



# LINCOLN JOURNAL

THE LINCOLN INSTITUTE OF PUBLIC OPINION RESEARCH, INC.

FALL 2003

## www.patownhall.com

*Lincoln Institute launches 'Pennsylvania's Marketplace of Ideas'*

The Lincoln Institute of Public Opinion Research, Inc. has spearheaded development of a new web site unifying public policy research conducted by a wide range of free market organizations throughout the state into one site on the worldwide web.

Patterned after the Heritage Foundation's highly successful [www.townhall.com](http://www.townhall.com) site indexing national organizations, [www.patownhall.com](http://www.patownhall.com) presents the current work of Pennsylvania-based groups. Policy papers, polls and surveys, opinion columns, and news releases from member groups are available on [www.patownhall.com](http://www.patownhall.com).

"The Internet has become the tool of choice for researchers, public policy makers, journalists, political operatives, and citizen activists," said Lowman S. Henry, Chairman & CEO of the Lincoln Institute. "Our new web site [www.patownhall.com](http://www.patownhall.com) makes the job of finding the latest state-level free market policy, polling, and opinion materials easy to find by consolidating it on one site.

Among the organizations whose work is posted on [www.patownhall.com](http://www.patownhall.com) are the Pennsylvania Manufacturers' Association, the Commonwealth Foundation for Public Policy Alternatives, Pennsylvanians for Right to Work, the Allegheny Institute for Public Policy, the Susquehanna Valley Center for Public Policy, the Shenango Institute for Public Policy, the Pennsylvania Family Institute, the Lincoln Institute of Public Opinion Research, Inc. and Citizens Against Higher Taxes. More member organizations will be added over the coming months.

In addition to participating organizations, [www.patownhall.com](http://www.patownhall.com) carries opinion columns by a number of conservative authors including: "Somedays" commentaries by Al Paschall, Lowman Henry's "Keystone Commentary," regular columns by Ralph Reiland of Robert Morris College, education columns by David Kirkpatrick of the U.S. Freedom Foundation, and

opinion columns by WILK Newradio talk show host Barrie Singer.

The web site also provides hot links to audio of the Lincoln Institute's weekly public affairs radio program, Lincoln Radio Journal; a link to video of Behind the Headlines, a weekly public affairs television program produced by the Susquehanna Valley Center and the Commonwealth Foundation; a link to the *PMA Bulletin* which is published each week the state legislature is in session; and a link to the *Insider*, a political newsletter written by veteran journalist Al Neri.

A key component of the new web site is a weekly reader poll on issues making headlines. For example, during the California recall election readers were asked whether Pennsylvania should

have a system of recall and referendum similar to that in the Golden state. Seventy percent of respondents said they did not want to see California-style recall in Pennsylvania, while 29% would like to have recall rights.

The [www.patownhall.com](http://www.patownhall.com)

poll also asked readers to weigh in on the effect of the North American Free Trade Agreement (NAFTA). Only 27% felt NAFTA has been a benefit to the U.S. economy and should be kept in place, while 70% felt the agreement has harmed the economy and should be repealed. In early October, readers were asked who was responsible for legislative gridlock in Harrisburg. Seventy-four percent blamed Senate Republicans for the stalemate, 15% blamed the House GOP, and 7% blamed Governor Ed Rendell.

Other features on the new web site include Al Bienstock's Right Wing Limericks, and book reviews by Leslie Carbone.

"This new web site is yet another way for those involved in protecting our free market liberties in Pennsylvania to reach out to a broader audience," Henry concluded. "It is our hope that [www.patownhall.com](http://www.patownhall.com) becomes one of those 'favorite sites' people check every day."



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Taking the Pulse

of Pennsylvania Since 1993

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### Front page photos:

*The Point in Pittsburgh by Jeff Greenberg;  
The Capitol Building in Harrisburg;  
City Hall in Philadelphia by Jim McWilliams.*

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# LINCOLN LOG

## PA Business Climate 17<sup>th</sup> Most Friendly

Pennsylvania has been ranked the 17<sup>th</sup> most business friendly state in the nation according to the Small Business Survival Committee's (SBSC) 8<sup>th</sup> Annual Small Business Survival Index.

