



Dems navigate the ‘killing fields’

8th CD goes to ‘likely’ GOP; Hill, Donnelly fight potential tsunami

By **BRIAN A. HOWEY**

INDIANAPOLIS - Of Indiana’s nine congressional seats located in what the national press is describing as the “Midwestern killing fields” for the majority party, three occupied by Democrats who were swept in with the 2006 wave - the 2nd, 8th and 9th - have been in play for most of the year. But at this writing, only the 9th CD is considered by HPI as a true “Tossup.”

With new NRCC polling released today showing Dr. Larry Buchson with a 20 percent lead over State Rep. Trent Van Haaften, the 8th is now a likely Republican pickup. In the 2nd CD, U.S. Rep. Joe Donnelly has waged an aggressive campaign attempting to tamp down a spirited challenge from State Rep. Jackie Walorski, described by one Republican consultant as “a radiant candidate who thrives on combat.” This race hovers near “Tossup.”

Congressional generics have been all over the map, but an NBC/Wall Street Journal Poll had Republicans up 46-43 percent, down from 49-40 percent last month.



Gallup’s generic ballot for Congress for the week of Sept. 20-26 shows the race tied among all registered voters at 46 percent. Gallup observes: However, Republicans’ continuing higher enthusiasm coupled with the usual GOP turnout advantage suggest a significant Republican edge in the nationwide vote for the U.S. House, and, in turn, significant Republican House seat gains. With five weeks to go before the Nov. 2 elections, and campaigning intensifying, these

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A new revolution

By **DAVID McINTOSH**

WASHINGTON - About every generation, Americans send a wave of reform minded Congressmen to Washington and shake up the political status quo.



The Watergate class changed the budget process and sought to reform the long-standing Democratic majority. My class of 1994 did the unthinkable and brought in a Republican majority for the first time in 50 years, committed to smaller government and applying the same laws to Congress as we do to private citizens.

Many political commentators have started drawing comparisons between



“I have a standing rule, Brad. I only provide a million dollars for someone I’m really for.”

- U.S. Sen. Evan Bayh



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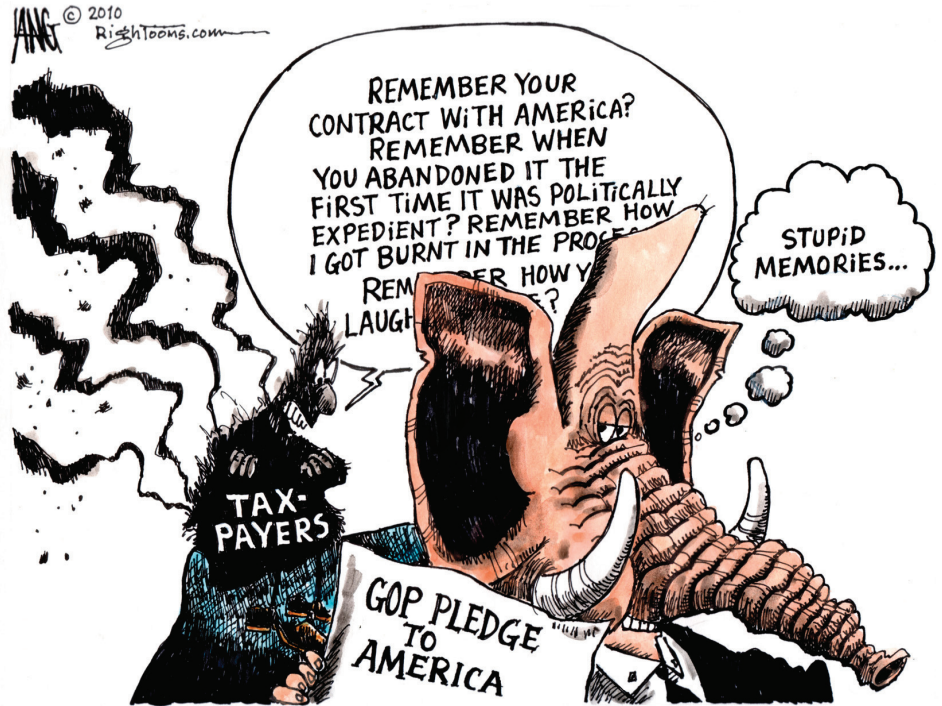
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this year's midterms and the 1994 midterms. There are a lot of parallels. In 1994 there were many independents who rejected Republican George Bush and voted for Ross Perot.

This year the Tea Party movement has energized independents who, when the movement started 18 months ago, were just as skeptical about past Republican Congresses as they are about this Democratic Congress. Then-President Clinton started out with a "Stimulus" pork laden spending bill. He then attempted to advance a health care reform package that was rejected by the American people. And, he ended up passing what was then the largest tax increase in America's history.

I remember attending a town meeting at which my predecessor, Democrat Phil Sharpe, was grilled by many UAW members about why Congress was raising their taxes. He decided to retire that year – creating an open seat that had been a safe Democratic district for 20 years. Now, as in 1994, Republicans are united – then behind the Contract with America, now behind the Pledge to America.

The parallels that exist between the 1994 election and today couldn't be clearer. However, there are some key differences.

First, at the start 1994

Congressional campaign everyone assumed that the Democrats would lose seats, but keep the majority. Everyone considered me the underdog. I had a contentious primary battle. Ruthie and I committed ourselves to basing my campaign on ideas rather than coying up to political interests. I established a three-tiered theme for my campaign as: Freedom, Faith, and the Restoring America's Greatness. We spent all our time taking to voters in my district about how America was at a cross roads and telling them that I would take Hoosier values to Washington. Frankly, we didn't realize there was a wave building until I received a call from Republican leaders the weekend before the election – and even then our only thought was campaigning to win in our district.

This year the Republican surge has started earlier and remained intense longer. Because Americans remember the last Republican Congress



just four years ago – not 50 – a change of control is real. They know what is at stake. This will mean that both sides will fight harder. No one should be taking their seat for granted, and the differences in governing philosophy have become clearer, earlier.

The candidates running in 2010 have many advantages I did not have. The Tea Party movement has energized Hoosiers who haven't been involved in elections. This will be a great asset as we close in on November. They are so passionate about restoring America to a place where we value freedom from government and fiscal responsibility that they have dedicated every moment of their precious time and energy to electing a conservative Congress.

My advice to candidates, though, is to remember the old nostrum -- all politics is local. Don't worry about "waves" or tea party movements in other states. Instead, keep your head down and do everything you can to connect with voters in your district. You'll discover what I

did – there are wonderful people who live, work, and raise their families in cities and towns across this state. They have so many sound ideas for how to fix the problems before us and restore America. One of these ideas, which a young couple brought to my attention, was eliminating the marriage penalty in the income tax code. That eventually became one of the major issues I worked on in Washington. So listen well, be sincere as you share what you believe in, and take joy in being part of our great democracy at work.

By keeping your focus on things local, you will show residents in every corner of your district that you will represent them and take Hoosier values to Washington – not the other way around. ❖

McIntosh is a former Indiana congressman and 2000 Republican gubernatorial nominee. He now practices law in Washington, D.C.

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indicators could shift, but would require a major reorientation of voter sentiment to shift the probabilities significantly in the Democrats' direction.

The New York Times blog Eight-Thirty-Five gives the GOP a 65 percent chance of taking over the House, up from 62 percent last week. The blog reported, "They are projected to control 224 House seats in the new Congress, up a single seat from 223 last week; this would imply a gain of 45 seats from the 179 they have now (counting one vacant seat most recently held by a Republican member). Substantially larger - or smaller - gains are possible, however. The Republicans' lead among likely voters on the generic ballot is down slightly to 6.5 points this week from 7.5 points last week, according to our estimate."

In Indiana, aggravating circumstances for Democrats are the 62 percent who favor repealing health reforms in the latest Rasmussen Reports poll. That is well above the 54 percent nationally who favor the repeal in the NBC/Wall Street Journal Poll. Another is the top of the ticket where Democrat Brad Ellsworth is faltering against Republican Dan Coats, trailing by close to 20 percent. The Obama political wing Organizing for America has made Ellsworth a priority and is working to reignite the 330,000 first-time voters of 2008. But without U.S. Sen. Evan Bayh leading the ticket, Democrats face a towering challenge that could have significant down ballot implications.

The administration has tried to stoke up the Democratic base this week. President Obama said in a Rolling Stone interview, "People need to shake off this lethargy.

People need to buck up. If people now want to take their ball and go home, that tells me folks weren't serious in the first place." Vice President Joe Biden told Democrats in New Hampshire to "stop whining."

The wild cards in the homestretch of this cycle are the impact of the Tea Party. Many observers see it as a rejuvenating spark for the GOP, though its I-Caucus report card has shown Indiana Republicans like Jackie Walorski and Todd Young taking positions on education and the ownership of federal land that could leave them open to attack. There is also a potential for Republican incumbents to lose, but that is not the case here in Indiana where incumbents Mike Pence and Dan Burton, and those in open seats - Marlin Stutzman in the 3rd and Todd Rokita in the 4th - appear to be on their way to victory. Some felt that Democrat Tom Hayhurst might have an opening in North-eastern Indiana, but that open seat vacated by Republican Mark Souder doesn't appear to be on either party's radar nationally and here in the state.

With less than five weeks to go in what has been an extremely unpredictable cycle, here is HPI's analysis of the competitive Indiana congressional seats:

2nd: Hovering on brink of 'Tossup'

There is almost universal recognition among pundits and campaign pros that if the Democrats can hold on to one of the three seats in play, it will most likely be the 2nd CD where U.S. Rep. Joe Donnelly is trying to stave off an intense challenge from Republican State Rep. Jackie Walorski.

