GOP tide.

Instead of being swept away by a Republican tide, Ritz was pulled into office by a grassroots effort of teachers and other Hoosier



voters who found Bennett's education reform efforts to be harmful to education.

Pence and Republican legislators, wanting to follow Bennett's agenda on vouchers, charter schools, grading of schools and student testing, decided they would just take power away from Ritz. They would take away the superintendent's role of presiding over the state's Board of Education and let appointees on the board relegate her to insignificance. They would take away the office she won.

**Well, a strong argument** can be made for the education chief to be appointed by the governor, as the president appoints Cabinet members, rather than having the superintendent elected. But the effort to un-elect Ritz, just picked by more voters than voted for Pence, was too blatant. This was no thoughtful restructuring for a unified education approach. It gave the appearance of a political power grab by the Republican governor and Republican-controlled legislature to rebuke voters for daring to elect some Democrat.

There were unintended consequences. With Board of Education appointees frustrating her efforts and leveling demeaning criticism of her, Ritz was viewed as a victim. Since the governor and his appointees were taking control, they took blame for education problems. It's like the warning in a store with fragile merchandise: Pick it up, drop it and break it and you own it and pay for it.

A Howey Politics Indiana poll in mid-April showed Ritz virtually tied with Pence in voter preference percentages: Pence, 42; Ritz, 39. It's not good for an incumbent to be under 50 percent, especially in a match-up with someone not widely regarded then as a candidate for governor. His job approval was only 45 percent.

**Unintended consequences** came when Pence signed what was promoted as a religious freedom law. It brought negative reaction nationally, with critics saying it promoted discrimination. That clearly was a factor in the drop in favorability for Pence in the poll.

So, Ritz will run. We don't know if she will prove to be a better candidate than Gregg in the Democratic primary or if she would win over Pence or whether she would be a better governor. We do know that her opportunity comes with much unintended help from the governor she would like to take to school.



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



# Merrillville becomes the 'little Gary'

By RICH JAMES

MERRILLVILLE – One could probably write a sociology text after watching the transformation of Merrillville since its incorporation in 1971.

There are some who refer to Merrillville these days as "Little Gary."



And the irony of that label is that the area known as Merrillville, with the help of special legislation carried by then-state Rep. Chester Dobis, incorporated to avoid being annexed by Gary.

During the first 44 years of Merrillville's incorporation, Gary has fallen on hard times. Gary's population has plummeted from a high of about 175,000 to 80,000 today.

Interestingly, much of the white population that fled Gary landed in Merrillville. Merrillville has been undergoing its own transformation as its white population is leaving and being replaced by blacks exiting Gary in search of safer neighborhoods and better schools.

The exodus from Gary created one of the Steel City's biggest problems, abandoned properties and vacant housing.

Gary Mayor Karen Freeman-Wilson has aggressively sought state and federal money and is in the midst of tearing down property that isn't worth saving. Less than half a century after incorporation, Merrillville is facing the start of what is plaguing Gary.

But the Merrillville Town Council is acting to prevent abandoned homes from becoming the problem that exists in Gary. Merrillville is wrestling with an ordinance to help the town prevent a vacant housing problem from getting worse.

**Councilman Richard Hardaway** is sponsor of an ordinance to require the owners of vacant or abandoned property to register with the town. Hardaway, who also chairs the town's Abandoned and Blighted Properties Committee, said the town has encountered problems with finding people to contact when information is needed about vacant homes.

One of those issues, said town attorney John Bushemi, a former state senator, is unsecured doors. Unlocked doors become a haven for drug dealers and gangs.

Although the ordinance is still being formulated, Hardaway said the committee anticipates there will be an annual fee owners of the vacant or abandoned property

would have to pay to the town.

