



Corporate Welfare Hoosier-Style

A former member of the Daniels administration tells of a bipartisan love affair over Elkhart electric cars.

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Indiana Policy Review
Spring 2012

I have previously discussed how multiple levels of government work together to provide businesses with taxpayer money.^{1,2} And while Republican policymakers have enjoyed making political hay out of the Obama administration's Solyndra problem, the truth is that both parties are willing partners in the corporate welfare racket.³ The state of Indiana continues to be a perfect example. In March 2010, National Public Radio (NPR) ran a piece on the Obama administration's efforts to "stimulate" the city of Elkhart, which at one point during the recession had the nation's highest unemployment rate. The story was hopefully titled: Electric Vehicles May Energize Elkhart's Future.⁴ This week, the title of a new NPR piece on Elkhart is a little different: As Elkhart's Electric Dreams Fizzle, RVs Come Back. The new piece focuses on the failure of Think, an electric vehicle manufacturer, to deliver upon the promises made by the company and the politicians who gave them taxpayer handouts:

Backed by federal stimulus funding, state development grants and tax credits, Think announced plans to produce thousands of electric cars in Elkhart annually. Other companies lined up to make electric cars and trucks, and their parts, too, as Elkhart County, a place long known for producing gas-guzzling recreational vehicles, set out to jump-start its flat-lining economy with electric vehicles. During his State of the State address in 2010, Indiana Gov. Mitch Daniels said, "Our goal is to be the capital of this potentially massive industry of tomorrow." but two years later, Elkhart's electric buzz has gone all but bust. Two local electric startup companies never got off the ground. Navistar is manufacturing short-range electric delivery trucks, but not yet at the level the company had hoped. and the Think plant has delivered only about 200 electric cars, many of them to government fleets. The parent company, Think Global of Norway, filed for bankruptcy last summer.⁵

That's Republican Gov. Mitch Daniels, the allegedly above-the-political-fray politician who a lot of Republicans and conservatives continue to pine for as the would-be hero to deliver us from big government mr. Obama in November. In December 2010, the Indiana Department of Natural Resources (IDNR) received Think's first 15 electric vehicles. Mr. Daniels stated that "we're proud to be the first customer." according to IDNR's press release:⁶ "Energy Systems Network used a combination of federal stimulus funds and private donations to purchase the vehicles, then donated the vehicles to the state at no cost." That's not good for federal taxpayers. but at no state cost, it's still good for Indiana state taxpayers, right? Well, it turns out that this Energy Systems Network (ESN), which "provides development and coordination for collaborative projects and joint ventures" between Indiana universities and energy related firms (including Think), receives money from Indiana state taxpayers courtesy of the Daniels administration.

From the ESN website:

ESN member institutions provide industry expertise in advanced technology vehicles, distributed power generation, advanced biofuels, renewable energy and energy efficiency. Collectively, they make up a world-class clean-tech cluster with expertise that spans the energy spectrum. ESN is also fortunate to have close working relationships with government agencies and policymakers at the local, state and federal levels. ESN's projects have benefitted greatly from funding and technical support provided by the State of Indiana and its agencies.⁷

The italic text is my emphasis. as it turns out, ESN has friends in high places. Take a look at the résumé of ESN's president and CEO:

Prior to joining ESN, (the president) served in the office of Governor Mitch Daniels as Policy Director for Economic Development, Workforce & Energy. In this capacity he oversaw legislation, policy and program development for the Indiana Economic Development Corporation, Indiana Department of Workforce Development and Indiana Department of Labor, and acted as the Governor's liaison to the Indiana Utility Regulatory Commission and Office of Utility Consumer Counselor. During his tenure with the Governor's Office, (he) also led the formation of and directed the Indiana Office of Federal Grants and Procurement.⁸

As fate would have it, I worked in the Indiana Office of Management and Budget when this fellow was a policy director for Gov. Daniels. Let's just say that it didn't take a genius to see that he recognized the opportunities awaiting him on the other side of the government-business revolving door. Now, I'm absolutely not suggesting that illegal activity is involved here. I just think that people — especially those who view the world through a partisan lens — need to understand that the often-sordid relationship between government and business is not a problem that is unique to either Democrats or Republicans.

Internet Links

1. <http://www.downsizinggovernment.org/obama-and-daniels-team-shovelsubsidies>
2. <http://www.cato-at-liberty.org/stategovernment-business-subsidies-in-the-news/>
3. “both Parties are Willing Partners in the Corporate Welfare Racket”: <http://www.downsizinggovernment.org/gophypocrisy-energy-subsidies>
4. “Electric Vehicles may Energize Elkhart’s Future”: <http://www.npr.org/templates/story/story.php?storyId=124559227&ps=rs>
5. “as Elkhart’s Electric Dreams Fizzle, RVs Come back”: <http://www.npr.org/2012/03/06/147255700/as-elkhartselectric-dreams-fizzle-rvs-come-back>
6. Press release: http://www.in.gov/activecalendar/EventList.aspx?view=EventDetails&eventidn=35730&information_id=71599&type=&syndicate=syndicate
7. Website: <http://www.energysystemsnetwork.com/partners>
8. Paul mitchell: <http://www.energysystemsnetwork.com/esn-staffmembers>