The election pits a moderate Democratic blue dog against a Glenn Beck-style true believer. Democrats main-



tain that their internal polling has always shown Donnelly with leads well outside the margin of error and Indiana Democratic sources say that is true to this point. Walorski's internals show her within "striking distance." The New York Times' Eight-Thirty-Five blog gives Walorski just a 25 percent chance at takeover and lists the 2nd, as HPI does, in a "Leans Democrat" category.

Walorski campaign manager Matthew Kirby said the Donnelly campaign is acting as if it's in trouble. "We feel that any fair estimate would put us within striking distance," said Kirby, a veteran of the 2006 Mike Sodrel campaign in the 9th CD. "Clearly we feel we're closing the gap. We feel good about where we stand right now considering Joe Donnelly was the first incumbent up with a negative ad in July. He has now run nine negative ads, which is the most in the country. We're not even in October yet. In a campaign like this, you want to be in striking distance."

The Walorski campaign has been up on the air since Labor Day, so she has been outspent by Donnelly thus far. Kirby points to what he calls an ardent "grassroots network" with e-mail lists of 6,000 names. "Many are with the Tea Party and 912 groups," Kirby said. "We can send out a couple of emails and 60 to 100 people will show up to an event or a parade. This is a very grassroots effort."

Both candidates have issues with national leaders. Donnelly raised eyebrows nationally when he ran an ad saying he is committed to 2nd CD voters and not Speaker Nancy Pelosi and President Obama. DNC Chairman Tim Kaine called the tactic "crazy." Walorski was described as "tepid" on the House Republicans Pledge to America last week, calling the document a "starting point" on social issues. Some Democrats have expressed concern that Donnelly keeping an arms length away from Obama and Pelosi could actually suppress the Democratic base, which is an issue facing all Democratic incumbents.

A Democratic source told HPI that Donnelly is "just stating the facts. He's not elected by Nancy Pelosi or Barack Obama. He doesn't work for leadership in either party. He's always been an independent voice in Congress. When a vote comes up, he doesn't think about what the party should do."

What both Donnelly and Walorski are facing is a glut of TV ads. Third parties hitting the airwaves include 60 Plus, NRCC, Americans for Prosperity. Both campaigns have already made most of their TV buys in the South Bend network affiliates and cable buys in markets that cover the district outposts in Kokomo and LaPorte. "There's been a

lot of traffic already and in the next five weeks there will be a lot of ads," Kirby said.

There will be two debates in the final week of the campaign in South Bend and Rochester and those will have the potential to impact the homestretch.

The 2nd CD has been hard hit by the Great Recession of 2009-10, with Elkhart, South Bend and Kokomo having three of the top four unemployment rates in Indiana. So the economy and jobs are the driving issues. "It is of even greater importance up here," Kirby said. "It is foremost in the minds of voters up here. We have attempted to make our campaign about jobs and trying to make the case that Jackie would be the better candidate to turn the economy around and get people back to work." Walorski was endorsed by the Indiana Chamber of Commerce on Tuesday.



Jackie Walorski is pressing Rep. Donnelly in the 2nd CD.

Walorski has said the Obama health reforms is the issue that drew her into the race. She backs repeal of the law and assailed Donnelly's vote last March for the reforms. Donnelly said the nation needed health care reform because families were "being devastated financially by health care costs," businesses were seeing their premiums rise 20 to 25 percent annually, and only the insurance companies were benefiting. "You had a system where people couldn't get access to health care, the insurance companies were doing better and better, our doctors were telling us they were hardly being paid any more by the insurance companies, if any-

thing," Donnelly told the South Bend Tribune's Kevin Allen. "We had a very broken system, and this was an attempt to fix it."

Walorski told the Tribune, "This was a system that people paid around the world to come to, and would pay cash and sell assets to come to. It's known as the greatest health care system in the world." She also said the new law will hurt job growth with additional tax and regulatory burdens, such as a 2.3 percent tax on sales of medical devices, an industry of major significance in nearby Kosciusko County.

In the last week, education has become a point of contention. Like Todd Young in the 9th CD, Walorski scored 100 percent in the Tea Party I-Caucus questionnaire and Donnelly is attempting to tell voters that her positions are extreme. In a current TV ad, the narrator asked, "Who will help your family afford college? Jackie Walorski wants to eliminate Pell Grants, the program that helps thousands of Hoosier families pay for college. Walorski would even abolish the entire Department of Education."



Donnelly campaign manager Mike Schmuhl told the Washington Post those stances go "a little too far outside the mainstream for the average voter." Walorski called the ad a "ludicrous attack" from "a desperate guy running from his record." In an interview, Walorski said she would "absolutely not" work to eliminate the Education Department and that she has "never been a proponent of doing away with Pell Grants."

While many Democrats see Donnelly as the candidate best positioned to survive the coming wave, many believe that if the GOP wave is big enough, it could do what similar cycles did in 1994 and 2006. Marcus Barlow, now with FSSA but a former aide to three-term congressman Chris Chocola, told HPI that Chocola always believed the 2nd CD would "go with the majority party." It is the most evenly drawn district in Indiana. Veteran South Bend Tribune columnist Jack Colwell told HPI, "I agree with 'Leans Donnelly' at the moment, but not with firm conviction. It is getting close, I think, to 'toss-up.' Donnelly must stress the Blue Dog moderate image to win, but he runs the risk in doing so, especially in distancing himself from Obama, that he will turn off progressive Democrats, who already are unenthusiastic about him and this election. His hope is that they will find Jackie too far-right Tea Party and decide to go to the polls anyway to defeat her." **Horse Race Status:** Leans Donnelly

8th CD: Slip, slidin' away

Of Indiana's three competitive congressional seats, it is the 8th that appears to be most likely headed into the Republican pickup column. The Hotline reported on Wednesday that Republican Larry Bucshon leads State Rep. Trent Van Haaften 41 to 20 percent in an On Message survey of 400 likely voters. Respondents said they would prefer a Republican on the generic ballot question, 45-29 percent in that poll, which was conducted Sept. 13-14. The survey had a margin of error of +/- 4.9%. Public Opinion Strategies is expected to survey the 8th next week. Clearly both candidates are facing a name ID deficit and there are still many undecided voters. The New York Times blog Eight-Thirty-Five rates the 8th as an 87 percent likely Republican takeover.

David Wasserman of the Cook Political Report observed, "Bucshon has been polling well ahead of Van Haaften in internal surveys, even before Republicans have started ripping into Van Haaften's state legislative record. Not surprisingly, neither candidate mentions their party in ads, and tellingly, Van Haaften bills himself as a 'tough prosecutor' rather than a lawmaker. Watch this seat early on Election Night, because this should be one of the GOP's first gains."

Bucshon went up with a new TV ad on Wednesday and campaign adviser Curt Smith told HPI the Republican

will be up on the air for the duration of the campaign. The pro-business group Americans for Job Security began what Politico described as "explosive" ads on behalf of Bucshon. The ads show a masked burglar breaking through a glass window and asks: "What would it feel like if somebody broke into your home, or stole your credit card or ripped off your car? Would you be upset? Then what about what's happening in Washington?" The script continues with a district-specific pitch, along the lines of: "Trent Van Haaften wants to join Nancy Pelosi ... With Pelosi's agenda, it can feel like you're getting robbed."

Van Haaften has three huge problems. First, he had to begin his campaign on the run and during the middle of an Indiana House short session as one of the "Bayh dominoes" set off by the junior senator's sudden retirement. Second, Van Haaften had been on a leader track in the Indiana House. His career wasn't designed for congressional level politics. Van Haaften is now campaigning in the strongly pro-life, pro-gun 8th CD with things like a 100 percent Planned Parenthood rating in the Indiana House and he voted against the constitutional property tax caps that will be on the Nov. 2 ballot. There also was the Indianapolis Star's story which portrayed Van Haaften as being lavishly wined and dined by AT&T. Third, Van Haaften has walked into a hurricane with 62 percent of Hoosiers against President Obama's health care reforms, which Van Haaften said he supported.

Bucshon is calling for the repeal of "Obamacare" and he has lined up for extending all of the Bush tax cuts. He will campaign with U.S. Rep. Mike Pence in Terre Haute on Oct. 16. While critics ranging from Alan Greenspan to Fareed Zakaria see the Bush tax cuts as adding \$3.8 billion to federal budget deficits, Bucshon sees it as "100 days until the largest tax increase in American history - an estimated \$3.8 trillion. It will affect every American, especially families and small businesses. We need to extend the 2001 and 2003 tax cuts for every American," Bucshon said. "The increase in taxes will take money from the pockets of hard working Americans and small businesses. The Pelosi led Congress needs to act now and focus on getting the economy back on track and have a coherent strategy to create jobs."

While there are two October debates scheduled, it is hard to see a path for Van Haaften to come back and defend this seat for Democrats. There is a gale-force head-



Dr. Larry Buchson and wife celebrate on election night. (Evansville Courier & Press)



wind, a national trend favoring the GOP and not enough money or time to help Van Haaften bump up his name ID, overcome the Obama dynamic and pull within striking distance. **Horse Race Status:** Likely Buchson

9th CD: Looking for polling data

While national prognosticators like the Rothenberg Political Report have moved this race from "Tossup" to "Leans Republican" and the NYT's Eight-Thirty-Five blog rates this as a 62 percent Republican takeover, HPI still sees this as a "Tossup" race until we can see updated polling. There has been only one poll over the summer, a Public Opinion Strategies survey from July that had U.S. Rep. Baron Hill leading Republican Todd Young 42-41 percent.

Certainly Hill is facing an extremely strong headwind as the POS poll showed that 68 percent in the 9th CD see the country on the "wrong track." There is another dynamic in play that bolsters Young's candidacy. Voters in the 9th CD tossed out former Republican congressman Mike Sodrel in favor of Young. It's not a hard scenario to envision that same type of fatigue dispatching Hill.

