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**Bill Haslam discusses his priorities as  
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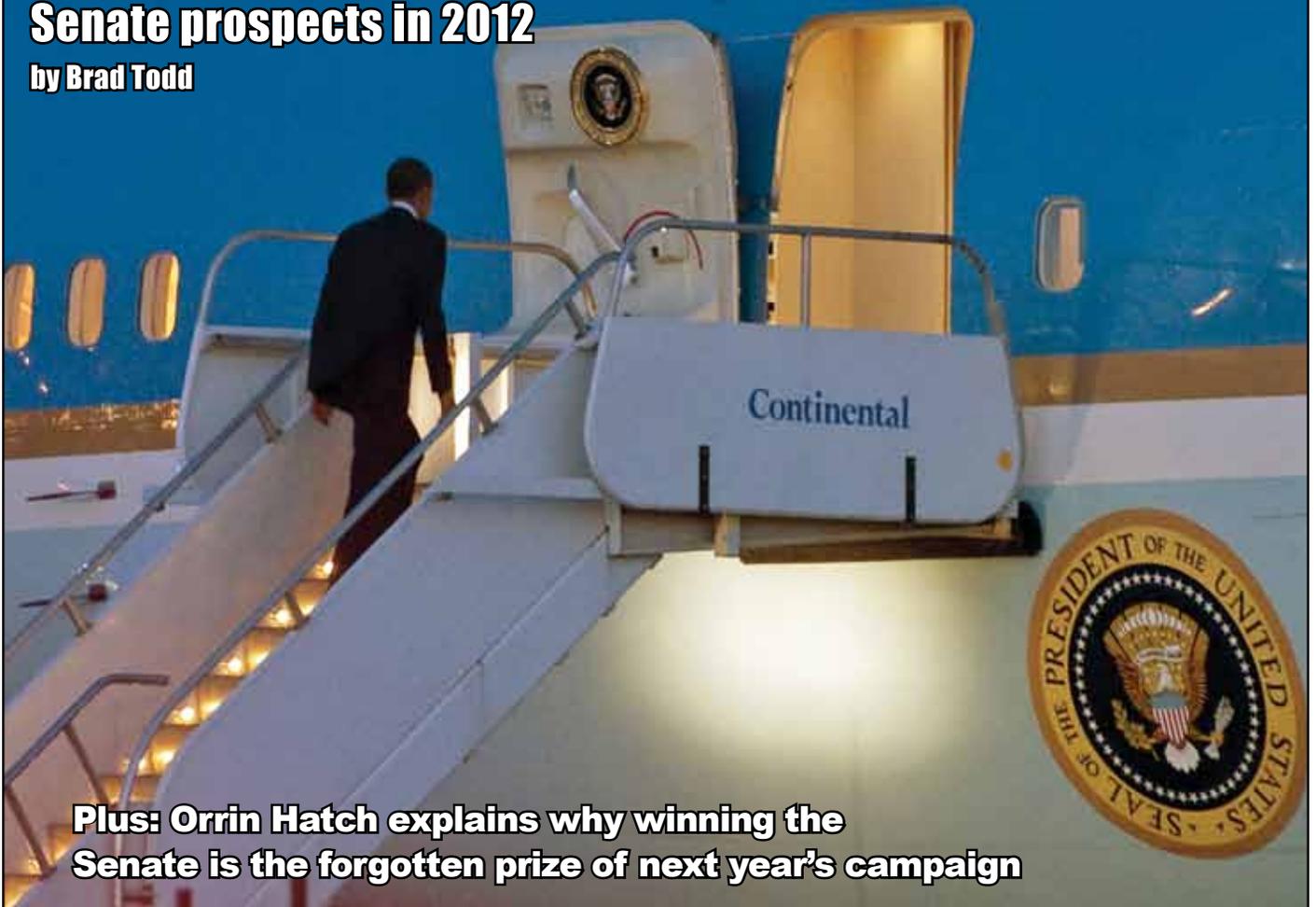
# The Ripon Forum

Fall 2011  
Volume 45, No. 4

## The Loneliest Airplane

**A metaphor for the Democrats' dwindling  
Senate prospects in 2012**

by Brad Todd



**Plus: Orrin Hatch explains why winning the  
Senate is the forgotten prize of next year's campaign**



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# The Ripon Forum

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Volume 45, Number 4

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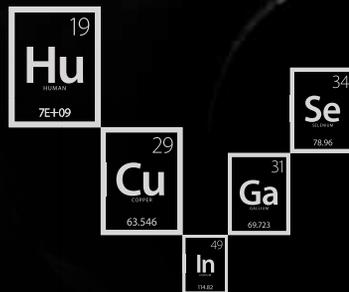
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# In this Edition

With the 2012 general election less than a year away, it's probably safe to say that the current crop of GOP presidential candidates has not exactly set the world on fire.

From Herman Cain's "Excuse me!" to Rick Perry's "Oops," the coverage of the contest has left many Republicans feeling downright gloomy about the party's prospects of recapturing the White House next year.

Amid all this gloom and amid all the coverage lies a bright spot for the Republicans – namely, the fact that the party stands an excellent chance of winning control of the Senate next year. In that regard, it can be said that the Senate is "The Forgotten Prize of 2012."

It is a prize that – assuming the party retains its majority in the House as is currently expected – will give Republicans outright control of the Legislative Branch for first time since 2006. It's also a prize that Republican media guru Brad Todd and Utah Senator Orrin Hatch write about in essays for this latest edition of THE RIPON FORUM.

In his essay, Todd shines a light on Air Force One. In most campaigns, Todd writes, candidates are lining up for rides on the President's plane. But President Obama's sagging poll numbers have changed that equation. As a result, Todd argues, Air Force One will not only be "The Loneliest Airplane" of the coming campaign, but "a metaphor for the Democrats' dwindling Senate prospects" next year.

If Republicans do win control of the upper chamber, what will they do? Senator Hatch focuses on this question by writing about the legislative agenda that would be advanced should the GOP seize control. From rolling back regulations to overturning Obamacare, GOP priorities that have been stymied on Capitol Hill over the past two years would see the light of day and end up on the President's desk for him to sign or suppress.

But of course, as with anything else in this volatile political climate, success is not a given. Pollster John McLaughlin writes about this volatility in another essay for our latest edition – an essay that focuses on the Republican challenge to retain and build their House majority. The party will be undertaking this challenge in an environment that is anything but predictable. The days of decades-long dominance are over, McLaughlin writes, replaced by a dynamic in which the mood of the electorate shifts every few years.

If there is any one issue affecting the mood of the electorate today, it is the economy, and the failure of Washington lawmakers to settle on a policy that spurs growth and creates jobs. According to budget expert Maya MacGuineas, one policy that would achieve that very objective would be a debt reduction plan that is bold in its thinking and long-term in its approach.

Many, including MacGuineas, hope such an approach will be advocated by the debt supercommittee that has been meeting this fall. But, in an essay looking at the panel's formation and what kind of package they might recommend, former Senate Budget Committee Staff Director Steve Bell strikes a more pessimistic tone, noting that if the supercommittee does reach agreement on a debt reduction package, it is likely to be one that barely meets its mandate and inadequately addresses our Nation's long-term fiscal needs.

This edition of the FORUM also features California redistricting expert Eric McGhee's assessment of the redistricting reform effort underway in that State. And, in our latest Ripon Profile, Tennessee Governor Bill Haslam discusses his first year in office and his priorities in the job.

As always, we hope you enjoy this edition of the FORUM and encourage you to write us at [editor@riponsociety.org](mailto:editor@riponsociety.org) with any thoughts or comments you may have.

Lou Zickar  
Editor  
THE RIPON FORUM

# DEBT REDUCTION DONE RIGHT: An economic growth strategy that will work

MAYA MACGUINEAS

The coming months will be filled with arguments over whether we as a nation should be focusing on fixing the *jobs problem* or the *debt problem*. No question, the sluggish economy, signs of a double dip recession, and persistent unemployment are not only troubling signs for what lies ahead for growth, but devastating to the millions of families directly affected.

The mounting federal debt also gives off ominous signs for the future. Our debt as a share of the economy is higher than it has ever been in the post-war period, and we are on track to continue adding to it forever. By the end of the decade we could easily be paying interest payments of nearly a trillion dollars per year, which can be described as nothing other than a tremendous waste. We know not only is the debt already probably a drag on the economy, but that at some point, unless changes are made, it will lead to a fiscal crisis.

It's harder, however, to see the direct effects of the debt. Unlike someone who can't find a job where the profound effects are felt each and every day, the debt is more like a quiet cancer on the economy, eating away at our well-being from a number of less visible angles.

High debt levels harm the economy by diverting capital away from productive investments. Higher interest payments in the budget squeeze out other priorities – whether they are other spending or lower taxes – and leave the budget highly vulnerable to increases in interest rates. Excessive debt also leads to a loss of fiscal flexibility. We no longer have as much fiscal space to respond to emergencies whether they are economic, natural disasters, or security threats.

From an intergenerational perspective, debt reflects the basic policy of our spending, yet refusing to pay the

bills, instead passing them to future generations, along with a lower standard of living than they would otherwise enjoy. This inequity is exacerbated by the fact that the bulk of our government spending goes to consumption — much of it for the elderly — rather than investments, which would at least have the potential to boost longer-term growth. Finally, numerous studies have recently found that the debt is already at such a high level that it is likely a drag on growth.