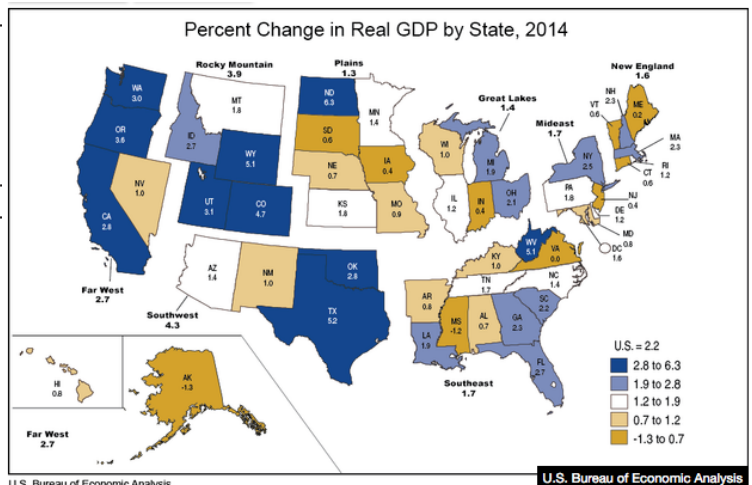
**While the town should** be commended for tackling the issue of abandoned property, requiring the owners to pay a fee would seem to defeat the purpose of trying to get people to be conscientious about their property.

Nevertheless, Merrillville should be applauded for taking action to prevent what has happened to Gary over the last four decades also happening in "Little Gary." ❖

**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.**

# Indiana's economy weak

INDIANAPOLIS – Indiana's economy grew just 0.4 percent last year — one-third the rate of Illinois' growth and slower than the economies of 43 other states, according to the U.S. Department of Commerce (Carden, NWI Times). Data released Wednesday by the Bureau of Economic Analysis show that despite claims by Republican Gov. Mike Pence that Indiana's economy is booming, growth in the state's 2014 gross domestic product significantly lagged the rest of the nation. Indiana's 0.4 percent GDP growth was bested by Illinois at 1.2 percent, Michigan at 1.9 percent, Ohio at 2.1 percent and Wisconsin and Kentucky both at 1 percent. North Dakota led all states with 6.3 percent GDP growth. The national average state growth rate was 2.2 percent. Iowa and New Jersey tied Indiana at 0.4 percent growth. Only Alaska, Mississippi, Virginia and Maine had slower growing economies last year. Indiana's result ultimately may even be worse since the data is subject to revision. For example, Indiana's previously announced 2.5 percent GDP growth in 2012 has since been corrected to 0.5 percent. ❖



**Dave Bangert, Lafayette Journal & Courier:**

With all the clean shots available these days at Gov. Mike Pence — need a “Pence Must Go” yard sign, anyone? — how did a flavorless letter to the organizers of this week’s Circle City IN Pride festival make him a marked man? The governor has to be asking: What does a guy have to do around here? This time he was getting it from both sides, with a one-time ally and a longtime foe each getting it so wrong for different reasons. And both sides came off looking equally ridiculous, overplaying hands when there really was no need. One rant, you’d expect. Micah Clark, executive director of the American Family Association of Indiana, couldn’t have been more offended that Pence would send a letter touting Hoosier Hospitality to the guests traveling to Indianapolis for the LGBT festival running through June 13. Never mind that Pence’s letter did little more than to hope participants checked out the restaurants, museums and everything else that make Indianapolis a great place for a convention. “So, once again, welcome to Indiana. We hope you enjoy your stay,” Pence wrote. Clark wasn’t having any of that. “Why Gov. Pence would welcome this at all ... just boggles my mind, and it breaks my heart,” Clark wrote to supporters. “This is happening right when social conservatives and people of faith are already disgusted with the Republican Party, politics and many politicians. This is like a stick in the eye, and for many, this will be a bridge they can no longer cross again on Election Day.” Why Clark is willing to burn a bridge over this is no big secret. What Clark is selling is a narrow product that offers no ground for the LGBT crowd, no matter the situation. He was a leading voice in efforts to carve a gay marriage ban into the Indiana Constitution. When that fell apart in 2014, Clark was standing behind Pence in March during a private signing ceremony for the Religious Freedom Restoration Act, a measure that critics claimed was merely a political sop for the losers in the constitutional amendment campaign. And he was among those most peeved when Pence went along with a fix to RFRA, one that clarified: This isn’t intended to discriminate against gays and lesbians. So you can get why Clark’s so riled over Pence’s letter to Indy Pride, the same way Clark was riled when former Gov. Mitch Daniels sent an even more welcoming letter a decade ago. He’s wrong. But at least Clark’s wrong so consistently that you understand where he’s coming from in this case, too. The criticism from the other side is simply baffling — and in the hands of the Indiana Democratic Party, opportunistic in ways that you should, well, feel free to not get. ❖