The Hotline reported last week that the DCCC was pulling some TV ads out of the 9th, but the Hill campaign maintains that national Democrats will outspend national Republicans in this district by \$250,000. Young said the Hotline report "would suggest their internal polling doesn't look so good." The Hill campaign described it as an "unsourced" story and noted that a few days later the publication removed the district from its 60 race watch.

Young was hoping to get a boost after the Annenberg Center's Fact Check determined that Hill's TV ads accusing the Republican of comparing Social Security to a "Ponzi Scheme" were "false and misleading." Young told HPI, "It's regrettable the TV stations haven't pulled them down. It has scared senior citizens into thinking I'm going to end Social Security. Most people recognize that this ad is over the top."

Young accused the Hill campaign of taking the "Ponzi Scheme" remark out of context. He said he was explaining at a Salem town hall meeting how Congress has consistently "raided the Social Security lock box." Asked if Social Security comes up much on the campaign trail, he said "Yeah, people will ask, 'Did you really say that? Is it taken out of context?' I don't get the sense it's going to move voters. If anything, it shows that Baron Hill has a

certain amount of desperation. He's been running on Social Security since 1998 when he ran against Jean Leising."

Hill campaign spokesman Daniel Altman defended the ads. "Those are Todd Young in his own words. The questions we ask at the end of our ads are fair to ask."

So what keeps this race in the HPI "tossup" zone?

First, Young did not enthusiastically embrace the GOP's Pledge to America, which Rasmussen Reports polling revealed that most people view as a "campaign gimmick." Young explained, "It's a starting point. Certainly there will have to be details added to that. I do think it highlights differences between the two parties. It highlights that Republicans are running on a platform of fiscal responsibility. That's what people need to take away from that document."

Asked how adding almost \$4 trillion to the federal budget deficit by extending the Bush tax cuts is fiscal responsibility, Young explained, "If you do cut taxes, that creates incentives for the actual economy to grow. There is an aspect of supply side that is inarguable: That the economy will grow when you cut taxes. Why don't

we delay this conversation for a couple of years down the road and see where we're at." But he acknowledged, "Tax and spending policies are horrible but the borrowing and spend culture is even worse. It has to stop. I think we'll need some structural mechanism to get in control."

The Hill campaign points to YouTube videos of a Tea Party interview with I-Caucus Chairman Larry Ness with Young in which Ness congratulates him for "scoring 100 percent." Question #5 supports the elimination of 90 percent of all federal aid programs. Question #14 prohibits

federal ownership of land outside of the District of Columbia. This would eliminate all national parks such as the Grand Canyon, Mount Rushmore and the Hoosier National Forest. Question #3 would eliminate the departments of Education, Energy and Labor. Questions 61-72 showcase an extreme tax system that would institute a 23% flat national sales tax. Expect the Hill campaign to use this video material in the home stretch.

Young hasn't formally repaired the rift between him and Sodrel, who has not endorsed his candidacy. He said that Sodrel and Travis Hankin supporters "are fully a part of the team. I wouldn't doubt there are some people out there still thinking about the primary. I don't know if there will be a formal endorsement. It wasn't something we pur-



Republican Todd Young is congratulated by Tea Party member Larry Ness for getting "100 percent" on the Independent Caucus questionnaire.



sued.”

And Hill still has some arrows in his quiver that could impact the dynamic. He released his income tax returns and called on Young to do so, with the campaign citing a Bloomington Herald-Times editorial supporting that position. Hill and Democrats have called into question Young’s resume that described him as a deputy Orange County prosecutor (Young has said that it was a periodic, part-time job).

Hill will also take on Young’s stance to eliminate the Department of Education. “Education has become an issue,” Altman said. He cited Lesley Stedman Weidenbener’s Louisville Courier-Journal column on Sunday. “Interestingly, Young’s stance has changed from the primary to now. He’s called for elimination of the Department of Education and he’s backtracking on that. If you’re talking about eliminating the Department of Education, you’re talking about eliminating Pell grants and student loans for the middle class.”

The Courier-Journal column said: Young said he does believe that education is the “domain of families, communities and states. The founders believed the same. Because of this I am uncomfortable with the ever-increasing federal influence over our classrooms.” But he said he is not running for a seat in Congress to eliminate the Department of Education. “There is a federal role in education policy,” he said.

Young had former White House chief of staff Andrew Card at a Batesville fundraiser, will campaign with Mike Pence this October, and had a Dan Quayle fundraiser on Wednesday night. “Yeah,” said Altman. “It was in Carmel.”

The Hill campaign expects to be up on the air for the rest of the campaign. Young said his campaign “is on pace to do the things we need to do.”

The biggest obstacle for Baron Hill could be his own base, though President Obama and Vice President Biden implored and shamed Democrats into getting behind their candidates. Hill’s biggest problem isn’t just the anti-establishment, anti-incumbent dynamic in place. It’s that undecideds almost always break for challengers, unless the challenger can be damaged. And if there’s a street fighter on the Indiana congressional campaign trail, it’s Baron Hill. So there is a month and a couple of debates still to come, and perhaps even some fresh polling numbers. **Horse**

Race Status: Tossup ❖

Independence Caucus and its questionnaire

By **JON LARAMORE**

Questionnaires to candidates are pervasive in this election season. The Independence Caucus questionnaire is just one among many sent out by special interest groups and organizations to candidates seeking a candidate’s stance or endorsement on various issues. This particular questionnaire asks candidates to adopt extreme positions, and at least some candidates are doing so. Yet, candidates are signing on and endorsing these radical positions with little consequence.

For example, Independence Caucus questions 2 and 3 ask:

[2] in compliance with the 10th-amendment do you

commit to oppose and vote against any PROPOSED legislation that purports to regulate or otherwise involve the Federal Government in any areas that are not specifically and expressly enumerated in the Constitution and are therefore reserved as the exclusive province of the states; such as Education, Energy, Welfare, Labor issues, Non-Interstate roads, farm subsidies, etc?

[3] do you commit to oppose the expansion and/or the perpetuation

of any and all EXISTING federal legislation and regulations in areas that are not constitutionally enumerated; and are therefore reserved as the exclusive province of the states; such as Education, Energy, Welfare, Labor issues, Non-Interstate roads, farm subsidies, etc; and do you also commit to support all efforts to return control over these areas back to the states?

This list of enumerated powers, taken as literally as the Independence Caucus does, is extremely narrow. This approach would eliminate the federal role in many, many areas. There is no enumerated power for education. There is no enumerated power for environmental protection. There is no enumerated power for Social Security, Pell Grants, unemployment benefits, Food Stamps, Medicare, Medicaid, or other income maintenance or social insurance program. There is no enumerated power for workplace safety (including, for example, child labor). ❖

Laramore is a partner at Baker & Daniels LLP in Indianapolis and was formerly counsel to Governors Frank O’Bannon and Joe Kernan. He wrote this analysis for the American Constitution Society blog.

Section 1: Proper Role of Government and National Sovereignty

The following 20 questions in this section are based on Principle #1: The Independence Caucus adheres to the self-evident principle that all elected public officials, at both the state and federal levels, must take an oath to uphold and defend the Constitution of the United States; and that this oath mandates that all public officials willingly fulfill the constitutionally enumerated responsibilities and powers of their elected office; and that this oath also mandates that all public officials refrain from taking any actions or passing any legislation that is not constitutionally empowered to their elected office.

1. Yes or No
Do you fully understand and agree that the 10th amendment limits the Federal Government to the “30 enumerated powers that are specified in the Constitution?” (*Note: Twenty specific powers are enumerated in Article I, section 8 and the balance are found listed in various sections throughout the rest of the Constitution.)

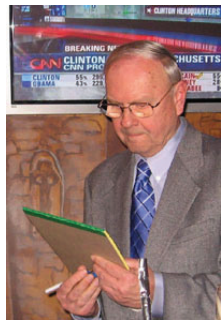


Calculated risks with Palin, Pelosi in the 2nd CD

By JACK COLWELL

SOUTH BEND - Calculated risks are a big part of politics. And in Indiana's 2nd Congressional District, the candidates calculate differently in the risky relationship with figures in one's own party.

Congressman Joe Donnelly, the Democratic incumbent, is distancing himself from House Speaker Nancy Pelosi, with whom he and other Blue Dog moderates long have had differences, and even from President Obama, supported by Donnelly for the 2008 Democratic presidential nomination.



Republican challenger Jackie Walorski is playing up her endorsement by Sarah Palin, whose unfavorable rating in a national poll this month was almost exactly as dismal as Pelosi's. Walorski also campaigned with former Speaker Newt Gingrich, whose negatives were stronger than positives in a poll on presidential prospects.

Both candidates have reasons. Good reasons for seeking votes as they do. Each risks losing some support, too, in their calculations of embracing or distancing.

Donnelly seeks the middle ground, while risking loss of enthusiasm from the already dispirited Democratic base.

Walorski seeks to keep up the enthusiasm in an already energized Republican base, while risking loss of support in that middle ground if she appears to too partisan.

Some disgruntled progressive Democrats say Donnelly already has lost potential campaign contributions. A former Democratic nominee for other offices says that distancing from Pelosi was one thing but from the president was going too far, far enough that the contribution made to Donnelly in his past campaigns won't be made this time.

His hard line on immigration policy and his vote against the "cap and trade" environmental bill also displeased those in the progressive wing.

Although Donnelly finally voted for the health care reform bill, some of the progressives who wanted a stronger measure, thought Blue Dogs weakened it and Donnelly delayed and imperiled it by withholding support until the president promised an executive order prohibiting any abortion funding.