Still, because it is not an in-your-face kind of problem, the debt doesn't have the same sense of urgency that dealing with our jobs crisis does. “*Let's just fix this jobs problem -- then we can deal with the debt,*” is a comfortable fall-back position. And instead of looking at what is becoming increasingly clear, the interconnectedness of these two issues, as is too often the case in Washington, many policymakers are lining up in one camp or the other.

On one side there is the focus on “stimulus camp” (though we don't call it stimulus anymore in polite circles, so I mean “jobs camp.”) The policies coming out of here are primarily temporary in nature and involve ramping up spending or targeted tax cuts on particular areas of the economy.

There is the infrastructure bank. Spending on green jobs. Broadband. Investment incentives in all shapes and sizes. Rarely are these ideas paid for — though, to the President's credit, his are. But many of them manage to feel both tired and like they are trying too hard at the same time — not to mention the propensity to take one's favorite program and repackage it as a jobs measure.

We have had multiple rounds of stimulus in the past few years, and while it is frankly impossible to say how

**Unlike someone who can't find a job where the profound effects are felt each and every day, the debt is more like a quiet cancer on the economy, eating away at our well-being from a number of less visible angles.**

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well they worked since we don't know what would have happened without them, it is also impossible to look at the economy and call them a rip-roaring success. So it ends up feeling as though further rounds of these stimulus/jobs measures will be the same mediocre medicine dressed up in slightly different packaging. Given that the definition of insanity is trying the same thing over and over again and expecting different results, we might then considering trying a different approach.

On the other side, there is an approach to deficit reduction that is shortsighted in nature and at odds with the recovery. Whereas stimulus dominated the economic agenda for the past few years, these deficit reduction measures have dominated for the past few months. First with the negotiation to avoid a government shutdown, then with the negotiation to avoid a default, the outcome continues to be immediate spending cuts from the discretionary side of the budget. This ignores: 1) that deficit reduction right now, as the economy is struggling to recover, should not be the goal; and, 2) that the discretionary part of the budget is not where the actual problems lie.

So, neither of these approaches will work to successfully grow the economy. Or fix the budget.

The solution, which has been laid out by Ben Bernanke of the Federal Reserve, Christine Lagarde at the International Monetary Fund, and Erskine Bowles and Alan Simpson and the President's Fiscal Commission, to name a few, is instead a multi-year, comprehensive fiscal plan that would set the budget on a glide path to stabilize the debt, but leave enough fiscal space up front keep to pushing the economy along.

Putting in place a deficit reduction plan to bring the debt back down to around 60 or 65 percent of GDP over a decade (still significantly higher than the historic average of below 40 percent, but more manageable at least) creates the opportunity to grow the economy in a number of ways that will not be achieved either through one-off stimulus measures or incremental spending cuts.

First, it would take off the table the risk of a fiscal

crisis. I know that only a few years ago, comparing the U.S. to Greece seemed inflammatory and absurd. However, recent events –

including the well-deserved downgrade and the paralysis of our political system – now show the possibility of a full-blown fiscal crisis to be not nearly as remote as we would have liked to believe. Only by charting a new fiscal course will we remove that risk.

Second, implementing fiscal reforms that are comprehensive in nature, rather than incremental, offers the opportunity to restructure our budget and tax systems in ways to promote growth. The key here is switching from a consumption-oriented to an investment-oriented budget.

It is well-known that changes need to be made to Medicare, Medicaid and Social Security to deal with their internal imbalances and potential insolvency. But making reforms to entitlements also gives us the needed push to rethink our national priorities in general. Our budget emphasizes consumption over investment in a dangerously shortsighted manner. We spend many times more on people over 65 than we do in investing in children under 18. The single largest commitment made by politicians of both political stripes when discussing how to fix our fiscal situation is to not touch benefits for anybody over the age of 55. Really? How about changing that to protect all at risk-children? Sorry, Dad -- but come on!

Instead, we should think about how to fix entitlements – I would argue through means testing and raising the retirement age – to both ensure the people who depend on the programs are not affected and to encourage longer, more productive working lives. Much of the savings will be needed to close the fiscal gap, but a significant portion should be set aside to increase public investments that work, including investments in early education, skills development, modernizing our infrastructure, and basic R&D.

On taxes, the revenue fight in Washington is a distraction. Of course we will need more revenues as part of a fiscal deal. Closing the gap without revenues



Maya MacGuineas

**...because it is not an in-your-face kind of problem, the debt doesn't have the same sense of urgency that dealing with our jobs crisis does.**

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would require such tremendous cuts that very few voters or politicians would support them once the trade-offs were made clear. But it is absolutely legitimate to point out that our fiscal problems are the result of spending growth, that revenues should not be increased until the necessary spending reforms have been made, and that even then, they should be increased through tax *reform* -- which is more likely to grow the economy -- rather than marginal tax rate increases -- which will harm it.

Tax reform is a no brainer. With lower individual and corporate tax rates and fewer tax expenditures, along the lines of what the Bowles-Simpson Commission recommended, the tax code could be simpler, fairer, and more pro-growth while also raising revenues to bring down the debt. Our mess of a tax code is littered with over 250 special credits, deductions, exemptions, and exclusions that cost us nearly \$1.1 trillion a year. These "tax expenditures" are truly just spending by another name. By focusing tax reforms on this area of the budget, we can reduce tax rates to more effectively encourage work and investment, and grow the economy and jobs, while also helping to reduce deficits. No, this is not the same as saying that tax cuts pay for themselves. It merely reflects that when your starting point is such a crappy tax code, benefits of reform can be significant.

Without tax and spending policies to spur innovation and investment in human capital, there is little hope that we will achieve the economic growth and job expansion that we need to have. But again, none of this will come from the small-ball, incremental approach to deficit reduction.

Third, a credible, multi-year debt reduction plan can help free up enough fiscal space upfront to allow the economic recovery to continue to take hold. Rather than implementing immediate spending cuts and tax hikes, which would be economically disruptive, budgetary changes could be phased in more gradually, putting the debt on a glide path to stable and then declining levels. From a political perspective, the chances of including some bread-and-butter stimulus and jobs measures such as extending unemployment, payroll tax cuts, and aid to states, as part of an overall fiscal package rather than as a standalone, are significantly greater.

Finally, a multi-year plan will provide businesses and households more confidence and stability, allowing them to spend, invest, and plan in ways that will help the economy. For years in this country, we have been bubble hopping. We jumped from a stock market tech bubble, to a housing bubble, to a consumer credit bubble, to where we currently landed in a government debt bubble. There is no more space for either consumers to spend our way out of the sluggish economy or the government to borrow our way out. And there are no more bubbles to hop to.

Instead, we need to look to a business-driven recovery, but that will only happen if and when businesses have enough stability and understanding of the policies that will affect them for the coming years that they start spending the cash on their balance sheets in ways that will grow the economy and create jobs.

\* \* \*

Notice how those focused solely on the jobs agenda may give lip service to the need to reduce deficits somewhere down the road, but are rarely willing to offer a specific plan? And notice, too, how those for the incremental spending cut only approach to deficit reduction rely on nonspecific frameworks like a Balanced Budget

Amendment or Cut Cap and Balance instead of focusing on what their real agenda should be -- specific reforms to entitlement programs?

Neither of these approaches will get the economy back on track, and neither will fix our structural fiscal problems. To accomplish this, lawmakers need to go big and put in place a multi-year debt deal that saves \$4 trillion. In so doing, we can provide the space for further stimulus measures, create better investment and growth incentives, and set the debt on a manageable course. It would also prove immensely reassuring to markets and rating agencies.

Other than political timidity, it is hard to see why anyone would pursue any other course. **RF**

*Maya MacGuineas is the President of the Committee for a Responsible Federal Budget and the Director of the Fiscal Policy Program at the New America Foundation.*

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# The Rise of the Supercommittee and the Repercussions of Inaction

STEVE BELL

The machinations of the Joint Select Committee on Deficit Reduction (the so-called “supercommittee”) have seemingly mystified the media.

While not hermetically sealed, the transactions of the 12 JSC members have been very difficult to chronicle accurately. It might be useful, then, to take a step back and look at the JSC, its formation, and the preferences of the two parties.

Remember how we got here. A certain kind of insanity spread through the Congress in early summer. Many Republicans said that they wouldn’t vote for an increase in the federal debt ceiling under any circumstance. Many Democrats said they sure as heck weren’t going to bail the Republicans out by voting for an increase, either. It resembled something like a pre-school sandbox at recess.

Republicans then opted for the old “Balanced Budget Amendment to the Constitution” dodge. Democrats countered with “The-road-to-ruin-is-covered-with-the-bodies-of-old-folks-that-Republicans-have-killed” maneuver.

Someone then noticed that the really and truly and not kidding deadline for passing an increase in the debt ceiling was in early August. In order to pass an increase, the Budget Control Act, which established the JSC among other provisions, emerged. It contained a provision for a Balanced Budget Amendment vote. It also contained \$917 billion in spending cuts, over a decade, in discretionary, appropriated accounts, which comprises a small percentage of federal spending.

And, above all, it did not mention those two words which cannot be uttered (with apologies to J.K. Rowling) – taxes and Medicare.