**Mickey Mauer, Indianapolis Business Journal:**

Last month, my friend Marcia Goldstone and I accepted an invitation from Sen. Mike Delph, R-Carmel, for a road trip to the Creation Museum, where we ventured back to the beginning of time. According to the creationists, that was not so long ago. Stories of the Bible filled my child-

hood with delightful wonder: Adam and Eve in the Garden of Eden, Noah and his ark full of animals, two by two, and Joseph so proud of his coat of many colors. The Bible tells an incredible story, “The greatest story ever told.” For most of us, a literal interpretation of those biblical accounts has given way to a scientific understanding of our world. In religions, including my own, there is a small minority who insist that the Bible must be interpreted literally, who believe in creationism and assert that man shared the Earth with dinosaurs as part of God’s work just 5,000 years ago. The Creation Museum near Cincinnati presents that story in entertaining fashion. Visual aids include a planetarium show, an ark and animated dinosaurs. Creationism seeks a supernatural explanation and must be taken on blind faith. For example, according to “creation science,” the Grand Canyon was created in 40 days and 40 nights by God’s wrathful flood not in a millennium of years by natural erosion—a lot of water over a short time, not a little water over a long time. Another exhibit explains that dinosaurs were rendered extinct by that flood, which occurred a few thousand years ago. I failed to ask

why dinosaurs were persona-non-grata on Noah’s ark; probably God did not spec enough cubits to hold those monsters. Our hosts, Mike Delph and Mark Looy, the museum’s vice president of outreach and co-founder, were congenial and cordial. Mike Delph probably had better things to do than walk through that museum for the seventh time.

Thanks Mike, it was a pleasant excursion. Freedom of religion is an essential element of our democracy. Certainly, our Legislature should welcome elected members of all faiths and sects, but as voters should we cast ballots for zealots who spurn debate on issues of importance to us while citing God’s word alone as the final authority? ❖

**David Brooks, New York Times:** Every serious presidential candidate has to answer a fundamental strategic question: Do I think I can win by expanding my party’s reach, or do I think I can win by mobilizing my party’s base? Two of the leading Republicans have staked out opposing sides on this issue. Scott Walker is trying to mobilize existing conservative voters. Jeb Bush is trying to expand his party’s reach. The Democratic Party has no debate on this issue. Hillary Clinton has apparently decided to run as the Democratic Scott Walker. This means dispensing with a broad persuasion campaign. As the Democratic strategist David Plouffe told Martin This strategy is bad, first, for the country. America has always had tough partisan politics, but for most of its history, the system worked because it had leaders who could reframe debates, reorganize coalitions, build center-out alliances and reach compromises. Politics is broken today because those sorts of leaders have been replaced by highly polarizing, base-mobilizing politicians who hew to party orthodoxy, ignore the 38 percent of voters who identify as moderates and exacerbate partisanship and gridlock. ❖