However, Donnelly, who gets it from right and left, is hammered in negative TV spots as a supporter of a Pelosi-Obama agenda and for voting for the health care bill. The bill isn't very popular. Pelosi is very unpopular. And the president's approval ratings sag.

Donnelly's TV ad in response featured a photo of Pelosi, Obama and House Republican Leader John Boehner and Donnelly's narration: "That may not be what the Washington crowd wants, but I don't work for them. I work for you."

The appeal is to independent voters and moderates in both parties. He campaigns as an independent more concerned with the district than with national politics.

Talk of a middle-ground approach, however, isn't exactly what excites the Democratic base to get to the polls.

Walorski, meanwhile, could lose some of that advantage from Democratic apathy if the Palin endorsement and campaigning with Gingrich makes her appear highly partisan, like them. That's not an image that attracts voters in the middle ground, the ground Donnelly seeks to hold.

And Walorski's comments at Tea Party events, while rallying her base, are used by the Donnelly campaign to convince those disgruntled Democrats to get to the polls and vote against Walorski, even if they aren't thrilled with Donnelly's middle ground.

Female voters will be crucial.

A CBS poll finds women less enthused than men about voting in the congressional elections. Men were found to be angrier and more motivated to get to the polls. This is terrible news for Democrats. Women, since the days of Ronald Reagan, have tended to vote more Democratic than men. They also have outnumbered men in getting out to vote.

Polls from the 2008 election and now show that women are more critical of Palin than are male voters. So, will Palin's endorsement hurt Walorski with women?

For sure, the endorsement helps Walorski with fund raising, vital for the TV wars. Gingrich's appearance and fund-raising events in the district with Boehner and Mike Huckabee helped Walorski get adequate funding.

Donnelly also has adequate funding, but he can't raise even more the way Walorski did with political figures with "House speaker" in their introductions - former Speaker Gingrich and Boehner, who hopes to be the next speaker. Donnelly won't bring in the present speaker. Nor would he want many other Democrats on the national scene, even if they could raise big bucks. ❖

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



Evan Bayh returns to stump for Brad

By **BRIAN A. HOWEY**

INDIANAPOLIS - Watching U.S. Sen. Evan Bayh hit the stump with Senate candidate Brad Ellsworth last Friday was (wince) kind of like seeing an offensive lineman step out of the way of an enraged Dick Butkus with Lions quarterback Greg Landry just beyond the blindside.

Bayh said all the right things. "You've got two votes in my family," Bayh said, referring to himself and his wife Susan in an Evansville Courier & Press story by Eric Bradner. He said that Ellsworth had not "gone Washington" since arriving in Congress in January 2007. Ellsworth is an example of "what's right in Washington" as a man who "builds bridges instead of walls."

As for future flyarounds, Bayh said, "If I can be helpful by campaigning, count me in."

Ellsworth, too, scored points. "I don't have to remind you I didn't have to move to Indiana to run for this seat. I didn't have to sell my home in North Carolina. This is about public service." Both were not-so-subtle jabs at Coats.

This is something Bayh must do as he ponders a return to Indiana gubernatorial politics. Wistful Democrats can only lament that as Hurricane Barack aims at the "Midwest killing fields," as the Washington Post described the heartland, Bayh was atop the ticket here.

While he was sincere in his criticism of caucus and party line politics in the U.S. Senate, a Democrat can't help but see Bayh's sudden retirement as an instinctual act of political self-preservation. He was prescient in his January observations of a Democratic "catastrophe" following the election of Republican Scott Brown to Ted Kennedy's Massachusetts Senate seat. "There's going to be a tendency on the part of our people to be in denial about all this. If you lose Massachusetts and that's not a wake-up call, there's no hope of waking up," Bayh told ABC News just days after the first Democratic disaster.

Now there is talk of the Bayh "dominoes" that begin with Ellsworth, who trails Dan Coats 50-34 percent in the Sept. 14-15 Rasmussen Reports poll, then extends to the formerly "Bloody 8th" where State Rep. Trent Van Haften is 20 percent down to Larry Buchson, and to HD76, where State Sen. Bob Dieg is fighting to stave off Republican Wendy McNamara.

The Associated Press noted that reporters quickly asked Ellsworth, "When are you going back on TV?"

"I knew you'd ask that," Ellsworth said with a sheepish smile. It was a replay out of the Jill Long Thompson 2008 playbook when she went up in mid-summer to try and seed campaign funds, then went dark until October.

Indiana Democratic Chairman Dan Parker was asked the same thing last week and he gave a Thompson-esque answer: "Soon. In the last four weeks."

And therein lies Ellsworth's last chance to level devastatingly effective TV ads on Coats' lobbying career. With less than five weeks to go, Ellsworth has to land a resounding punch on paid TV with 4,000 to 5,000 gross rating points and then score similar marks during the three-debate sequence that begins Oct. 11.

The Friday flyaround not only came on the worst news day of the week - it's the day officials and campaigns usually dump bad news on the press

so fewer people will watch it - but it came as Coats began airing a third TV ad which directly ties Ellsworth to President Obama, accusing the Democrat of "voting in lock step" with congressional allies on the 2009 Omnibus Bill that had 8,500 earmarks totaling \$7.7 billion. Coats also took swings at the health reforms, vowing to push repeal. "We have to make the attempt to repeal it so that we have

the opportunity to start over," Coats said after touring an Indianapolis shipping business. "If that attempt fails, then we have to make an attempt to reform it, or reconstruct it and try to take out the egregious parts and put in some more effective solutions because we do have a health care cost issue."

Bayh left open the possibility of a second "cash infusion" similar to the \$1 million he gave Indiana Democrats to pour into the Ellsworth campaign last Spring. The Evansville Courier & Press reported Bayh saying, "This is something that can be very fluid. I think what they're doing is keeping a lot of the powder dry to see which races really do develop and warrant an investment there toward the end."

"I have a standing rule, Brad," Bayh said. "I only provide a million dollars for someone I'm really for."

HPI asked Bayh's office if he would be contributing to Indiana House races, but Bayh made no comment.

Free tickets for Senate debate

The Indiana Debate Commission is offering 262 free tickets for the first of its three U.S. Senate debates, which is scheduled at UPIU on Monday, Oct. 11. The 8 p.m. live broadcast at the University Place Conference Center and Hotel Auditorium will be moderated by Mizell Stewart III, editor of the Evansville Courier & Press. ❖





More allegations fly against White, Osili

By **BRIAN A. HOWEY**

FRANKLIN - It's been a long time since we've seen a "sure thing" candidacy melt away right before our eyes within a week.

But that is what has happened to Republican secretary of state candidate Charlie White. Perhaps his travails on Lake Wawasee when he missed the S.S. Lillypad for a fundraiser a couple weeks ago only to be tangled up on a jet sky in seaweed is the apt metaphor for where his campaign is at this point.

When White abruptly resigned from the Fishers Town Council, that signalled there are major problems here. On Tuesday, Indiana Democratic Party Chair Dan Parker called on Secretary of State Todd Rokita to launch special investigation on potential voting violations by White.

Rokita told HPI on Wednesday that he would probe White "just like any other case."

Parker outlined a detailed timeline of significant voter registration irregularities undertaken by Republican secretary of state candidate Charlie White. In the last week, several irregularities have become public concerning the timing of his residency at two separate addresses as it relates to his eligibility to vote within the Delaware 12 precinct of Fishers, Indiana in the 2010 May primary.

Fishers attorney Greg Purvis has formally asked the Hamilton County Prosecutor to convene a grand jury and seek the appointment of a special prosecutor to investigate the actions of White.

Republicans fought back, outlining a number of campaign finance allegations against Democrat Vop Osili (see page 11).

"Charlie White clearly has some explaining to do to the people of Indiana," Parker said. "The events from January 2007 up to September 2010 clearly show that Mr. White had sufficient time to realize his mistake and take appropriate steps to change his voter registration address. However, Mr. White did not do this. Since Mr. White knowingly provided false addresses and voted in the wrong precinct in the May primary, it is my belief he has violated Indiana Election code - potentially carrying serious consequences. How can someone seeking the office of Secretary of State - the chief elections officer of the state -- be trusted to hold such a position yet lack the ability to follow and understand

the laws he is expected to uphold?"

Indiana Code 3-14-2-11 Voting in other precincts Sec. 11. Except as provided by IC 3-10-10, IC 3-10-11, or IC 3-10-12, a person who knowingly votes or offers to vote in a precinct except the one in which the person is registered and resides commits a Class D felony.

Indiana Republican Chairman J. Murray Clark rebuked the request. "It's clear that Hoosiers voters can expect very little in the way of accuracy and thoroughness from the Indiana Democrat Party this year," Clark said. "Their latest allegations against Republican Secretary of State candidate Charlie White aren't just inaccurate, they cannot even recognize the contradiction in their own press release. There is an explicit exception in IC 3-14-2-11, cited in the Democrat press release, which entitled Charlie to vote one last time at his previous polling location."

Democratic secretary of state candidate Vop Osili has scheduled a press conference for this morning.

Rokita explained, "We're used to getting complaints from voters, taxpayers and other candidates. We also consider the source when we get a complaint like this. By definition we have a very partisan person and very partisan enterprise involved. If there is evidence, we will push this on to the Indiana Election Commission, the local election commission or the prosecutor."

Rokita said that his office will "conduct a forensic review of the statewide voter file, collect documents and we'll make a recommendation to anyone who asks." He said a report will be forwarded to the Hamilton County prosecutor. Rokita added, "A lot of these cases come down to intent."

And Rokita said he saw the timeline for his probe "not in months, but weeks or days. I don't see this as an overly complicated issue."

Rokita noted that he has asked the Indiana General Assembly in the past to give him "investigative powers."

The story has received significant media play across the state this past week.