What do the two party caucuses want? First, they individually want to be re-elected. Second, as a necessary corollary to the first point, they don’t want to unilaterally disarm before the 2012 elections. If fiscal sanity is a by-product of the two imperatives above, well, great. If not, well, maybe next Congress.

So, Democrats figure that they have this great cudgel

called “Medicare,” and that they will be able to regain the House, defend the Senate, and keep the White House with this cudgel.

Republicans think they have this great bludgeon called “taxes,” and that they will defend their majority in the House, take over the Senate, and win the White House with this bludgeon.

All pretense of “negotiating a settlement” has long vanished from the Administration. The President merrily paints the Republicans as plutocrats, handmaidens of Wall Street, sycophants for Big Oil, and heartless millionaires. The real White House no longer occupies 1600 Pennsylvania Avenue. Rather, it is located in Chicago, where the re-election campaign is based.

The result of the first 11 months of this year? Congress has a 9 percent approval rating. Roughly three-quarters of respondents to polls believe the nation is headed toward wreck and ruin. And international observers wonder if America’s governing class has simply become unhinged.

The federal budget solution is very clear and simple. That’s why it is hard. It is difficult to hedge and trim about what has to be done.

Fiscal sanity requires three things -- economic growth, fundamental reform of entitlements, and a pro-growth reform of the tax code that yields increased revenues.

The Bipartisan Policy Center’s Debt Reduction Task Force (the so-called Domenici-Rivlin group) has produced such a plan. So, too, did the Simpson-Bowles Presidential Commission. Other organizations have also produced well-thought-out blueprints. Realistically, although it certainly has the power to do so, the JSC is very unlikely to take steps to implement any of these fiscal plans. In all likelihood, the JSC will come up with the mandated \$1.2 trillion in deficit reduction and pass the mess on to the House and Senate for final passage. Much of the deficit reduction may be real, some phony, and some concocted by baseline adjustments.

None of it, just like that \$917 billion in cuts contained



in the BCA, will change the debt trajectory of the nation to any significant degree. Demographics will still pour tens of millions of new Social Security and Medicare recipients onto the rolls. Funding for things that provide for a strong future — education, transportation, health research, security spending, science — will continue to take the brunt of fiscal restraint.

In short, the BCA and the likely product of the JSC will prod the nation along the same path of “eating our seed corn.” Investments in the future will yield to current consumption. The outcome will reveal once again how hard it is for humans to forego current pleasure for long-term gain.

At the present rate, America’s national debt will hit 100 percent of forecast Gross Domestic Product shortly. In another 15 years, it will near 200 percent of GDP. And, like a hyperbolic curve, it will rush towards 300 percent in subsequent decades.

Will that happen? Of course not. Investors won’t continue to lend to a nation with that debt profile. In order to bring some fiscal order in the future, rapid and severe cuts in spending

and increases in taxes, along with further depreciation of the currency, must occur. The pain will be enormous and have serious economic consequences.

If the Congress and the JSC fail to confront this reality now — when the changes are reasonably easy and can be phased in over time — then this inaction will bring the nation to a fiscal cliff. As even some members of the JSC said recently, “This is the easiest to predict looming disaster of all time.”

Rigid ideology on both sides, a political polarization unseen in this country in more than 40 years, may doom the nation and the dollar to a much lesser status. If so, the political leaders of this era will go down in history with justly-earned blackened reputations. **RF**

*Steve Bell is Senior Director of the Economic Policy Project at the Bipartisan Policy Center. He is a longtime aide to former Senator Pete Domenici, serving as the Senator’s Chief of Staff and as the Staff Director of the Senate Budget Committee, which Senator Domenici chaired.*

**Remember how we got here. A certain kind of insanity spread through the Congress in early summer ... It resembled something like a pre-school sandbox at recess.**

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# California Dreamin'

## Redistricting reform in the Golden State and the quest for the perfect map

ERIC MCGHEE

California's last redistricting in 2001 was a bipartisan gerrymander designed to protect incumbents of both parties. In response, California voters passed a pair of initiatives that handed the drawing of the districts to an independent commission. After a lengthy and highly open process, on August 15 the commission approved a final set of maps by wide margins. How did the commission do? Would the system be a good one for other states?

The new maps have certainly taken a lot of heat. There have been complaints from minority rights advocates that the plans do not do enough to promote minority representation, especially for Latinos. Many Republicans have also argued the maps violate important geographic criteria and are designed to benefit Democrats. An effort to qualify a referendum against the state Senate maps is moving forward, and a parallel effort recently attempted to overturn the congressional and state Senate maps in court.

However, though the maps are not perfect, they are better than the ones drawn in 2001 on a variety of quantifiable measures. The districts are far more compact — that is, closer to simple shapes like squares and circles. They split fewer cities (though not fewer counties). They do a better job of “nesting” — that is, placing two Assembly districts completely within one Senate district. And they increase the number of majority-minority districts for Latinos

and draw the first majority Asian-American district in California history. These are all criteria the commission was required to consider, and the specific trade-offs the commission has made are certainly defensible.

The commission's work is also defensible in terms of the partisan effects the commission was supposed to ignore. The Assembly plan is unlikely to produce many gains for either party. Meanwhile, the Senate plan is modestly better for the Democrats, but only for the 20 seats up for election in 2012. When the remaining 20 are contested in 2014, the new plan is no better or worse for Democrats than the old one. Part of the issue is that the current Senate districts already look good for Democrats: the party holds only safe seats, while Republicans hold at least three highly competitive ones. Republicans have avoided Democratic gains up to this point through skilled candidates and a little luck, not gerrymandered districts.

Democrats do better in the congressional plan, where they might win four more seats in a good year for their party. But these Democratic gains say more about the 2001 plan than the new one. Over the last 10 years, Democrats have gained vote share without any real gains in seat share,

because there have been no competitive seats for them to win. The new plan offers those competitive seats, so Democrats will likely benefit.

Whether this new system is a good model for other



Eric McGhee

**California's last redistricting in 2001 was a bipartisan gerrymander designed to protect incumbents of both parties. In response, California voters passed a pair of initiatives that handed the drawing of the districts to an independent commission.**

states depends in part on one's ultimate goal. More competition? The new plans are somewhat more competitive, but only modestly so. Greater moderation? Research has shown that redistricting is at best a modest cause of polarization, and strong partisans are often elected from competitive seats across the country.

However, the system might help temper the intense legal battles of recent decades. The U.S. Supreme Court's seminal redistricting decisions in the 1960s effectively required a new redistricting plan after every census, forcing a partisan fight and giving the loser of that fight the tools to keep the issue alive in court. These legal cases often have legs because the redistricting process itself is so tainted: the state legislators and parties who stand to benefit from the lines draw the maps, and do so behind closed doors.

By contrast, California selected outsiders to serve on its commission and required roughly equal representation for each party. Once formed, the commission conducted its business publicly and held dozens of hearings across

the state. This elaborate process may have lent the commission's product extra credibility in court, as the California Supreme Court unanimously dismissed the legal case against the maps on October 26. The process might also put the plans on firmer political footing for a potential referendum, though that remains to be seen.

Still, the future of this reform rests on a knife's edge. If a referendum is successful at invalidating the commission's state Senate maps, then the reform may be seen as a failure. Moreover, even if all the maps survive, we have only seen the new process work once. Sophisticated political actors have surely learned from this

first experience, and we should expect them to be better prepared to influence the process in the future.

Thus, it will be important for supporters of the reform to monitor it closely in coming decades. Eternal vigilance is the price of nonpartisanship. **RF**