The Keystone state trailed South Dakota, Nevada, Wyoming, New Hampshire, Florida, Texas, Tennessee, Washington, Michigan, and Mississippi which comprised the top ten most business-friendly states. The District of Columbia and Hawaii were rated as the least business-friendly states in the nation.

The index rates states according to their respective policy climates for small business and entrepreneurship. The index analyzes 21 major government-imposed or government-related costs affecting small businesses such as personal and business tax rates, property taxes, as well as electricity and health care costs.

The entire report is available at [www.sbsc.org](http://www.sbsc.org).

## Suburbanites to Pittsburgh: Drop Dead

A poll conducted in September by the Pittsburgh *Tribune-Review* found suburban residents of Allegheny County unwilling to pay much to help the City of Pittsburgh survive its current budget crisis.

As the city teeters on the brink of bankruptcy, the *Tribune-Review* poll found most suburbanites don't believe Mayor Tom Murphy and the city council have done enough to get their fiscal house in order.

The newspaper poll revealed that two-thirds of city residents are in favor of increasing occupation privilege taxes from \$10 to \$52, but over half of suburban voters participating in the poll said they would not support higher taxes.

The poll also found suburban Allegheny County voters (35%) more concerned over high taxes than city voters (13%). City residents expressed more concern over jobs and the economy.

Complete results of the *Tribune-Review* poll can be found at [www.Pittsburghlive.com](http://www.Pittsburghlive.com).

## Gallup Confirms Liberal Media Bias

A survey taken in September by the Gallup Organization found that 45% of Americans view the news media to be too liberal, while only 14% say the media is too conservative.

Conservatives tend to view the media as being overly liberal more than liberals think the media is overly conservative. Sixty percent of self-described conservatives say the news media is too liberal, while only 30% of liberals say the media is too conservative.

The Gallup poll found that 40% of Americans nationally identify themselves as being conservative, while only 20% admit to being liberals.

When it comes to having trust in the news media, 50% of conservatives view the media as credible, while 56% of liberals and 58% of moderates have a high degree of trust in mainstream media reporting.

Complete poll results can be viewed at [www.gallup.com](http://www.gallup.com).



*The Lincoln Institute is a 501(c)3 non-profit, non-partisan educational foundation. It neither endorses nor opposes candidates for public office or proposed legislation at any level. Donations may be fully tax deductible as a charitable contribution.*

## EMS on Life Support

*Could you have your heart attack tomorrow, we're busy today!*

What would you do if you dialed 9-1-1 and got a recording saying: "We're sorry due to budgetary restraints we are unable to save your life today"?

That could be a very real scenario in Pennsylvania unless strong and dramatic action is taken to address a crisis in funding facing emergency medical providers throughout the state – at least those still in business. While attention has been focused on the medical malpractice insurance crisis, 67 ambulance organizations have quietly closed their doors in Pennsylvania over the past year.

In the wake of the September 11, 2001 terrorist attacks the spotlight rightly fell on the critical role played by fire and police departments. The federal government and many states, including Pennsylvania, took steps to improve investment in these services as part of the effort to improve homeland security. Somehow, emergency medical services – the companies that run the ambulances that respond to your 9-1-1 call – got left behind. According to South Central Emergency Management Services, only \$3 million of \$25 million appropriated in the state for emergency services in 2003 will go to EMS providers.

Funding for emergency medical services (EMS) is a problem that has been brewing since the 1970s and is now rapidly approaching the crisis point. Piles of new regulations have made it more difficult for individuals to qualify for EMS crews. As a result, fewer and fewer people can invest the time and money in the training required to serve on an EMS crew on a volunteer basis. This trend toward paid crews has dramatically increased the cost of providing emergency medical care.

There was a time when most emergency medical responders were affiliated with your local volunteer fire department. Now, 70% of the more than 950 ambulance companies operating in Pennsylvania are independent organizations not officially affiliated with any fire department. As a result, most of the money approved for distribution to emergency services in the wake of the terrorist attacks never made it into the coffers of EMS organizations.

The Federal government has contributed to EMS funding woes by failing to increase reimbursements since 1989 for Medicare and Medicaid patients, those low income and elderly individuals who make frequent use of emergency medical services. Of course, the cost of providing service has increased dramatically over the past 15 years, leaving EMS companies scrambling to cover costs.