On Wednesday, Indianapolis Star columnist Matt Tully observed, "If there were an election for dogcatcher, and it turned out that one of the leading candidates let his own dogs run wild in his neighborhood, you might think twice about casting a vote for him. That essentially sums up the controversy surrounding Charlie White ... who hopes to be the state's next chief elections officer, now acknowledges he continued to serve on the Fishers Town Council for months after moving out of the district he represented. Along the way, he also voted in a primary in a precinct in which he apparently no longer lived. It's quite embarrassing."

Tully asked the relevant question: "After all, Democrats argue, how could White be taken seriously as the elections chief if he can't even follow the law himself?"





Erin Rosenberg, writing for the Democratic blog Indianapolis Times, charged White knew he had options. 'White says he 'forgot' and made a 'mistake', but was still entitled to use the Fail Safe voting provision even though he didn't follow the law in using it. This is completely wrong. White knew perfectly well how to use the Fail Safe provision to vote in his old precinct and the 2009 voter poll book proves it. Mr. White cannot claim he did not know the proper procedures for using the Fail Safe voting procedure in May 2010 because he JUST USED it in November 2009.'

Meanwhile, White rolled out endorsements from the Indiana Manufacturers Association, Indiana Right to Life and the Auto Dealers Association of Indiana on Tuesday.

In a statement, IMA Vice President Ed Roberts stated, "We have long understood that Indiana's economic future is heavily influenced by the laws and regulations under which manufacturers must endeavor to create jobs and operate successful businesses. Having examined the candidates, we find manufacturing interests would be best served by your winning the Secretary of State election."

GOP alleges Osili violations

The Indiana Republican Party on Thursday pointed to dozens of instances where Democrat Secretary of State candidate Vop Osili failed to comply with Indiana's state election and campaign finance laws—the same laws he would oversee if elected Secretary of State.

"Some of these violations seem to be simple carelessness in reporting, but many appear to be efforts intended to hide substantial information from public view," said Indiana Republican Party spokesman Trevor Foughty. "He is responsible for the accuracy of this information. Given the volume of irregularities, he has established a repeated pattern of ignoring transparency and full disclosure." Foughty also noted that since Osili serves as his campaign's treasurer and chairman, he is personally accountable under law for all the violations.

Among the alleged irregularities and violations discovered are:

Twenty separate in-kind contributions from the candidate's personal funds totaling nearly \$25,000 with no explicit indication of where or to whom the money was paid. In addition, the candidate lists almost 60 more in-kind contributions from his personal funds for another \$45,000. While some of these have generic indications such as 'Marketing Consulting' and 'Event Entertainment', such terms effectively serve to hide how, where or with whom Osili's campaign is spending money, thereby circumventing the very purpose of campaign finance reports.

Five 'Anonymous' contributions totaling \$1,170. Pursuant to IC 3-9-5-14, the name of contributors who give more than \$100 must be reported on campaign

finance reports. To list these contributions as 'Anonymous' or with no name appears to be in direct violation of this statute, and again circumvents the purpose of campaign finance reports.

Failure to file an amended Statement of Organization changing his campaign committee from an exploratory committee to a principal political committee, which carries a civil penalty under law of \$1,000. After he became the official Democrat Party nominee at their State Convention in June, Osili had 10 days to amend his Statement of Organization to reflect that he was an actual candidate, per IC 3-9-1-10. He either does not know what to do or is ignoring it. Failure to file this required amendment carries a \$50 per day fine up to \$1,000, per IC 3-9-4-16(c).

Unexplained discrepancies of thousands of dollars between original and amended reports on three occasions. Osili's 2009 semi-annual report filed on July 15, 2009 showed \$0 raised and \$0 spent. An amendment filed eight months later on March 3, 2010 shows \$6,427 raised and \$6,327 spent. The report is made up entirely of in-kind contributions from the candidate's personal funds, indicating he may have originally paid for the campaign out of his own pocket and only later decided to report it. In two later reports, Osili has been required to submit amended reports for failing to aggregate year-to-date information for both contributions and expenditures, thus altering the reported amounts by tens of thousands of dollars.

Twenty-six instances of failing to report required personal information of contributors on contributions totaling nearly \$45,000. In 13 instances, Osili failed to report address information for contributors, and in another 13 instances, failed to report occupation information from contributors, when required pursuant to IC 3-9-15-4. All 26 failures effectively serve to obfuscate the origin of campaign funds, again circumventing the reasons why the reporting requirements for address and occupation are in place. Osili's campaign reporting records can be found online at <http://campaignfinance.in.gov/PublicSite/SearchPages/CommitteeDetail.aspx?OrgID=5878>.

Treasurer: Mourdock, Buttigieg spar

Democrat Pete Buttigieg has criticized Republican incumbent Richard Mourdock for trying to block Chrysler's bankruptcy last year on behalf of state pensions and other public funds with investments in the automaker (Allen, South Bend Tribune). If Mourdock's lawsuit had been successful, Buttigieg says, Indiana would have lost thousands of auto jobs during the depths of the recession, and those state pensioners actually would have received a lower return on their investments than what they ended up with in the bankruptcy. "There needs to be judgment and perspective about the different goods that have to be weighed when you're making these decisions," Buttigieg said to the



audience at St. Paul's Memorial United Methodist Church. Mourdock has defended the lawsuit as part of his office's obligation to uphold state and federal laws and fight for state pensioners, whom he said were secured creditors but denied due process during the bankruptcy. Fiat, an Italian company, later acquired Chrysler. "We have an administration that thinks it's fine to rip off our retired teachers, our retired state police officers, so they can subsidize foreign auto manufacturers," Mourdock said, drawing applause from the crowd. "I'm proud of my actions." He interrupted Buttigieg when the Democrat told the audience, "There is a reason that the lawsuit was rejected, and there is a reason that the Supreme Court declined to even give the case a hearing." "I wasn't gonna let him lie in church," Mourdock said afterward, explaining that a lower court declared the Chrysler bankruptcy should not be considered a legal precedent. "In that sense, there was some victory for us." Buttigieg countered that the court made that technical decision "without endorsing anything in his lawsuit at all. I know he would like to believe that's a vindication. It's just not." **Horse Race Status:** Leans Mourdock

Battle for the House: HD73 to GOP pickup

House Republicans will be the beneficiaries of about \$2.5 million from Gov. Mitch Daniels' Aiming Higher PAC and Hoosiers for Economic Growth, a group headed by Fred Klipsch and Luke Messer.

Messer told HPI that "We'll be contributing about \$1 million." He said Hoosiers for Economic Growth is backing education reforms and organized to "counter the ISTA."

In HPI's Battle for the House chart on page 13, we've moved HD73 - Republican Steve Davisson vs. Democrat Ryan Bowers - out of "Tossup" and into the Republican pickup column. Multiple sources tell HPI that recent polling shows Davisson with a 20 point lead in the open seat previously held by the Dennie Oxley father/son tandem.

HD4: NRA endorses Soliday, Bacon

The National Rifle Association Political Victory Fund (NRA-PVF) has endorsing State Rep. Ed Soliday and Ron Bacon in HD75. **Horse Race Status:** Likely Soliday

HD19: James blasts Klein in column

Post-Tribune Rich James wrote a blistering column on former Crown Point mayor Dan Klein, who is challenging State Rep. Shelli VanDenBurgh. "Dan Klein has played pretty loose with the truth every time he has put his name on a ballot," James wrote. "If it wasn't an outright lie, it was trying to convince voters that he is something that he isn't." James wrote, "Unless you look closely at Klein's campaign literature, it is difficult to figure out which office he is seeking. The first impression is that he is running for Congress. After all, there is a picture of President Obama, Vice President Joe Biden and House Speaker Nancy Pelosi

on the cover of one brochure that included an application for an absentee ballot. Inside it says: "We can't afford the direction Democrats want to take our state and our country. Vote for Dan Klein -- Republican leadership that will end the Democrat majorities in Congress and the Statehouse." That's a pretty bold claim. Somebody called it an "insultingly stupid" comment. "The Democrat Agenda: Out of control spending, record budget deficits, government-run health care." That's curious, too. Indiana's budget is balanced and the Legislature and Gov. Mitch Daniels aren't the most benevolent people in the world. **Horse Race Status:** Tossup

HD26: Roales living like jobless

As he seeks to add his Republican rival to the ranks of unemployed -- at least from the political sector -- Democrat Paul Roales is planning to live as if he were jobless for the next month (Schneider, Lafayette Journal & Courier). Roales, who is challenging incumbent state Rep. Randy Truitt in the House District 26 race, announced plans Monday to go 30 days on a budget that matches that of someone getting unemployment benefits. The West Lafayette resident plans to live off \$390 per week, which is the highest benefit paid out by the state to unemployed individuals. "It's not just a financial toll that hits a family" when someone in the household loses work, Roales said. His website will also show his expenses and budget. "It's going to be totally transparent," Roales said. **Horse Race Status:** Leans Truitt

HD37: Daniels to raise money for Hupfer

Gov. Daniels will headline a \$100-per-person reception for Hupfer today, one of numerous fundraising events the governor has attended for Republican legislative candidates. In addition, he's using money from Aiming Higher to run statewide campaign commercials asking voters to dump House Democrats (Indianapolis Star). Daniels, in an e-mail, singled out District 37. "This contrast is a very typical one this year. In Kyle, you have a fresh face, a businessman and someone who will be committed to putting taxpayers first. In Scott (Reske), a nice guy but one who voted for spending that would bankrupt the state and has never once dared to cross his party leadership," Daniels said. "I hope change wins." Reske scoffs at that, saying few Democrats "have more shouting matches" with Bauer than he does and arguing that the votes he's taken at the Statehouse, including to restructure taxes, have made Indiana the business-friendly place Daniels boasts about. He said Hupfer is "bought and paid for by the Indianapolis political machine." It's Hupfer's turn to scoff. "He's described me as a carpetbagger. It's not true," he said, reciting his long family history in Pendleton. "How many more ties can I have to this district? It's just insane." **Horse Race Status:** Tossup