*Eric McGhee is a Policy Fellow with the Public Policy Institute of California.*

### **Whether this new system is a good model for other states depends in part on one's ultimate goal.**



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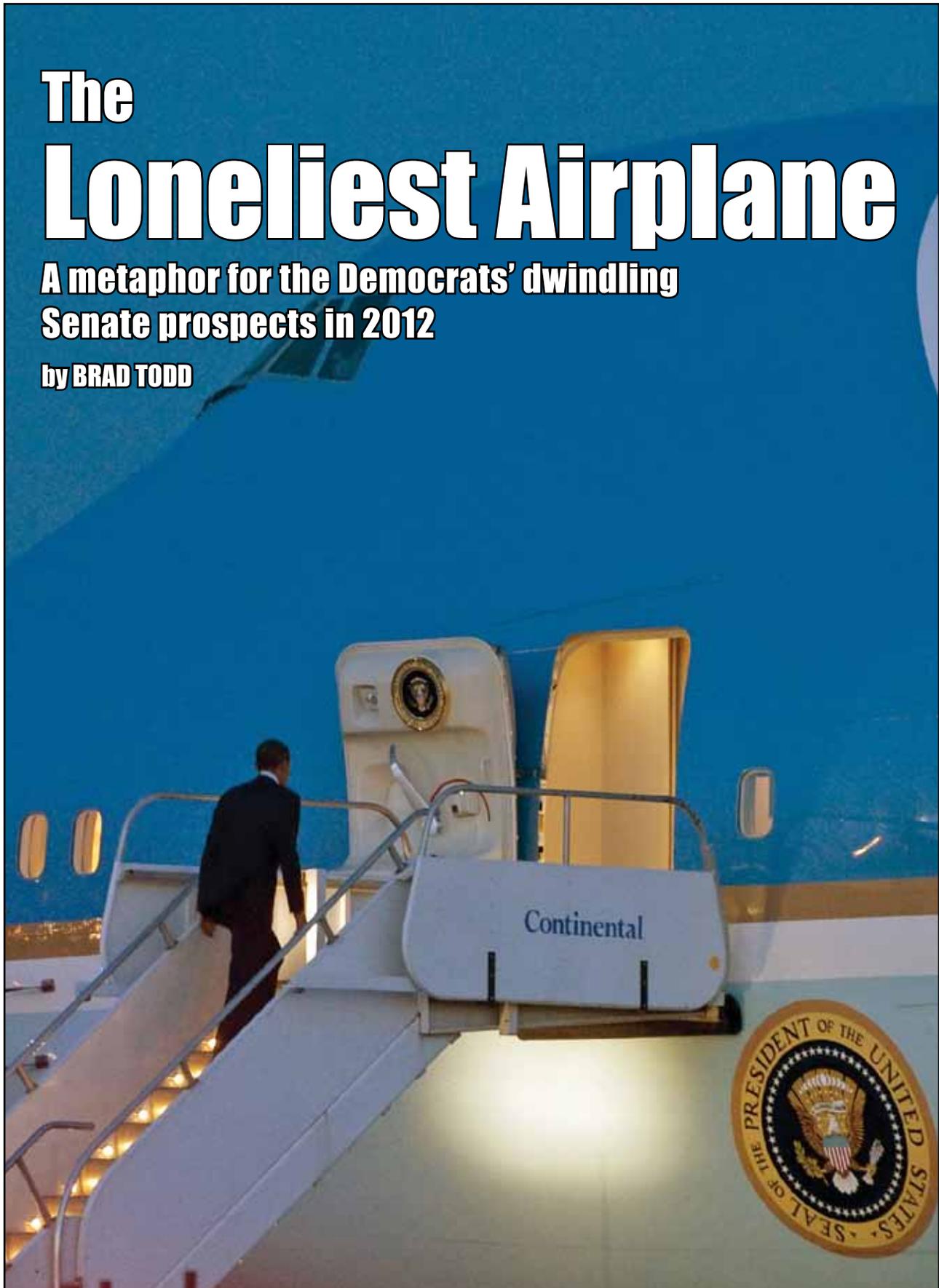


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# The Loneliest Airplane

A metaphor for the Democrats' dwindling Senate prospects in 2012

by BRAD TODD



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It's 231 feet long, weighs 800,000 pounds, and was once considered the most potent political weapon in a campaign for the United States Senate. It's Air Force One, the Boeing 747 that ferries the President on the campaign trail.

Previously, Democrat and Republican politicians hip-deep in races of their own have clamored to get their district or state on the travel schedules of incumbent Presidents of their party.

Air Force One brings the "million dollar photo op" – the President deplaning with his loyal local ally, not to mention an unmatched magnet for a fundraising reception and a rally that gets priceless live TV coverage.

In the 2002 mid-terms, pollsters identified discernible bounces to the lucky candidates hosting Air Force One, with the sugar high lingering for as much as a week. I remember an hours-long meeting with a campaign hosting Bush that year, trying to decide which lucky city in the state should get the world's most famous airplane.

There are no such meetings happening among Democrats today, and that's how you know Republicans are rolling toward the four-seat gain needed for a Senate takeover.

Democrats are defending more than twice as many seats this year as Republicans are, but the ratio is tilted more dramatically in seats that are closely contested. At most, it appears that 18 Senate seats could be in play and 13 of those are now Harry Reid's votes.

It's a truism in politics that wave elections are tidal – the outgoing wave will cover as much ground as the incoming version – and this year's Senate class was created in 2006's Democratic anti-war tsunami. Much like Republicans faced a disaster election in 1986 when the Reagan wave-riders came back on the ballot, Democrats have to be nervous defending Missouri Sen. Claire McCaskill, Ohio Sen. Sherrod Brown, and Montana Sen. Jon Tester. They all won as underdogs in 2006 and won't have it easy going in their second lap.

Tester is perhaps in more peril than any other Democrat. Obama's environmental policies have been

toxic to Democratic politicians in the West and Tester is facing Rep. Denny Rehberg, who like Tester is already elected statewide. Even if Montanans still like them both on election day, it's hard to see Obama – or his ally – winning in Big Sky Country this year.

McCaskill's greatest vulnerability is the fact that she was one of the President's earliest endorsers and she's in a populist state the President may hardly contest. An astute campaigner, McCaskill won't be counted out early against the winner of the GOP primary between Todd Akin, one of the House's most conservative congressmen, 2008 gubernatorial primary loser Sarah Steelman and businessman John Brunner. The GOP field has yet to sort itself out with Steelman and Akin having viable regional bases and Brunner's access to the most resources.

In Ohio, Brown has been polling very close to 50 percent – not bad for a first-termer in a swing state, but far from safe. Republican state Treasurer Josh Mandel, an Iraq War vet and a prodigious fundraiser, has cleared the primary field and will have ample time and resources to point out the disparity between Brown's needle-pegging progressive politics with the average Ohioan's more centrist leanings.

Nebraska's Sen. Ben Nelson has long been the Democrat representing the reddest state and as a result, he's drawn three name-brand challengers in Attorney General Jon Bruning, State Sen. Deb Fischer, and State Treasurer Don Stenberg, whom Nelson edged by two points in the 2000 Senate race. Early polling suggests that Nelson has a low ceiling and a high floor. Nelson's best hope in this climate is the narrowest of wins, but he has to be considered a serious underdog, even as an incumbent.

Challenges to Democratic incumbents in Michigan, Florida, and Pennsylvania are progressing more slowly, but all three states will be key battlegrounds in the Presidential contests, and a polarized environment could provide lift to late-developing challenger campaigns.

Of the eight open seats, six are held by Democrats, and Sen. John Cornyn's recruitment efforts as Chairman



**In the 2002 mid-terms, pollsters identified discernible bounces to the lucky candidates hosting Air Force One ... There are no such meetings happening among Democrats today, and that's how you know Republicans are rolling toward the 4-seat gain needed for a Senate takeover.**

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of the National Republican Senatorial Committee have put all six of them in play.

The Virginia seat vacated by one-term Democrat Jim Webb is already a dead heat between two of the commonwealth's best known politicians – former Governors Tim Kaine (D) and George Allen (R). Allen lost in 2006 to Webb when the GOP brand was at a low ebb in the swing suburbs outside Washington, DC, but since then under GOP Gov. Bob McDonnell, Republicans have surged in the region and observers in both parties expect the race to go down to the wire.

Republican Rep. Rick Berg will be favored in North Dakota's open senate race – Democrats enticed the only serious player on their bench, former Attorney General Heidi Heitkamp, into running.

In blue Connecticut, both sides have a primary – Rep. Chris Murphy is the early favorite for Democrats while 2010 Senate nominee Linda McMahon is a heavy favorite over former Congressman Chris Shays based on her personal resources and ideological positioning to his right.

Both sides have contested primaries in the swing state of New Mexico, with Democratic Rep. Martin Heinrich considered a slight favorite over State Auditor Hector Balderas and former Rep. Heather Wilson favored over Lt. Governor John Sanchez on the Republican side.

The biggest surprise of last cycle came in Wisconsin, where businessman Ron Johnson entered the race late and knocked off liberal icon Sen. Russ Feingold. This year, Democrats have settled on the state's most left-wing member of Congress, Tammy Baldwin of Madison. The best indicator of this race's

status is the fact that despite Wisconsin's Democratic history, a large Republican field is assembled and still growing. The best known GOP candidates include: former Gov. Tommy Thompson, former Rep. Mark Neumann, and state Assembly Speaker Jeff Fitzgerald.

The sleeper race of the 2012 cycle may come as far from Washington as is possible – in Hawaii, where former Republican Gov. Linda Lingle, who left office with her popularity intact, is running against

a Democratic field that includes Rep. Mazie Hirono and former Rep. Ed Case. The Democratic primary promises to be a divisive echo of the special election fracas that let Republicans win a congressional seat in 2010 – Case is a moderate Blue Dog Democrat while Hirono is more liberal – giving the pragmatic centrist Lingle a shot to give Republicans an historic win in the President's home state.

As of this writing, only three Republican-held seats appear to be within reach for Democrats in even their best-case scenario.

Democrats have yet to entice a name-brand opponent for Rep. Jeff Flake in Arizona's open Senate seat, and retired General Ricardo Sanchez (D) has shown no fund-raising prowess against Lt. Gov. David Dewhurst and other Republicans in Texas's vacancy.

Of the three Republican incumbents, Democrats are most bullish about their chances with Harvard professor Elizabeth Warren against Sen. Scott Brown in Massachusetts and with Rep. Shelley Berkley against appointed Sen. Dean Heller in Nevada.

Democrats did get a recruiting coup in Indiana, where battle-tested Rep. Joe Donnelly, a rare survivor of the 2010 Republican landslide, is hoping that conservative insurgent Richard Mourdock, the State Treasurer, upends longtime Sen. Dick Lugar. If Lugar, long popular with independent Hoosiers, wins the nomination, the race will like fall off the board.

Of all the 18 states where Senate seats could be closely fought, the President will be an asset to Democrats in no more than five of them.