Add to all this the increased cost of real estate for housing ambulance companies, skyrocketing equipment costs, and the out of sight increases in medical malpractice and other insurance, and

you have the making of a major financial meltdown.

To make matters worse, EMS organizations tend to be forgotten by government at all levels. Most logical support for ambulance companies would come from municipal governments. And in fact, cities, boroughs, and townships do tend to be the most supportive level of government. However, their financial commitments fall woefully short of what is needed, and often is far less than that provided to firefighters.

With the trend in emergency medical services strongly toward consolidation, counties are being looked at as a part of the solution. Since counties already operate 9-1-1 emergency management systems they are the logical level of government to be major players in a new paradigm for providing emergency medical services.

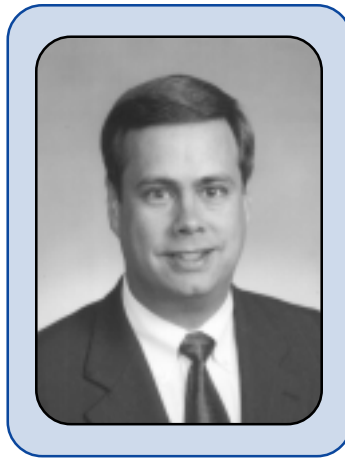
No tax reform is on the horizon from Harrisburg, so counties are left with no way other than to raise property taxes to cover the growing costs of such services. The largest portion of a

property owners' tax bill goes to fund government education, so most property owners are experiencing big property tax increases from their school district and can ill-afford higher county taxes.

The big problem lies at the state and federal levels. It is the state and federal governments that have burdened local EMS providers with regulations and mandates to the point they have become financially insolvent. At the same time, state and federal reimbursements and grant programs have not kept pace with the rising costs of providing emergency medical service. The state, meanwhile, has handcuffed county and local officials by failing to pass any sort of meaningful tax reform to allow local governments to deal with the problem on their own.

It all gets back to the central mission of government. Governments at all levels have gotten off track by implementing a wide range of programs and services aimed at pleasing politically noisy constituencies while failing to adequately fund those activities that truly belong in the public realm. Defense and public safety are the core functions of government – and in Pennsylvania at least, government is failing to adequately address the needs of the emergency medical services community.

Something needs to be done and soon – before there is nobody left to answer the call when a medical emergency strikes.



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## The 'Insensitive' Cop *Somedays that tough exterior pays off*

Sensitivity training is a favorite phrase in big organizations these days. People learn things like how to understand the opposite gender in the workplace, the kinds of jokes you can't tell, even the perspective you should use in looking at people in this enlightened age.

It seems to work. Some find politically correct language easier to deal with even if you can't tell the 'did you hear the one about?' jokes any more. In some jobs sensitivity training might come in downright handy.

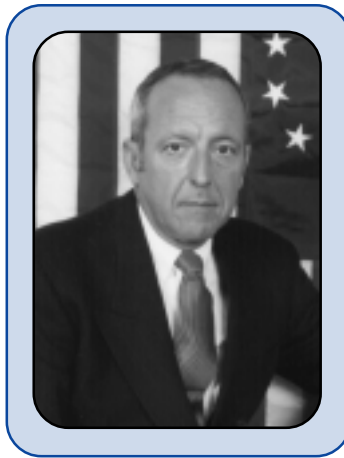
Imagine that one of the high notes of your job is to stop speeding cars on remote highways in the middle of the night. You get to walk alone up to a car that might have a few armed drunk or drugged people in it. Help is likely to be miles away. You'll want to understand everybody in that car very quickly.

There's nothing funny about going to a rural home to investigate a domestic dispute that was called to your attention when neighbors heard gunfire. If you have to call the families of dead people that you have scraped out of wrecked vehicles, especially the ones that were drunk, you might need to maintain some perspective.

These are some of the 'sensitive' things that we pay some 4,500 members of the Pennsylvania State Police to deal with every day. From Lake Erie to the Delaware River state troopers have the responsibility of patrolling the state's highways and act as local law enforcement in several hundred rural communities. They are charged with inter-municipal jurisdiction all over the state including running the state's anti-drug undercover network. For fun they get to stand around shopping malls on weekends teaching new parents how to hook up the baby seats in their mini-vans while begging people not to drink and drive.