Democrats Republicans

52 48

Republican Pickup

HD46: (Open, Tincher) Bionca Gambill (D) vs. Bob Heaton (R)

HD73: (Open, Oxley) Ryan Bowers (D) vs. Steve Davisson (R)

Tossup

HD17: Rep. Nancy Dembowski (D) vs. Frances Elert

HD30: Rep. Ron Herrell (D) vs. Mike Karickhoff (R)

HD37: Rep. Scott Reske (D) vs. Kyle Hupfer (R)

HD68: Rep. Bob Bischoff (D) vs. Jud McMillin(R)

HD72: Shane Gibson (D) vs. Rep. Ed Clere (R)

HD77: Rep. Gail Riecken (D) vs. Cheryl Musgrave(R)

HD19: Dan Klein (R) v. Rep. Shelli VanDenBurgh

HD31: Rep. Joe Pearson (D) vs. Kevin Mahan (R)

HD44: Rep. Nancy Michael (D) vs. Jim Baird (R)

HD70: Rep. Paul Robertson (D) vs. Rhonda Rhoads

HD76: Sen. Bob Dieg (D) vs. Wendy McNamara (R)

HD89: Rep. John Barnes (D) vs. Cindy Kirchhofer (R)

Leans D

HD36: State Rep. Terri Austin (D) vs. Kim Bulta (R)

HD66: Rep. Terry Goodin (D) vs. Jim Lucas (R)

HD75: (Open, Avery) Mike Goebel (D) vs. Ron Bacon

HD62: Rep. Sandra Blanton (D) v. Matt Ubelhoer (R)

HD74: Rep. Russ Stilwell (D) vs. Susan Ellspermann

Leans R

HD15: Timothy Downs (D) vs. Rep. Don Lehe(R)

HD51: Cody Ross (D) vs. Rep. Dick Dodge (R)

HD26: Paul Roales (D) vs. Rep. Randy Truitt (R)

HD92: Brett Voorhies (D) vs. Rep. Phil Hinkle (R)

Likely D

HD27: Rep. Sheila Klinker (D) vs. Don Brown (R)

HD43: Rep. Clyde Kersey (D) vs. Al Morrison

HD97: Rep. Mary Ann Sullivan (D) vs. Wes Robinson

HD42: Rep. Dale Grubb (D) vs. Clerk Sharon Negele

HD86: Rep. Ed DeLaney (D) vs. Kurt Webber

Likely R

HD4: Thomas Webber vs. State Rep. Ed Soliday

HD24: State Rep. Rich McClain vs. Tim Banter (D)

HD21: (Open, Walorski) Dwight Fish vs. Tim Wesco

Safe

Democrats: Fry, Lawson, Harris, C. Brown, Bauer, Cheatham, Niezgodski, Dvorak, Pelath, Stevenson, Rardon, Dobis, V. Smith, Bardon, Tyler, Moseley, Pflum, Pierce, Welch, Battles, Stemler, GiaQuinta, Moses, Pryor, Bartlett, Porter, Crawford, Summers, Day.

Republicans: Open-Borror (Morris), Open-Bell (Heuer), Open-Ruppel (Kubacki), Open-Clements (Van Natter), Open-Duncan (Frye), Open-Murphy (Speedy), Yarde, Dermody, Messmer, Neese, Gutwein, Wolkins, Friend, J. Thompson, Richardson, Turner, Davis, Lutz, Torr, Steuerwald, T. Brown, Borders, Foley, Culver, Leonard, Cherry, Saunders, Knollman, Eberhart, Burton, M. Smith, Koch, Crouch, Lehman, Espich, Pond, Noe, Bosma, Behning, Frizzell. ❖

* Status Changes are bold faced



The Bush tax cuts and getting the government the people deserve

By **BRIAN A. HOWEY**

NASHVILLE, Ind. - What's that old phrase? Fool me once, shame on you; fool me twice, shame on me?

That's what I keep thinking when I hear the debate on extending the Bush tax cuts. Here we are, chumps in waiting.

Here are some facts. As the new U.S. fiscal year begins on Oct. 1, we are facing a \$1.3 trillion budget deficit. We are entering our third year of measuring this deficit in the trillions. Until the final years of President George W. Bush's administration, it was always in billions. I don't think I ever used the word "trillion" until 2008.

How did we get to a \$1.3 trillion deficit? In 2001 and 2003, Congress passed the Bush tax cuts. In 2001 we went to war in Afghanistan. In 2003, we went to war in Iraq. And in 2004, Congress passed the Medicare prescription drug plan. None of these things were ever paid for. President Bush and the Republican-controlled Congress put them on the federal credit card, payable by our children. This coincides with massive slices of Baby Boomers retiring.

Retiring U.S. Sen. Evan Bayh noted in March 2009 that, "Our nation's current fiscal imbalance is unprecedented, unsustainable and, if unaddressed, a major threat to our currency and our economic vitality. The national debt now exceeds \$10 trillion. This is almost double what it was just eight years ago, and the debt is growing at a rate of about \$1 million a minute."

Last February, President Obama said "our fiscal situation remains unacceptable," even as he pursued an ambitious domestic agenda as well as an expanded war in Afghanistan. He explained that, "Just as it would be a terrible mistake to borrow against our children's future to pay our way today, it would be equally wrong to neglect their future by failing to invest in areas that will determine our economic success in this new century."

U.S. Rep. Mike Pence said on NBC's Meet the Press in August, "The deficit this year is a trillion dollars for the second year in a row. The American people have had it with runaway federal spending, deficits and debt, and they

want to see men and women in Washington, D.C., make the hard choices."

U.S. Sen. Dick Lugar, in making a case against extending unemployment benefits last July explained, "Adding tens of billions of dollars to our national debt and risking higher interest rates and future taxes does not represent a responsible pro-growth policy."

So leading voices in both parties have flagged the U.S. budget deficits and national debt as "very alarming," in the words of Gov. Mitch Daniels, who added, "The mathematics says if we do not grow at an extraordinary rate, we've got serious trouble. You won't be able to cut your way out of it. You won't be able to avoid the consequences."

Yet, both parties are pandering to your vote this November when it comes to extending the Bush tax cuts. Republicans called in their "Pledge to America" the renewing all of the Bush tax cuts, including the richest 3 percent of taxpayers. The non-partisan Congressional Budget Office says this will add nearly \$4 trillion to budget deficits over the next decade.

President Obama and Congressional Democrats favor extending the Bush tax cuts to all but the top 3 percent of wage earners - those making more than \$250,000 a year. The CBO estimates this will add \$2 trillion to the deficits over the next decade.

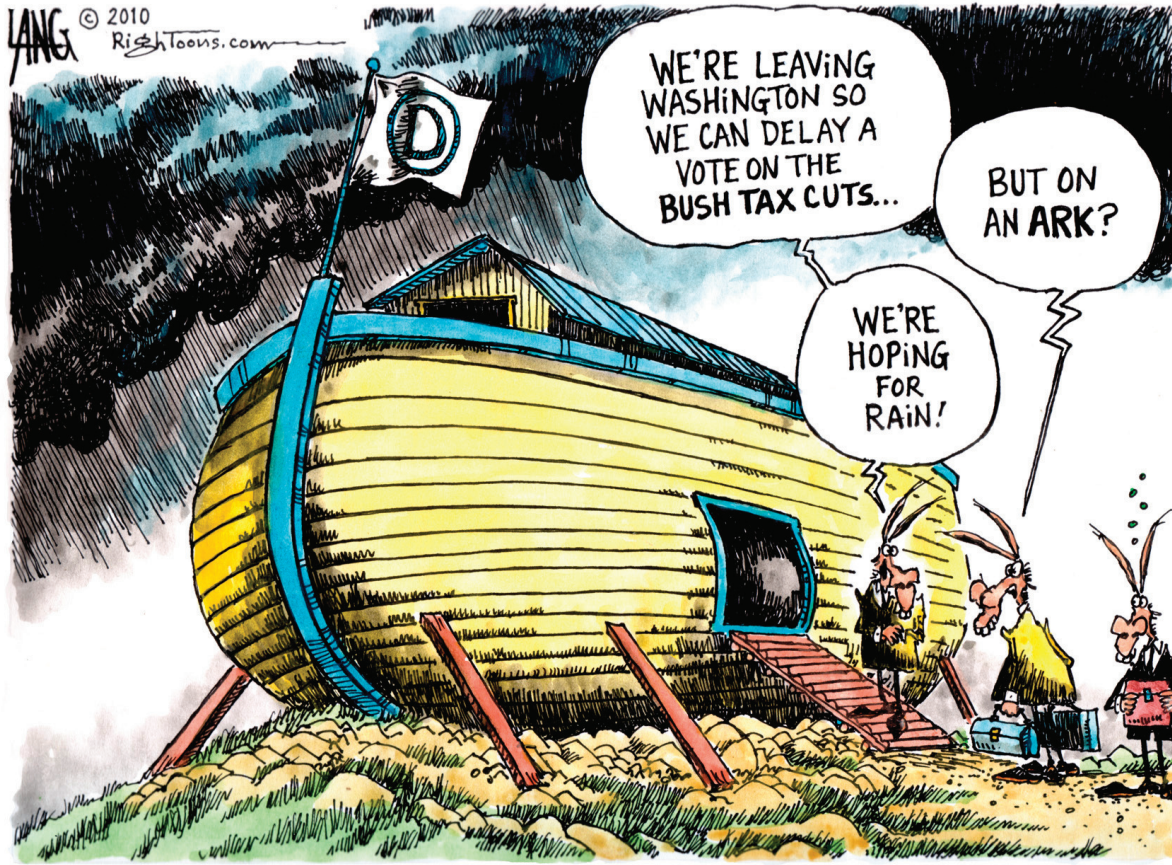
Former Fed Chairman Alan Greenspan said in August, "At the end of the day, that's disastrous." Robert Bixby of the non-profit Concord Coalition, which advocates balanced budgets, told the Washington Post, "Both parties are being disingenuous here. When I hear the Democrats saying Republicans are willing to add to the deficit, well, the Democrats are willing to add \$2 trillion to the deficit themselves. The Democrats are doing almost as much damage to the deficit as the Republicans are."