Barring a dramatic turnaround, every time Obama's plane touches down in the other 13 states, he will not find a red carpet on the tarmac. **RF**

*Brad Todd is a Republican admaker and strategist who advised Sen. Ron Johnson, Gov. Rick Scott, the National Republican Congressional Committee and a dozen winning Republican Congressional campaigns in the 2010 election.*



Brad Todd

**Of the eight open seats, six are held by Democrats, and Sen. John Cornyn's Republican recruitment efforts have put all six of them in play.**

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# The Forgotten Prize of 2012

ORRIN HATCH

In 2008, only a few days before the presidential election, then-Senator Obama posed this question: “The Real Question Is, ‘Will This Country Be Better Off Four Years From Now?’ ” Three years later, the answer is a resounding “no,” and the economic prospects for the next year are downright frightening.

When then-Senator Obama made that statement in October of 2008, the national unemployment rate was 6.5 percent. Now, the unemployment rate is at nine percent and more than 14 million Americans are out of work. In fact, the unemployment rate has been higher than nine percent for 28 of the 31 months since President Obama was sworn into office.

Americans understand that the handling of the economy by both the Obama Administration and the Democrat-controlled Senate has been a disaster, and they’re ready for a change.

While a change of direction in 2012 starts at the White House, it also includes President Obama’s liberal allies in the Senate.

That’s why my Republican colleagues and I are working hard to take back the Senate and put it back in the hands of American taxpayers.

As the top Republican on the Senate Finance Committee, I see firsthand the barriers that our tax code and entitlement programs play in our economic outlook.

The current tax code was put into place almost 100 years ago and has not had any major reforms for the last 25 years. The tax code is onerous, costly, and stands in the way of economic prosperity.

Unfortunately, Democrats in the Senate have shown no real desire to reform the tax code in a way that promotes prosperity and job creation. Under a Republican Senate, we will be able to significantly overhaul the code in a way that helps create a strong economy and allows American businesses to grow and compete in the global economy.

A Republican Senate would work to repeal the massive \$2.6 trillion, 2,700 page health law and its trillion dollars in

new taxes and penalties, reform our tax code by broadening the tax base, lowering both individual and corporate tax rates, and ensure that small businesses are not confronted with multiple levels of taxes. We’d also work to repeal the Alternative Minimum Tax (AMT), an additional tax on revenue that exceeds the ‘regular’ tax. In typical Washington fashion, the AMT was not indexed for inflation and as a result threatens to ensnare more Americans every year.

Another key area that a Republican Senate would address is runaway entitlement spending. Democrats created a massive new entitlement program with last year’s partisan health law. Republicans understand that we must reform entitlement programs – the leading causes of our country’s out of control debt – before they bring our economy to its knees.

The Obama health law cut more than \$500 billion from a bankrupt Medicare program to finance new government spending. Republicans understand that using Medicare as a piggy bank to fund Washington’s spending addiction is not the reform America’s seniors deserve.

The number of Medicare beneficiaries is expected to nearly double in the next two decades – from 47 million in 2010 to nearly 80 million by 2030. The simple fact is that the only way Medicare can exist in the future is if we reform it today in a meaningful way.

There are a number of steps a Republican Senate would take to utilize current Medicare resources better so we have a more efficient program for seniors and a more cost-effective program for taxpayers. One of the ways Republicans would work to preserve and protect Medicare so it’s around for future generations is to increase competition in the Medicare program and provide seniors with more choices. Additionally, Republicans would strengthen – and enforce – efforts to fight against waste, fraud and abuse. Just recently it was disclosed that the Centers for Medicare and Medicaid Services are not utilizing some of the tools it has to protect against abuse, something that would not occur with a Senate under Republican control.



Another area a Republican Senate would address is Medicaid, which is bankrupting both the federal government as well as many state budgets. The Government Accountability Office repeatedly lists Medicaid high on its list of high-risk programs, and Medicaid represents a \$380 billion target for waste, fraud, and abuse. Today, nearly one in four Americans is enrolled in the program.

That's why Republicans want to modernize Medicaid and put it on a more sustainable path. Medicaid was originally supposed to be a program for low-income, elderly, and disabled individuals, yet

under the big spenders in Washington it has grown to be just another out of control government entitlement program. The welfare reform that took place in the 1990s would serve as a model for much-needed Medicaid reform. By giving more control over Medicaid to the states, we can ensure that the

reforms we pass are patient-centered reforms, but ones that protect taxpayers as well.

A Republican-led Senate would give taxpayers another voice in the legislative branch. Combined with electing a fiscally-responsible, principled leader in the White House, I am confident that we can right our nation's fiscal ship and improve the economic outlook for current and future generations of Americans.

The past three years with President Obama in the White House and Democrats in control of the Senate has not worked. Americans

deserve better, and that's why the 2012 elections are so important.

RF

*Senator Orrin Hatch (R-Utah) is the Ranking Member on the Senate Finance Committee.*

**A Republican Senate would work to repeal the massive \$2.6 trillion, 2,700 page health law and ... reform our tax code by broadening the tax base, lowering both individual and corporate tax rates, and ensure that small businesses are not confronted with multiple levels of taxes.**



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# Defending the House in a Volatile Year

JOHN MCLAUGHLIN

In 1969, the commentator Kevin Phillips wrote a book called “The Emerging Republican Majority,” in which he essentially argued that the United States was entering a period of transformation, one that would not only see the pendulum swing from the left side of the political spectrum to the right, but one that would last for decades to come.

If Phillips were to write a sequel to his book today, he would no doubt have to reconsider the period of time in which the American electorate undergoes a political shift. For if the last few elections are any indication, that period is shorter than it has ever been before. In fact, one could argue that political transformations in America no longer last for decades, but rather last no more than a handful of years.

Consider the following: In 2006, Democrats gained a net of 30 House seats and won the popular vote among the 81 million House voters by a margin of 52-44 percent. Then, two years later, they gained another 21 House seats and, out of the 123 million House voters, won the popular vote by a margin of 53-42 percent. However, in spite of all the talk in early 2009 about a new Democratic majority and very rosy poll numbers at the time, the next year would see a crushing collapse in Democrat fortunes.

Republicans dominated the mid-term elections in 2010, gaining 63 seats in the House of Representatives and winning the votes of the 87 million Americans who supported the GOP candidate over the Democratic candidate by a margin of 51-45 percent. As we look toward the 2012 elections, we need to ask ourselves not just whether this accelerated cycle will continue, but what the trends of next year’s campaign will be.

## A Volatile Electorate

The first trend has to be volatility. In our own generic polling among likely voters for the House, over the last cycle we saw the Democrats lose their 42 percent – 31 percent lead over the Republicans in January 2009; to a Republican lead 40 percent – 38 percent in September 2009; to a commanding Republican lead of 51 percent – 37 percent in September 2010,

and ultimately the Republican victory.

Currently our most recent national poll of likely 2012 voters shows that Republicans have a slight 41 percent – 37 percent generic lead, but a large and volatile 22 percent are undecided. Is there a second consistent trend? For the third election in a row, the incumbent President was a negative factor with regard to the reelection of his own party’s House members. There are no signs yet that President Obama will be anything but an election millstone for most Democrats.

Indeed, the President’s decline in job approval and favorability from 70+ percent positive ratings in January of 2009 had become an upside down rating later that same year and a 45 percent positive to a 53 percent negative job approval by November, 2010. At this time the current *Real Clear Politics* poll average has the President wallowing in a similar upside down rating of 45 percent approve to 51 percent disapprove.

Now, the President is trying to improve his ratings by running against a less popular Congress. But most voters still like their incumbent member, and blame the other party for Congressional failure. As a consequence, it is little wonder that in the House special elections this past September in Nevada’s 2<sup>nd</sup> and New York’s 9<sup>th</sup> Congressional Districts, the President was such a liability that he never campaigned with either Democratic candidate. The numbers tell the story as to why. In Nevada, 6 in 10 voters disapproved of the job the President was doing. In New York, 59 percent disapproved.

Although the President is trying to project blame on Congress, his own continued failure will be a major factor in favor of the election of House Republicans next year.

In both September special elections, 2 in 3 voters said that since Barack Obama became President, they and their families are not better off than they were two years ago. These voters -- although many were Democrats -- voted Republican. The President is badly in need of a tangible policy success that makes voters feel better about their circumstances. However, even the President’s own advisors are predicting slow economic growth at best.

Tactically, the Democrats see opportunity in the 62 districts currently held by Republicans that Barack Obama won in 2008. Still, in 37 of these seats, Republican margins exceeded the President’s edge, and now the President is much less popular than he was three years ago. Nevertheless, Democrats will do their best to win those seats in battleground presidential states, whose electoral votes will be critical to Obama’s re-election.

As a result, House seats in Pennsylvania, New Hampshire, Indiana, Wisconsin, Ohio, Michigan, Missouri, Iowa, Virginia, North Carolina, Florida, New Mexico, Arizona, Colorado, and Nevada will feel the extra push of Democratic resources for new registrations and early or absentee voting. The difference now is that all these states have large pockets of independent,



John McLaughlin

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undecided or unregistered voters who now disapprove of or view unfavorably the President and his Democratic allies in Congress. These voters must be identified and mobilized to vote Republican.