There have been some serious accusations of sexual abuse within the state police ranks. In addition to one heinous conviction

the accused look like they are shaping up to be about 1/10 of 1% of the force. Any thought of abuse is absolutely unacceptable in any police force but in some of the published cases some ill-timed, bad locker room humor seems to be just that. Colonel Jeff Miller, appointed commissioner of the state police this year, has promised to end abuse and enforce zero tolerance harassment policies. He personally recommended an outside review of any accusations.



Everything in his reputation indicates he's a guy who gets the job done. He deserves every chance and the time to do that. Whatever his success in the short term, the political class will demand more sensitivity training for the troopers. They'll be forced to sit through it, though the veterans long ago learned most of the politically correct lessons the hard way.

Sometimes though all of the sensitivity training will fail. A cop might be testy if he has to get out of his cruiser at night on a busy highway

during one of the summer's worst storms to find a teenager standing in front of his disabled car in the passing lane. He will sound insensitive when he yells at the kid to get back in the car right away as the trooper pushes it off the road.

Someday I'd like to find the insensitive state cop who did that to my son a couple of months ago on the turnpike and tell him exactly what I think of that bit of attitude, the one that probably averted disaster.

Whoever you are: thank you, thank you very much.

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## Right-Wing Limericks

by Al Bienstock

[www.rightwinglimericks.com](http://www.rightwinglimericks.com)

### EARLY RETIREMENT

Gray Davis once had aspirations  
Of leading this greatest of nations.  
But now in his own state  
He's been given the gate  
And he'll have time for long vacations.

### BACK TO THE FUTURE

To the press, Wes Clark's prone to cavil  
About news he believes in time travel.  
Each day he's flakier,  
His campaign's shakier.  
Clark's campaign's begun to unravel.

## PA Banking Landscape is Changing

*Acquire or be acquired is the new Golden Rule*

Over the last five years, the community-banking sector has been one of the best and most consistent investments available in the stock market during a very turbulent time. One of the unique characteristics of the community bank stock is its ownership characteristics. Historically, the community bank has a higher percentage of individual investors owning shares than most any other sector. Many of these investors have a relationship with these financial institutions. They could be depositors, small business loan clients, mortgage holders or trust account holders.

Also, many local banks offer employees stock purchase programs, which boost insider ownership. The reason for the good performance has been the market share gains of the community bank vs. their larger counterparts. Increased market share in consumer, small business and mortgage lending, with the addition of fee income generation has enabled these smaller financial institutions to post consistent double-digit growth in profits. Additive over the years has been the theme of an inevitable consolidation of banks.

Consolidation in the banking sector in Pennsylvania started years ago when the Pennsylvania legislature allowed contiguous county acquisitions. In the convening years the Pennsylvania banking scene has changed significantly. Gone are names such as First Pennsylvania, Girard, National Central, Commonwealth National, Fidelity, PSFS and American Bank. Frankly, the list is almost endless, and I am sure some of you could name some that I have long forgotten.

Over the past two years, merger activity slowed down nationwide, as well as in Pennsylvania. We suspect this was a side effect of the slow economy and an uncertain outlook. This may be changing, as the future looks brighter and economic growth returns.

In August, the landscape of Pennsylvania had some big changes. One Pennsylvania bank was acquired by an out of state bank, while two Pennsylvania banks made significant acquisitions of out of state banks. Both were good acquisitions, but more importantly may be a prelude of more deals to come.

FleetBoston Financial, the 7<sup>th</sup> largest U. S. bank, headquar-

tered in Boston, MA, acquired the 21 branches of Progress Financial headquartered in Blue Bell, Pennsylvania. Fleet stated that they would still be in the acquisition hunt after Progress, which was definitely a new path for them that many investors had not anticipated. Fleet had not done an acquisition since March of 2001.

PNC Financial, which has disappointed their investors for years, acquired United National Bank of New Jersey (UNBJ). The message here was quite clear: grow, or be taken over. Because of their rocky past, PNC's management must demonstrate their availability to grow their franchise. Acquisitions have not been a part of PNC's game plan for years, but it seems probable that this New Jersey acquisition will not be their last.

Lastly, Fulton Financial of Lancaster, acquired Virginia Beach, Virginia based Resource Bankshares. The Virginia market has been an acquisition target of Fulton for the last year. With one under their belt, a synergistic second or third

should follow in due time.