Recently departed White House Budget Director Peter Orzag said on CNN earlier this month on balancing the budget, "If we actually ended the Bush-era tax cuts, that would pretty much do it. If you do a bit on the spending side and then end the tax cuts, you pretty much get there."

Positioned firmly in the middle class, I really don't want to see my taxes raised. I have two kids in college and a 10-year-old at home and I am becoming one of many Americans who question whether this next generation will have access to a better existence than I did. We don't know what the fiscal toll will be once the Baby Boom bulge divvies up Medicare and Social Security and massive amounts of other social resources en route to the Pearly Gates.

Earlier this month, I asked Daniels if there was an inherent contradiction between Republican calls for fiscal





responsibility - including his own - and the Bush tax cuts. He responded, "What you're asking is if we should raise taxes on anyone. Of course not. The tax consequences would land on small business and that's a bad idea. We should grow the economy." This is from the mouth of the White House budget director on hand when the first Bush tax cuts were enacted.

We are watching most Republicans and even Democrats like Senate candidate Brad Ellsworth reframe this dilemma to the here and now. As Senate Minority Leader Mitch McConnell said, "This has been the tax rate for a decade. We're talking about raising taxes in the middle of a recession. And most economists think that's the worst thing you could do."

But let's go back to the CBO, which in a Washington Post story earlier this month predicted that the economy would be stronger with the cuts, but only through 2012, when the extra borrowing they require "would reduce or 'crowd out' investment in productive capital."

The Bush tax cuts have been a political football because the key players - from Obama to Mike Pence - are gaming you, knowing you'll want the candy even though we all know of the tooth decay to follow.

On Sept. 12, House Minority Leader John Boehner appeared to reverse course, saying on CBS News' Face

the Nation, "If the only option I have is to vote for some of those tax reductions, I'll vote for it." Three days later, Boehner changed his mind. "I want to extend all of the current tax rates. I want the speaker to allow a fair and open debate on our two-point plan, because if we extend the current tax rates and we're able to cut spending, we'll reduce some of the uncertainty coming out of Washington, D.C., and employers will then have the ability to continue to create jobs in America."

The problem there is no one - not a single Republican or Democrat - can cite credible off-setting cuts. To do that, you get into entitlement reform involving Social Security, Medicaid and Medicare. And no one has the guts to play it straight with the American people.

Meanwhile, endangered moderate Democrats were pressing Speaker Nancy Pelosi not to hold the tax cut vote until after the election because as the Plumline blog reported, "it will leave them vulnerable to Republican ads."

Folks, were you born yesterday? Are there fools being born every minute? Don't you realize we're all being taken as election year chumps?

I'll end with another time-worn saying: People usually get the government they deserve. ♦



Some data too exciting for bedtime

By **MORTON J. MARCUS**

INDIANAPOLIS - Regular readers will recall that just a week ago I expounded on the latest annual personal income data for Ethereal Andiron who had trouble sleeping. Lo and behold, I received a similar call this week.



Morton Marcus
Column

"Mr. Marcus," she said, "you don't know me, but I heard that you have mysterious powers to help the sleepless find a pathway to slumber."

"No," I started to reply, but was interrupted. "Please," she entreated, "do for me what you did last week for Ethereal? She told me all about it and I'd like to try it."

"No," I stated firmly. "Economic data are not a means for escaping consciousness."

"I'm prepared to be very generous," she said with a suggestive intonation that made me very nervous.

"Just a sample," she cooed like one of Neil Simon's Pigeon sisters.

"OK, a sample, on the phone only, with no conversation," I stipulated. Settling-in sounds came over the phone line.

"The U.S. Bureau of Economic Analysis," I began, "has just released quarterly personal income data through the second quarter of 2010. They show Indiana in third place among the 50 states ... third from the bottom for income growth in the months of April, May and June this year.

"Indiana's average quarterly growth rate over the past two years, after adjustment for inflation, was a sad -0.25 percent, 36th down from the national leader, West Virginia at +0.48 percent."

I heard only heavy breathing from the other end of the phone line.

"It's fairly clear why Indiana did worse than the nation," I continued. "In each of the three major components of income we trailed the nation over the past two years. Hoosier earnings from work fell by 3.5 percent compared to a national decline of 2.8 percent. The returns on capital (dividends, interest, and rent) dropped by 7.3 percent in Indiana, more than the 4.8 percent national setback. Finally, our government transfer payments (mainly social security and unemployment compensation) rose by 16.6 percent or

1.7 percentage points below the national increase.

"The story goes on: business owners (proprietors) saw their earning fall by 10.6 percent in Indiana while the national decline was only half that much (5.1 percent). Ironically, Indiana's state and local government employees received 6.1 percent more in earnings in 2010 2nd qtr. than in 2008 2nd qtr. compared to a less generous 3.8 percent increase nationwide. This does not mean that individual workers got pay increases. It could be that we just expanded government employment.

"Did that do what you wanted?" I asked my unknown caller.

"Hardly," she whispered. "It was all so exciting.

"Well," I admitted, "it does paint a picture different from that being shown to voters around the state by various administration officials. Although I cannot fault their numbers, I don't think that the number of jobs is really more important than the income generated by those jobs. In 2009, ordinary Hoosier workers were paid \$6.8 billion less than they received in 2008. Think about how many hamburgers or haircuts can be bought with \$6.8 billion."

"I'm thinking and thinking," she panted.

"Didn't put you to sleep?" I asked.

"No, I'm going to toss and turn all night," she said provocatively.

I hung up the phone very quietly, but very quickly. Frankly, I get uneasy when numbers stimulate anything below the neck. ❖

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

HOWEY
Politics Indiana

When Chris Cillizza of the *Washington Post* posed the question to readers across the nation - Who's the most influential political journalist in your state? - the answer in Indiana was this: Brian A. Howey of *Howey Politics Indiana*. Since 1994, *Howey Politics Indiana* has provided news, analysis and commentary from throughout Indiana and Washington D.C. Howey reaches the most influential insiders with his newsletters and the masses with his weekly newspaper column and www.howeypolitics.com.

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"The Best Indiana Political Reporter: *Howey Politics* Indiana editor Brian Howey."

Photo: Howey with Richard Lugar and Sam Nunn in Russia.



Sylvia Smith, Fort Wayne Journal Gazette:

"America's darkest moments," Rep. Mike Pence told a convention of Christian activists, "have come when economic arguments trumped moral principles." He argued that Congress should put its fiscal house in order, yes, "but we do not live in a world where an American leader can just focus on the financial ledger." Pence told the Family Research Council convention that Congress should end all federal funding of abortion, halt stem cell research and cut federal money to Planned Parenthood. The room exploded in a roar of approval. The folks at the convention might have thought that Pence – No. 3 in the House GOP leadership – was treating them to a preview of the Pledge to America, the soon-to-be-revealed House Republicans' agenda. Six days later, however, Republicans announced what they think ought to happen in the few days left in Congress: repeal the health insurance law; make sure the tax cuts don't expire; require congressional approval of any new government regulations; roll back federal spending to 2008 levels except for defense, veterans and seniors; make sure legislation is available for review for three days before it's voted on; ban federal funding of abortion. But in the manifesto's list of measures it calls on Speaker Nancy Pelosi to bring to the House floor immediately, abortion is the sole social issue. Nothing on stem cells. Nothing on Planned Parenthood. Much on fiscal issues. It's very much as if Republicans concentrated on what's keeping too many Americans awake at night: their shaky jobs or joblessness, their household finances, their kids' well-being. When Gov. Mitch Daniels suggested last summer that "a truce on the so-called social issues" would allow the country to focus on more the more-urgent debt and national security, social conservatives denounced him. Nevertheless, the authors of the pledge followed Daniels' approach. Pence disagrees that the pledge is anemic on social concerns, although he acknowledged that it is "a specific document "intended to outline proposals and principles applicable to this moment in history." He says the reference in its preamble opposing marriage between gay people and honoring religious organizations shows the party's commitment to those principles. Richard Viguerie, a fund-raiser for conservative causes, bemoaned the "one token line in the preamble about life and family." He credits Pence for insisting that it be included, but it's "sad that it required pressure from conservatives before Republican leaders, only at the last minute and begrudgingly," added the line.