## Indiana takes aim at Conn.

HARTFORD, Conn. — The Hatfields and McCoys of the nation's governors, Connecticut's Dan Malloy and Indiana's Mike Pence, are at it again (CT Politics). Pence's administration on Wednesday tried to show up Malloy over rising taxes on corporations in the Constitution State, taking out a full-page ad in the Wall Street Journal that makes a less-than-subtle recruiting pitch toward three of Connecticut's flagship companies. "GE, Aetna and Travelers: We offer our support in the wake of Connecticut's looming tax increase, because friends don't let friends pay higher taxes," the ad said. Malloy, who has been widely criticized by business leaders for brokering a budget that raises taxes by \$700 million on corporations over the next two years, is an easy target for Pence. In late March, Malloy ordered a boycott of state employee travel to Indiana to protest Pence's support of a controversial religious freedom law that Connecticut's governor said would allow businesses to discriminate against gays and lesbians. Indiana quickly amended the law, but not before Malloy called Pence a "bigot" on national television. Saying that Connecticut has one of the lowest effective corporate tax rates in the U.S., Malloy's office fired back at Pence's bold overture Wednesday with sharp rhetoric. "While we've grown more than 75,000 jobs over the past several years, Indiana's focus is on passing laws that discriminate against

sexual orientation," Malloy spokesman Devon Puglia told Hearst Connecticut Media. "While we have one of the most attractive corporate tax structures in America, Indiana passes some of the most discriminatory laws in the nation. That's ultimately the contrast we're talking about here."

## Pence says Mounds Reservoir has merit



ANDERSON — On the day before the Anderson City Council is scheduled to vote on the proposed Mounds Lake Commission, Indiana Gov. Mike Pence said there is merit to the concept. "From the time I was in Congress representing east central Indiana, I thought there was much merit to the concept," Pence said Wednesday during an interview with The Herald Bulletin. "It's all about the details and making sure that it's the kind of project that is developed on the basis of consensus across the region in Delaware and Madison counties," he said. "That people buy into that vision. I've always been intrigued by it."

## 'Fantastic' rollout for HIP2.0

INDIANAPOLIS — The state's Medicaid alternative — HIP 2.0 — has gotten off to a fast start, enrolling 177,000 new Hoosiers since Feb. 1 (Kelly, Fort Wayne Journal Gazette). In addition, about 110,000 people in existing state coverage programs were folded into the revamped Healthy Indiana Plan, bringing the total of people in low- or middle-income brackets receiving health insurance to roughly 283,000. A \$2 million state-wide advertising campaign starting Monday is expected to reach another round of uninsured Hoosiers — bringing the total enrolled to about 357,000 by the end of the year. That campaign is being handled by Asher Agency in Fort Wayne. "The program is off to a fantastic start," said Joe Moser, director of Medicaid at the Indiana Family

and Social Services Administration. "People are finding value in the coverage and are very thankful they have an option."

## Budget deficit drops to \$82B

WASHINGTON — The U.S. budget deficit for May dropped sharply from the level a year ago but much of the improvement reflected a calendar quirk. In its monthly budget report, the Treasury Department said Wednesday that the May deficit dropped to \$82.4 billion, down from a deficit of \$130 billion in May 2014. But last year's deficit was inflated because June 1 fell on a Saturday, requiring the government to mail out \$35 billion in June benefit payments in May of last year. For the first eight months of this budget year, which began Oct. 1, the deficit totals \$365.2 billion, down 16.3 percent from the same period last year. This year's deficit improvement has been helped by a stronger economy, which has pushed up tax receipts by 8.6 percent.

## Abortion court fight expected

INDIANAPOLIS — The state's push for tougher regulations on an Indiana Planned Parenthood clinic that provides only drug-induced abortions could spark a new court fight as a revised law takes effect next month (Associated Press). The Republican-dominated Legislature this spring approved changes to a 2013 law that required the Lafayette clinic to meet the same standards as surgical abortion clinics in order to offer abortion medications. A federal judge blocked that law, ruling it violated equal protection rights by treating the clinic differently than any physician's office providing the same medications. Lawmakers revised the law this year to drop the references to doctors' offices. That has opened the possibility that the state will seek an end to the injunction. A spokesman for the attorney general's office says the state is reviewing its options.