Added to all of this August activity, in September Citizens Bank of Rhode Island acquired Thistle Group, the holding company for Manayunk Bank. They will quickly add this to their Commonwealth Bank of Norristown acquisition, completed in 2002 and their Mellon retail branch acquisition of 2001. We expect Citizens will continue to grow their presence in Pennsylvania as well as in the Mid-Atlantic area.

For Pennsylvania banking, change is inevitable, a few will keep buying to protect their franchises value and more will be sellers putting their franchise names in the lost but not forgotten category. All the while, the shareholder will continue to prosper either by being beneficiaries of consistent growth, or by being acquired by a bigger fish.

*(Note: Emerald Advisers is the manager of the Emerald Select Bank and Finance Fund, a mutual fund that invests in many small community banks in Pennsylvania and nationwide.)*

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*Pennsylvania's Marketplace of Ideas*

## More 'Takers' Than 'Makers'

*PA losing 140 manufacturing jobs each day*

Between December 2000 and June 2003, the United States lost 2.7 million manufacturing jobs, or about 3,000 jobs per day including weekends and holidays. Pennsylvania alone lost 126,100 jobs during that period, about 140 a day – every day.

Nary an eyebrow was raised by politicians, economic pundits, the news media or the business community about these losses. But now that congressional and presidential elections are nearing, politicians suddenly are taking note of the nearly three million American families who have been victims of downsizing.

President Bush recently suggested that a manufacturing czar be created, an assistant secretary of commerce for manufacturing. Sadly, this gesture is calculated more for the news media than for manufacturers. As a former assistant commerce secretary told me, "Let's put it this way, assistant secretaries don't cause much of a stir."

Manufacturing jobs – such as building cars, making clothing, and assembling appliances – are the best paying jobs, as a class; they spin off three to seven jobs for each one created. But how important are they to our national future?

Politicians, enthralled with "hi-tech," "bio-tech" and something called the "new economy," condescendingly refer to the remaining industrial base as the "old economy."

In Pennsylvania, the employment growth sectors are in government and businesses related to health care. There are, for the first time, more government employees – state, federal and local – in Pennsylvania than there are manufacturing workers, 770,000 compared to 730,000. There are now more "takers" than "makers" here.

Governor Ed Rendell, hoping to jump start the state's economy with taxpayer dollars, has said it would take only one Microsoft to accomplish that feat. But how many Microsofts will there be, and why would that mythical source of economic salvation locate in a state with high business tax rates, a shrinking labor pool, an abysmal government education system and a stagnant, aging and increasingly dependent population?

Our state lawmakers can do little to deflect the blows being felt by manufacturers throughout Pennsylvania, although they may help soften some of them by lowering taxes and creating a more viable work force. The state's shrinking congressional delegation

will play a much more important role in helping solve the manufacturing exodus.

Years of federal sloganeering about "free trade" and globalism led to trading agreements such as the General Agreement on Tariffs and Trade and North American Free Trade Agreements, along with membership in the World Trade Organization. As with all political agreements, the devil was in the details.

"Free trade" did not turn out to be "fair trade." Foreign government subsidies, third world salaries, the absence of lawsuit abuse, and a lack of any of the rules and regulations thrust upon American manufacturers by our government, gave foreign competitors a strong upper hand. They have played that hand extremely well, along with manipulating their currencies to make balanced trade impossible.

American companies, even those inclined to compete domestically, are being devastated by the overwhelming economic advantage of their so-called trading partners.

The current trend means manufacturers will continue to produce fewer goods and less wealth domestically. It means a decline in sustaining wages for families and, ultimately, the gutting of the American middle class, the group politicians, at least in election years, refer to as the "backbone of our economy."

U.S. policy makers – and citizens – must consider the not-so-long-term implications of our nation's vanishing industrial base in terms of family-sustaining jobs, long-term unemployment or underemployment, defense policies, and the creation of domestic wealth.

Like world peace and international brotherhood, free trade is a good thing. But for now, fair trade is better. Governments, foreign and domestic, are at the heart of this "free or fair trade" dilemma. It seems the creators of the problem are the only ones powerful enough to develop a cure.