Additionally Republican midterm gains also secured their ability to protect or gain new Members through redistricting.

Already experts are forecasting that in spite of the recession, campaign spending for television, mailings, and new media will reach record amounts – possibly topping \$3 billion alone just for television. Presidential election spending rose 30 percent in 2008, and mid-term TV ad spending rose 30 percent, as well.

### Issues of Concern

Regarding the voters' issue agenda, insecurity among the voters has extended from economics to national security. The national issue agenda, dominated thus far by concerns about creating jobs, cutting government spending and reducing the national debt, may be about to expand to national security issues, as well.

In fact, recent polling indicates that a growing number of Americans have concerns over national security. In national surveys we did for SecureAmericaNow.org, two-thirds of voters believe that national security will be very important in 2012. To that end, most Americans cite external threats to our country as one of their top concerns at levels not seen since the

Cold War, with Iran, China and North Korea viewed as threats to our nation's security by most Americans.

Of very current concern, just over 3 in 4 voters – or 78 percent -- say that President Obama's policies will fail to stop Iran from getting nuclear weapons, and 80 percent believe that Iran would arm terrorists to use nuclear weapons to attack the United States. Moreover, 86 percent of Americans are concerned about Islamic terrorism by American born Muslims. The bottom line is that next year's election may end up turning on more than just jobs and the economy.

In this volatile political environment and with 3 in 4 voters saying that the country is on the wrong track, we will continue to see a growing number of House candidates running as outsiders -- outsiders who are not experienced in the ways of Washington, but are closer to the people of one's district.

Will this volatility be enough to unseat the House Republican majority? Given the unpopularity of the President the GOP advantage in Districts he carried in 2008, the betting here is that it will not.

But if recent years have proven anything, it is to expect the unexpected and understand that no incumbent is safe.

**RF**

*John McLaughlin is the CEO/Partner of McLaughlin & Associates.*

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# Republicans Aim for a Southern Statehouse Sweep

by LOU CANNON

*(Shortly before the November 8th election, veteran political reporter and Ronald Reagan biographer Lou Cannon wrote an analysis for State Net Capitol Journal in which he looked at the possibility that Republicans might win control of the State Legislatures in Mississippi and Virginia and how these victories would represent an "historic political turnaround" for the GOP in the South. In light of the fact that, as of press time, the party has appeared to have done just that, we thought it appropriate to reprint -- with his permission, of course -- Mr. Cannon's observations about the significance of this year's election and how the results might impact the political environment next year and beyond.)*

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Far below the radar screen of the mind-numbing competition for the Republican presidential nomination, state legislative elections in Virginia and Mississippi on November 8th will demonstrate if the mighty GOP surge of 2010 has staying power. Coming off their best showing in legislative elections since the 1920s, Republicans have high hopes of winning majorities in the Virginia Senate and the Mississippi House. Republicans already hold the governorship and one legislative chamber in these states; a win in either of them would all but complete an historic political turnaround in the once Democratic "Solid South."

Twenty years ago Republicans did not hold a single Southern legislative chamber. With the wind at their backs, after the 2010 elections Republicans now control three-fourths of the legislative chambers in the region — 21 out of 28 — and dominate Southern politics. In the 11 states of the old Confederacy that most Americans consider "the deep South," the transformation is especially striking. Beyond the Virginia Senate and Mississippi House, Southern Democrats command a legislative majority only in Arkansas, where they control both chambers. Democrats are slightly more competitive in the broader Southern region as defined by The Council of State Governments, which adds the border states of Kentucky, Oklahoma and West Virginia to the Confederate eleven. Democrats control the Legislature in West Virginia, where earlier this month

they clung to the governorship in a special election with a candidate who distanced himself from President Obama. Democrats have a House majority in Kentucky and are favored to win the gubernatorial election in November. Oklahoma, not a state at the time of the Civil War, is thoroughly Republican.



Lou Cannon

**Twenty years ago  
Republicans did not hold a  
single Southern legislative  
chamber.**

Republican political domination in the South is the product of many factors, including Yankee immigration, the suburbanizing of Southern cities and the inexorable liberal drift of the national Democratic Party. But, as always in this region, race has been the principal driving force of political change. In the wake of the civil rights revolution and the Voting Rights Act of 1965 that empowered disenfranchised African Americans, the Democratic Party in the South over time became largely dependent on black votes, while an overwhelming number of whites, particularly in traditionally Democratic rural areas, shifted their allegiance to the GOP. Lost in the shuffle were moderate white Democrats, only a handful of whom remain in partisan office in the South. To some degree this transformation has been matched by a decline of moderate Republicans in the Northeast, but these developments are not quite symmetrical. Republicans, conservative and moderate alike, have made a comeback in the Northeast, winning the governorships of New Jersey in 2010 and of Maine and Pennsylvania in 2011. In the latter two states and New

Hampshire the GOP controls both legislative houses. A signal Republican achievement of the 2010 elections was winning a majority of the New York state Senate, which has given the GOP leverage in the ongoing legislative and congressional redistricting process in the Empire State.

The Republican takeover in the South has provided the region with a louder voice in national politics and tugged the GOP to the right. Some see this as a mixed blessing. Ron Brownstein of *National Journal*, among others, has suggested that a Republican Party with too much of a southern accent in its choice of candidates and policies has less chance of winning a national election against President Barack Obama. Perhaps, but four of the last six presidents had southern roots. Former Massachusetts Gov. Mitt Romney, the current frontrunner in the GOP presidential race, has southerners Herman Cain — ahead in some surveys — and Rick Perry nipping at his heels.

In next month's legislative elections, both parties are looking for clues in Virginia, one of only three Southern

states carried by Obama in 2008 and a presumed toss-up in the 2012 presidential election. Republican Bob McDonnell won the governorship in 2009, and the GOP has a hefty majority in the state House of Delegates. Democrats hold a 22-18 margin in the State Senate. McDonnell, who carried 29 of the 40 Senate districts when he was elected, is popular in a state where unemployment is below the national average, and he has raised a ton of money for GOP State Senate candidates.

Republicans face a stiffer climb in Mississippi, where the House has been under Democratic control since the end of Reconstruction. The current Democratic margin is 67-54 with one independent.

Republicans hold the Senate 27-24 with a vacancy. All legislative seats will be decided in the November election. Redistricting in Mississippi is deadlocked. The two parties could not agree on new maps, and the NAACP filed suit to prevent any elections from being held this year, alleging that none of the proposed maps accurately reflected population changes. A federal court allowed the election

**The Republican takeover in the South has provided the region with a louder voice in national politics and tugged the GOP to the right. Some see this as a mixed blessing.**

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to proceed under the old maps, leaving undecided the issue of whether a special election will be ordered in 2012 after redistricting is complete. Whatever happens in the legislative elections, Mississippi has made history this year by nominating three-term Hattiesburg Democratic Mayor Johnny DuPree for governor, the first time in the state that a major party has put forth an African American for this office. Less because of his race than his party, DuPree is the underdog against Republican nominee Lt. Gov. Phil Bryant, who has heavily outspent him.

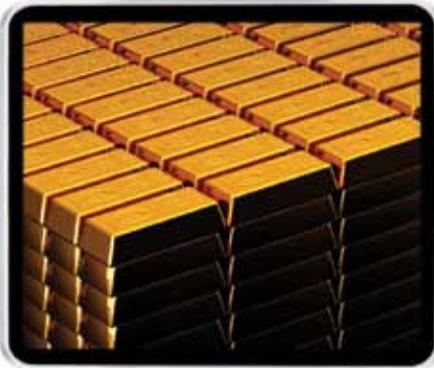
Because of their victories in the 2010 elections, Republicans made headway in the states this year on targeted issues of collective bargaining, immigration, voter identification and abortion. But Tim Storey, a political analyst for the National Conference of State Legislatures, believes these policies probably will be subordinated to economic issues in the 2012 elections. Where the GOP gains in 2010 will make a difference in 2012, Storey said, is in giving Republicans

an overall advantage in congressional and legislative redistricting based on the 2010 census. In most states, he said, Republicans have avoided overreach and used their majorities to shore up marginal districts already in GOP hands.

A similar assessment comes from David Wasserman of the *Cook Political Report*, who says that in close to half of all the districts in the House of Representatives, Republicans “have a huge semi-hidden advantage: their ability to shore up the seats they already have.” Currently, Republicans hold a 242-192 House majority (with one vacancy). While redistricting so

far has been a wash in terms of the margin, Wasserman wrote in a recent edition of the *Cook Report*, that the strengthening of existing Republican districts means the GOP could lose the congressional popular vote in 2012 and still hold its majority in the House, thereby keeping John Boehner in the speakership.

**Where the GOP gains in 2010 will make a difference in 2012, Storey said, is in giving Republicans an overall advantage in congressional and legislative redistricting based on the 2010 census.**



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Boehner is from Ohio, but it's his party's surge in Dixie that has contributed most significantly to the overall GOP advantage. Currently, Republicans stand to gain three of four new congressional districts in Texas, pick up a new district and perhaps an existing one in Georgia, gain from two to four seats in North Carolina and win a presently Democratic seat in South Carolina. These Southern seats come atop prospective Republican gains in Michigan and Missouri and population shifts that could cost the Democrats a seat or two in New York and Ohio. These Republican gains of eight to 12 seats would roughly offset heavy Democratic advantages in two big states. In Illinois, where Democrats control both the governor's office and the legislature, a new map could eliminate five or six Republican seats. In California, where a non-partisan commission is drawing congressional lines for the first time, Democrats stand to pick up two or three seats.