Mark Kiesling, Times of Northwest Indiana:

Handicapping the East Chicago mayor's race? Here's the latest line from the inside. I talked at length Saturday with Lake County Democratic Chairman Tom McDermott Jr., de-

spite the fact he was in South Bend and it was 30 minutes before kickoff as his Fighting Irish were taking on Stanford. "I had breakfast with (East Chicago City Council President) Rich Medina, and I told him he was the favorite to win the caucus," McDermott said. "But it doesn't mean whoever wins the caucus is a shoo-in for mayor in the May primary." Medina is closely aligned with former Mayor George Pabey, convicted Friday on two federal charges related to work done on a home he owns by city workers on city time with materials bought by the city. "You've gotta consider that E.C. voters are frustrated," McDermott said. And well they should be. Wouldn't Medina's ties to Pabey be a hindrance? "He's got to show people he is not George Pabey," McDermott said. "It would hurt him if he didn't make changes and make them immediately. If he doesn't, he won't survive the May primary." How about Charlie "Tuna" Pacurar, who by statute as city controller became acting mayor upon Pabey's conviction? "If I were in Charlie's spot, I'd begin acting like a mayor, making moves, replacing department heads with people loyal to him," McDermott said. "But I think Medina will be the guy if they can stay unified." The "they" to whom McDermott refers are the 36 precinct committeemen who within the coming weeks will be called into caucus to select a new mayor to fill out Pabey's term. Considering Pabey loyalists won the May primary by about a 2-1 margin, that should put Medina in the catbird seat, but there are still the outsiders to consider. Among these would be former state Rep. John Aguilera and City Councilwoman Myrna Maldonado and former Councilman Anthony Copeland, all of whom have their own power bases but may not be able to overcome the Pabey machine -- at least not in the caucus. When it comes to the Democratic primary in May, McDermott said the incumbent won't necessarily have an advantage. "It's sort of a case of being careful for what you wish for because you may get it," he said.

Andrea Neal, Indianapolis Star: As it turns out, the biggest issue on Election Day won't be tax caps, Evan Bayh's open Senate seat or Republican hopes of regaining a majority in the Indiana House. It will be turnout itself. By all indications, voter enthusiasm Nov. 2 will dictate the outcome of all of the above. If Democrats have a lackluster showing at the polls, if tea-party conservatives turn up as expected, and if property taxpayers stick to their guns, the following will happen: Indiana will amend its constitution to guarantee permanent property tax caps. Dan Coats will take back the U.S. Senate seat he walked away from in 1998. Brian Bosma will replace Pat Bauer as speaker of the Indiana House, and Republicans will get to control the important redistricting process that occurs after each decennial census. ❖





State pays \$94M for 'ghost' students

INDIANAPOLIS - Indiana taxpayers shelled out nearly \$94 million to public schools last year to support "ghost" students no longer attending those schools (Carden, Times of Northwest Indiana). State legislators learned Wednesday that, in 2009, schools got paid for 16,315 students no longer in attendance. How to change the formula to be more fair to all students was at the heart of a Statehouse committee meeting Wednesday. "That's just absolutely horrendous that we're spending \$94 million on students that don't even exist," said state Rep. Terry Goodin, D-Crothersville. Indiana spends about \$8.5 billion on elementary and secondary education each year. State Superintendent of Public Instruction Tony Bennett told the committee Indiana needs a systemic change in the way it funds schools. The first-term Republican said education money should follow students and each student should be allowed to use those resources at any school in the state -- including private schools. "I don't think the job of the state should be to continue to pour money into the way we've always done things," Bennett said. But state Sen. Tim Skinner, D-Terre Haute, a high school social studies teacher, said Bennett's desire for wholesale change is moving too fast, could destroy public schools and has left state education "in turmoil." "You think you have the right answers? I don't even think you have the right questions," Skinner told Bennett. "I think you are destroying the state of Indiana's most valuable assets." The money is needed, say supporters like state Sen. Earline Rogers, D-Gary, because school corpora-



tions have to pay for programs and fixed expenses that continue even if enrollment drops. "It's not money that's being wasted, it's money that's being used by those students that are left," said Rogers, a former Gary school teacher.

Senate confirms Hogsett for DA

WASHINGTON - The U.S. Senate confirmed Joe Hogsett for Southern District Attorney for the State of Indiana Thursday night. In making the announcement, U.S. Sen. Bayh said, "Joe Hogsett has a distinguished record of service to the people of Indiana and is the right person to hold this prestigious position of public trust. In addition to the unanimous support of the United States Senate, Joe has the respect and support of Indiana law enforcement, judges, elected officials and community leaders. His legal experience, insight, background and temperament will make him an outstanding U.S. Attorney."

Romney, Palin lead '12 Gallup poll

WASHINGTON - Mitt Romney and Sarah Palin are the clear leaders of the 2012 Republican presidential primary field, according to a new Gallup poll out Thursday. Thirteen Republicans received support in the survey, demonstrating the wide open nature of the field, but Romney and Palin were the only potential candidates to earn more than 15 percent in the poll, with Mike Huckabee trailing not far behind. The three former governors were the only candidates to receive more than 10 percent, with Romney receiving 19 percent, Palin getting 16 percent and Huckabee at 12 percent. Former House Speaker Newt Gingrich came in fourth in the poll, getting 9

percent. Rep. Ron Paul (R-Texas) was the only other potential candidate in the field to get more than 5 percent, receiving 7 percent in the poll. Both Minnesota Gov. Tim Pawlenty and Mississippi Gov. Haley Barbour each got 3 percent in the poll. Behind Pawlenty and Barbour were former Sen. Rick Santorum (R-Pa.), Sen. John Thune (R-S.D.), Indiana Gov. Mitch Daniels, Rep. Mike Pence (R-Ind.), New Jersey Gov. Chris Christie and former New Mexico Gov. Gary Johnson. The survey of 906 Republicans was conducted Sept. 25-26 and has a margin of error of plus or minus 4 percentage points.

FSSA lays off 19 employees

INDIANAPOLIS - The Family and Social Services Administration is the latest state agency to lay off employees, bringing the total in this budget biennium to more than 400 statewide (Kelly, Fort Wayne Journal Gazette). FSSA spokesman Marcus Barlow confirmed 19 employees were laid off, mainly from the Division of Technology Services. He called the layoffs "routine" and said the positions were eliminated because they were no longer needed. Barlow said the layoffs will save the state \$1.1 million this fiscal year in salary and benefits. Just last week, the Indiana Department of Transportation confirmed 30 layoffs at its headquarters from several programs and employment categories.

Donnelly alleges stimulus flip-flop

SOUTH BEND - Republican congressional candidate Jackie Walorski has bashed big government spending as she campaigns this year in Indiana's 2nd District (Allen, South Bend Tribune). She criticizes incumbent U.S. Rep. Joe Donnelly, a Democrat,



for supporting his party's \$800 billion stimulus package and other programs she says are running up the nation's debt. But Donnelly says there's a hole in Walorski's criticism of the stimulus: She was in favor of it before she was against it. He bases his accusation on correspondence Walorski had with him and Gov. Mitch Daniels more than two months before Congress approved the stimulus about securing \$15 million to assist local RV companies. Her letter, dated Dec. 1, 2008, says the money could help those companies with projects such as redesigning product lines to be smaller and more efficient. Donnelly voted for the stimulus when Congress passed it in February 2009. "I voted for the stimulus package in accordance with the wishes of my opponent," Donnelly said. "At the time, apparently, she was for it. Now that she feels it's politically advantageous for her, she's now against it." Walorski said she has been consistent and clear in her position on the stimulus. She never supported it, she said, and she would have voted against it had she been in Congress when it was up for a vote. The \$800 billion would have been more productive if it were left in the private sector, she said. She explained that she contacted Daniels and Donnelly about the RV industry because, as a state representative, it's her job to fight for the best interests of her district when federal funds are available. "If there's money coming into the state, it's my job to direct that funding — especially when so many jobs are on the line," she said. "If you're an elected official, you're going to drive whatever portion you can into your district. I fought for it tooth and nail because that's what I was elected to do."

Fire warning today for Indiana

INDIANAPOLIS - The National

Weather Service has issued a warning of increased fire danger across much of central and southern Indiana (Associated Press).

New FSSA division chief named

INDIANAPOLIS - A personnel consultant who helped Indiana's human services agency develop its "hybrid system" of face-to-face case worker contact with automated welfare intake is now running the agency's main welfare division (WTHR-TV). Family and Social Services Administration Secretary Anne Murphy recently named Mike Carr as interim director of the Division of Family Resources. The division administers the delivery of Medicaid, food stamps and other benefits to about 1.25 million Indiana residents. Murphy in a memo to FSSA staff said Carr had worked with the division on "the development and implementation of the Hybrid System." Previous Director Cathy Boggs left the division last month to work in the Indianapolis office of Fort Wayne-based government contractor Brilljent.

Allen township seeks 663% hike

FORT WAYNE - Lafayette Township plans to seek a large increase in its 2011 property tax collections as its cache of cash, which has lasted almost a decade, dwindles away (Fort Wayne Journal Gazette). Township officials say an extra \$35,000 is needed to pay for cemetery maintenance, insurance, salaries and other costs of operating the township, which is home to the General Motors plant southwest of Fort Wayne. The township also needs to repay its poor relief fund, which is propping up the general fund this year. And taxes are expected to drop in 2012, officials said. But a

proposed 663 percent tax increase is far from a done deal. The township board, which deadlocked on a similar proposed increase last fall, must still give its support. And a state department that oversees local government financing must also approve the plan. GM, the largest taxpayer in the township, would foot about half the tax bill, and the average homeowner would see increases of \$5 to \$10 next year, officials said.

No write-in bid from Castle

WILMINGTON - Delaware Rep. Mike Castle, who was upended by Tea Party insurgent Christine O'Donnell in the GOP Senate primary two weeks ago, has decided against a write-in bid for the open seat (Politico). In a statement released late Wednesday night, Castle said, "While I would have been honored to represent Delaware in the U.S. Senate, I do not believe that seeking office in this manner is in the best interest of all Delawareans. Therefore, it's time for Jane and me to begin thinking about the next chapter of our lives." Castle's four-paragraph statement did not mention O'Donnell or grant her an endorsement.

AIG to repay fed TARP loan

WASHINGTON - The Treasury and American International Group have finalized a deal aimed at restoring the troubled insurance giant to independence and repaying the massive taxpayer investment that rescued the company two years ago. "This is a pivotal milestone as we deliver on our long-standing promise to repay taxpayers, and we thank the American people for their support," chief executive Robert Benmosche said in a statement.