But in politics, to use the Yogi Berra line, it's never over until it's over, and obstacles remain in the path to assured

Republican political control. Twenty-three states have yet to complete redistricting and several of the approved plans face court tests; even some Republicans worry that Texas redistricting might not pass muster under the Voting Rights Act. In any case redistricting has its limits: Storey notes

that popular or well-heeled candidates have in the past withstood unfavorable changes in district boundaries.

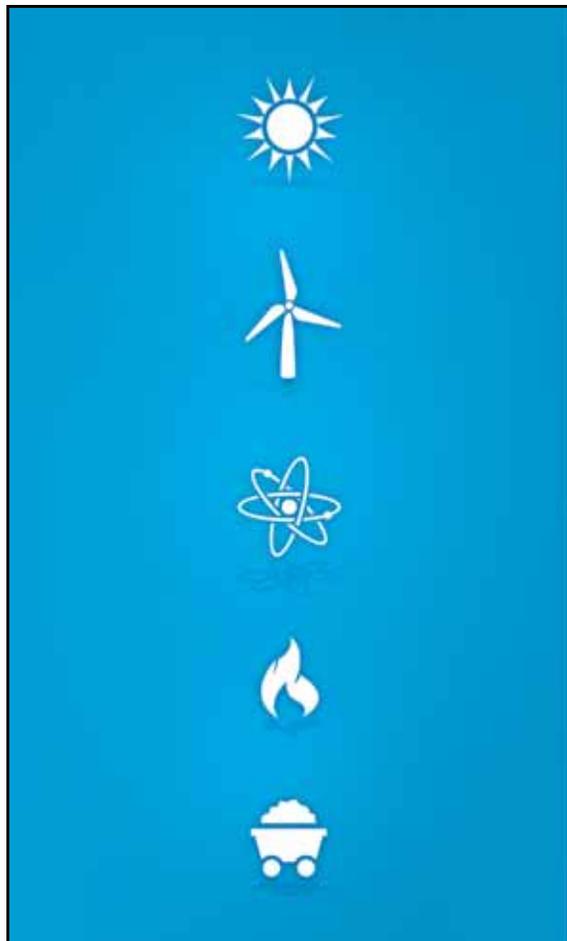
On balance, however, Republicans through their breakthrough in the 2010 midterm elections put themselves in a strong position to control the House and a majority of state legislatures

for years to come. The upcoming elections in Virginia and Mississippi will show if the GOP can maintain its momentum.

**RF**

*Lou Cannon is a former reporter for the Washington Post and biographer of President Ronald Reagan. He is currently a columnist and editorial advisor to State Net Capitol Journal, where this analysis originally appeared. It is reprinted in the Forum with Mr. Cannon's permission.*

**But in politics, to use the Yogi Berra line, it's never over until it's over, and obstacles remain in the path to assured Republican political control.**



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# *“There is no silver bullet.”*

## In Speech to The Ripon Society, Senator Chambliss Talks about the Gang of Six and the Importance of Bipartisanship in Debt Reduction

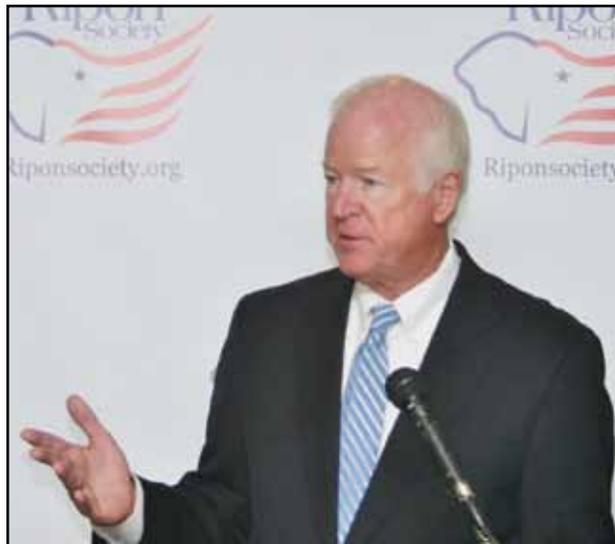
WASHINGTON, DC – U.S. Senator Saxby Chambliss (R-GA) appeared at a breakfast meeting of The Ripon Society on November 8<sup>th</sup>, delivering a speech in which he spoke about his efforts as a leader of the Gang of Six, discussed the challenge facing the Deficit Supercommittee this fall, and stated that the key to reducing the Nation’s debt will not be found with some “silver bullet,” but rather will be the result of bipartisanship and the willingness of Republicans and Democrats to reach common ground.

Chambliss began his remarks by discussing his partnership with Democratic Senator Mark Warner of Virginia, and how conversations between the two during the summer before last resulted in a larger and more comprehensive effort involving like-minded Senators who were interesting in getting spending under control.

“We got to talking about the issue of the debt and the deficit and how everybody seemed to be focused on the November 2010 election and no one seemed to be focused on this issue that is obviously the most important issue of our time right now,” the Senior Senator from Georgia recalled. “So Mark and I said, ‘You know, we don’t know all the details of this issues, and the why’s of how we got here or the way forward, but it might be a good idea if we start to bring some folks in to educate ourselves, and maybe we can expand from two to four to maybe eight

and ten -- which we did.

“We brought in any number of experts from around the country -- folks like Bernanke, and folks like the Bowles-Simpson Commission, economists and financial experts from around the country just to talk to members of the Senate about the issue and the consequences of doing



nothing and the consequences of not doing enough. And our group grew from the two of us to ultimately, at the last meeting, we had 31 members of the Senate -- 16 Republicans and 15 Democrats. And there were others who were part of our group that couldn’t be there that afternoon. This doesn’t mean there were that many people who were ready to raise their right hand and charge the hill and support whatever. But it does show that there was enough level of interest in that many members of the Senate about the issue and that they now understood how serious the issue was and were willing to dialogue

about it.

“In fact, at that meeting that day we decided to go to the floor and just have a colloquy or have folks get up and speak or whatever they wanted to do. Our problem was that we didn’t have enough time for everyone to go down and speak. But that’s a good problem to have for an issue that’s this serious.

What we did was, we had an hour and 15 minutes that day, and we had to limit the number of people that could go down and limit their time, obviously, to a couple of minutes. It did show, number one, that policymakers in Washington understand how serious this issue really is; and number two, that there is no silver bullet and there has to be a bipartisan solution to it. We were willing to talk about it. There was nothing laid on the table that day during the course of the floor debate except that we did talk about the issue and say that

we understood how serious it was and that we look forward to working on it moving forward.”

According to Chambliss, from that bipartisan group of 31 Members of the Senate emerged a smaller group who were charged by their colleagues to come up with a workable solution to the growing debt crisis that both Republicans and Democrats could support. This was the “Gang of Six,” a group that both Chambliss and Warner were a part of, and one that continues to work toward a solution today.

“We did ultimately conclude,” he noted, “after a significant period of time

that \$4 trillion is the absolute minimum number if we're going to show the marketplace that we are serious about getting this debt under control. What are the consequences if you don't? Well, the way things are measured in the financial world is relative to GDP.

For example we know now that our spending relative to GDP is at 25 percent. That is an all-time high. We also know that our revenue relative to GDP is 14 and a half percent. That is what's causing these trillion dollar plus deficits we've experienced the last three years. So we know we have to close that gap. But the number that is more significant to me than those two numbers is the 63 percent of GDP that we currently owe as a public debt. Every economist will tell you when that number relative

to GDP hits 90 percent, then that is the tipping point from which there is no point of return. That is where the Greece's, the Portugal's, the Spain's, the Italy's are either at or headed to. We've got to do something about this now."

**"...our group grew from the two of us to ultimately at the last meeting we had 31 members of the Senate -- 16 Republicans and 15 Democrats. And there were others who were part of our group that couldn't be there that afternoon."**

Recalling the attention and enthusiasm that surrounded the plan ultimately released by the Gang of Six to address this issue, Chambliss said he thought that part of the enthusiasm had to do with the fact that, "...three

Republicans and three Democrats could sit down in a realistic way and come up with some resolution. We agreed on something. We agreed on the revenue side that you had to put revenue on the table. They agreed on the entitlement side that you had to put Social Security and Medicare on the table."

Chambliss went on to add that he and other Members of the Gang of Six had met recently with the Joint Select Committee on Deficit Reduction to discuss the challenges facing the Supercommittee and the limited time frame the panel has to solve them.

"The six guys on our side are all bright and smart," he stated. "They are very capable, and here's hoping they come up with a very good solution." **RF**

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# *“The Secretary shall determine.”*

## Tom Latham Tells Ripon Society Members about the Four Most Dangerous Words in Any Piece of Legislation

WASHINGTON, DC – Iowa Congressman Tom Latham -- who worked as a farmer and small business owner before being elected to the House of Representatives and now serves as Chairman of the Transportation, Housing and Urban Development Appropriations Subcommittee--appeared before a breakfast meeting of The Ripon Society on October 26<sup>th</sup> to discuss the need for regulatory reform in America and a bill he plans to introduce that would provide just that.

“The uncertainty out there is huge,” Latham stated, “But by far, the biggest problem that you hear from small business people is the fact that regulations are totally out of control. It is very, very destructive. You hear it all the time from any small business person. For small businesses today, it costs about \$10,600 per employee to comply with the regulations that are out there. I stopped in at a local banker – at a medium-sized bank – just a few weeks ago, and he brought out two volumes about six inches high – each of them – of new compliance from the Dodd-Frank bill. And he basically says, ‘We’re either going to have to merge or hire more people just to comply with all of this stuff that’s going on.’”

To help address these concerns and ease this uncertainty, Latham

stated that he intends to introduce legislation to reduce the regulatory burden. Among other things, Latham said that his bill would not only require that a cost-benefit analysis be conducted on any new regulation that is proposed, but would also provide for a six month period for



**“The uncertainty out there is huge. But by far, the biggest problem that you hear from small business people is the fact that regulations are totally out of control.”**

post-analysis review and feedback before the regulation is allowed to go into effect. Latham added that the bill would also create a BRAC-like commission to review and repeal onerous and out-of-date regulations, and require congressional approval of any new major regulation that is proposed.

“We have really ceded our responsibility constitutionally to the Administration,” Latham said. “The most dangerous words in any piece of legislation are, ‘The Secretary shall determine.’ That is a killer that basically gives the Administration a free hand to interpret what the intent of any legislation was, and to write regulations that fit their ideas about what should be going on in the private sector, rather than what the reality is. It’s very scary to see people in the Administration who have no experience in the real world who are writing regulations, have their own agenda, and really believe they are much smarter than anyone else. It is the biggest problem we have as far as job creation and getting this economy going.”

Latham noted that he has also introduced ‘The Less Government Act.’ Based on the Lean Six Sigma business concept, the bill would reform government by introducing private sector efficiency principles and

initiatives to the federal bureaucracy. “Everybody understands we have to have services provided by the government,” Latham observed.

“But why not do it in an efficient way that actually makes sense and gets the services out to the people without killing us as far as our debt?” **RF**

The Ripon Society would like to thank the  
 over 90 leaders who took part in our  
**2011 Policy & Politics Dialogue Series**



John Boehner



Mo Brooks



Jeff Duncan



Chuck Fleischmann



Billy Long



David McKinley



Jon Runyan



Steve Stivers



Kristi Noem



Marlin Stutzman



Pat Tiberi



Darrell Issa



Rich Nugent



Tim Scott



Bob Gibbs



Michael Grimm



Jim Renacci



Bill Johnson



Bill Huizenga



Robert Hurt



Tim Walberg



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Kevin Brady



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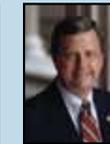
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Mark Udall



Lisa Murkowski



Kevin McCarthy

# Ripon Profile

**Name:** Bill Haslam

**Occupation:** Tennessee's 49th Governor

**What was your first job and what lesson from it sticks with you today?** I pumped gas at one of my father's gas stations. I wasn't very good at it at first, but it taught me the importance of good and genuine customer service. At 16 years old, I also had the chance to work for former U.S. Senator Howard Baker.

**As a businessman, what principles of the private sector have you tried to bring to your job as Governor and instill in the Government of the State of Tennessee?** When you own a business you constantly evaluate if you are offering the services people expect in a customer-focused way and as effectively and efficiently as possible. Also, the most successful businesses employ the best and brightest people. I brought those experiences with me to state government. Setting priorities and measurable outcomes matter. It also matters who you hire. Our administration is accountable to the taxpayers of Tennessee.

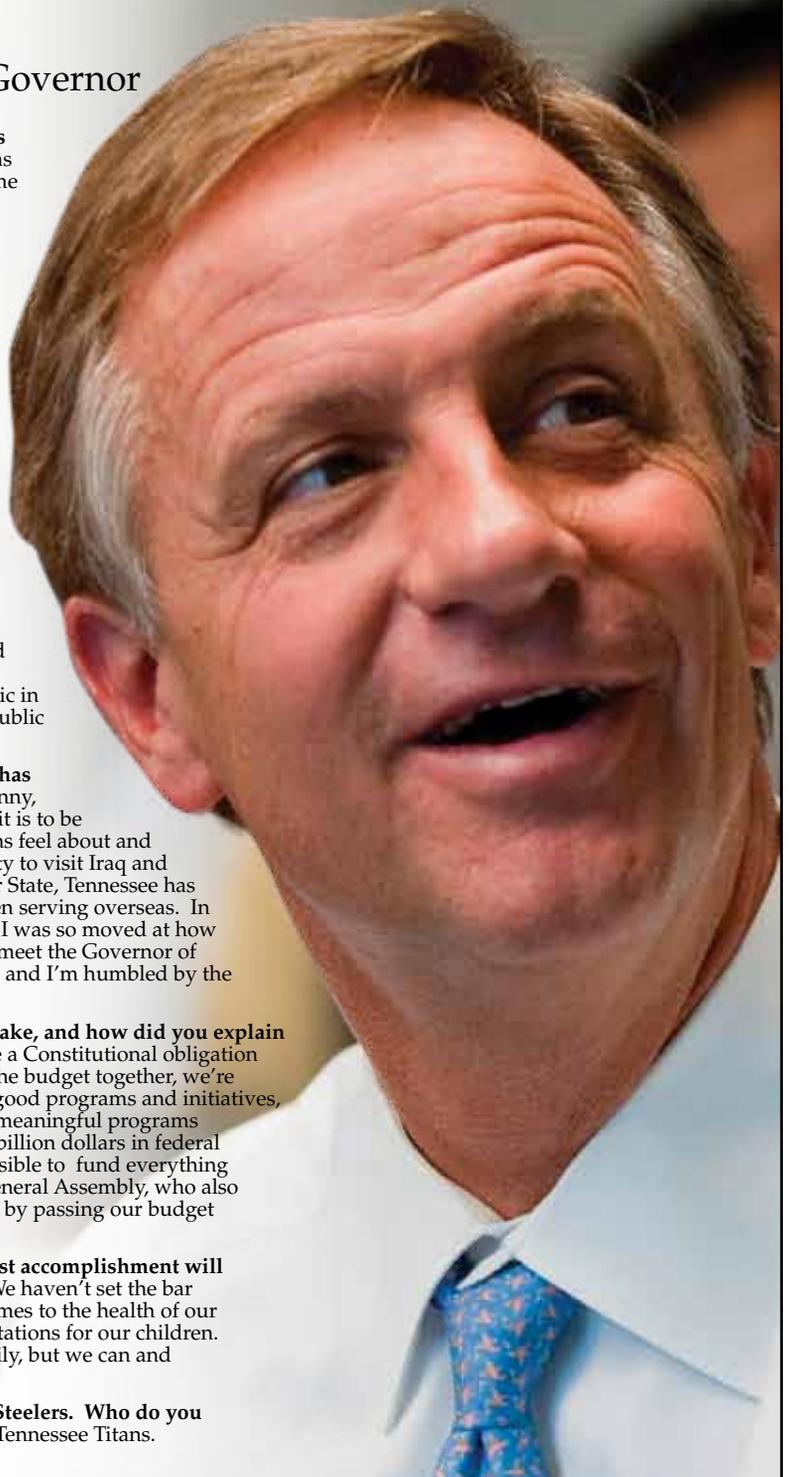
Business owners also look for opportunities to promote their product or services. As Tennessee's governor, it is my job to tell our story, and it's a good story to tell. We are well positioned with low taxes and low debt. In the economic climate we are in taxpayers want their elected officials to be thoughtful and strategic in making budget decisions and to be good stewards of public dollars.

**You've been in office now for almost one year. What has surprised you most about the job?** This may sound funny, but what has surprised me the most is what a big deal it is to be Governor. Not the actual job itself but how Tennesseans feel about and respond to the office of Governor. I had the opportunity to visit Iraq and Afghanistan over the summer because as the Volunteer State, Tennessee has one of the largest contingents of guardsmen and women serving overseas. In having the opportunity to spend time with our troops, I was so moved at how much it meant to them, not to meet Bill Haslam but to meet the Governor of Tennessee. I get the same response as I travel the state, and I'm humbled by the excitement and support of our citizens.

**What's been the toughest decision you have had to make, and how did you explain it to the residents of your state?** In Tennessee, we have a Constitutional obligation to balance the budget each year. When we're putting the budget together, we're usually making choices about funding or not funding good programs and initiatives, not a bad program and a good one. There are a lot of meaningful programs and important services out there, but when you lose a billion dollars in federal funding, like Tennessee faced this past year, it isn't possible to fund everything you want to and balance the budget. However, the General Assembly, who also represents our stakeholders, agreed with our approach by passing our budget unanimously this year.

**When you leave office, what do you hope your greatest accomplishment will be?** I hope that we help Tennesseans to expect more. We haven't set the bar high enough when it comes to education or when it comes to the health of our citizens. Let's aspire to be more. Let's raise our expectations for our children. Tennessee is a great place to live, work and raise a family, but we can and should be even better.

**Finally, your brother is part owner of the Pittsburgh Steelers. Who do you root for when they play the Titans?** Without a doubt, Tennessee Titans.



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