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Lincoln On-Line: [www.lincolninstitute.org](http://www.lincolninstitute.org)

## Pittsburgh's Financial Crisis:

### *What the state should do*

Defenders and excusers of Pittsburgh's financial troubles have tried over the last few years to pin the problems on a variety of groups, including tax-exempt non-profits, businesses that are exempt from the Business Privilege Tax (BPT), non-residents of the city who utilize services but don't pay for them, and the lack of support from the Commonwealth of Pennsylvania. As we will show, these claims are demonstrably untrue.

When it comes to non-profits, from 1993 to 2003, the assessed value of all tax-exempt property as a share of total assessed value in the city fell from 34% to 33%. During the period total assessed value rose 63% and taxable property value increased 65%. Meanwhile, the non-profit assessed value moved just 55% higher, which means the share of total value represented by non-profits fell over the period.

Moreover, the fastest growth in tax-exempt property was created by the construction of two new stadiums and a convention center, including the shifting of huge amounts of land and structures off the tax rolls to accommodate the new construction. Combined, the new structures represent a \$775 million increase in tax-exempt assessed value above that of the demolished structures.

In terms of the Business Privilege Tax (BPT), the argument that too many of the city's big companies are exempt from the business privilege tax is a red herring. Those exemptions were adopted by the legislature decades ago in order to encourage business expansion. These companies have invested in the city because of the exemptions. While the exemptions might have been inadvisable public policy when they were enacted, they have been in place a long time and investments have been carried out with the understanding that the company would be exempt from the BPT. Eliminating the exemption now would be punitive and represent a breach of trust.

More importantly, removing the exemption could well start an exodus of companies and jobs from the city. In addition, this removal would require a lot of legislative hearings as to whether the manufacturing and financial exemptions could be eliminated for just one municipality. In the event the removal has to be statewide, it could lead to very undesirable results across the Commonwealth.

Another favorite sound bite of the city's defenders is that commuters, visitors and suburbanites are not paying their fair share toward meeting the city's operating costs. Again, this is completely wrong. Last November, the Allegheny Institute produced a conservative estimate of the amount of tax revenues the city receives directly and indirectly attributable to commuters, visitors and suburbanites. Using information from 2001, which was the latest complete

set of required data at the time of our calculations, we determined that commuters, visitors and suburbanites accounted for \$108 million of Pittsburgh's tax collections. That amount of revenue would have paid for almost two-thirds of the city's 2001 public safety expenses – the service the city's defenders argue the visitors should help pay for.

Since most visitors are in the city a third of the day or less and account for very small percentage of police and fire calls, they are more than covering their fair share of the Pittsburgh's public safety costs. Our estimate includes parking taxes, amusement taxes, occupation privilege taxes, the Regional Asset District (RAD) tax, and the prorated share of property and business privilege taxes paid by firms whose business operations depend on hiring or selling to non-Pittsburgh residents—businesses that would not exist at their current levels without the large numbers of people who come to the city each day.

As far as the assertion by city officials that the Commonwealth has failed to help is concerned, the facts show the exact opposite is true. The state has been extremely generous, although not wisely so, in providing \$150 million for two stadiums and \$174 million to date for the new convention center. It should also be mentioned that the convention center has already cost \$100 million more than the original budget of \$269 million. No wonder the city and its authorities are always crying poor. They cannot control themselves when it comes to spending the taxpayers' money and can therefore never get enough.

And lest we forget, it was the state legislature that passed the RAD enabling legislation to help the city. The legislature also passed the Regional Renaissance bill that increased the allowable hotel tax in Allegheny County to support the new convention center and called for a referendum on a local half percent sales tax in 11 counties to help fund new stadiums. All this was done in very large part to assist the city. Now we are being told if the legislature will just allow more taxes the city will solve its problems.

The evidence is very clear: insufficient tax revenue in Pittsburgh is not the problem. The problems can be traced to the city's failure to rein in public safety and other categories of spending along with its total disregard for the many recommendations that have been made to address its difficulties. Public safety spending

Continued on page 16



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# Economic Recovery?

## Survey finds turn-around yet to take hold in Pennsylvania

Despite conventional wisdom and national statistics pointing to an upsurge in the U.S. economy, major employers in Pennsylvania say the state's business climate continued to deteriorate over the past six months as both sales and employment levels dropped.

Thirty-three percent of the chief executive officers responding to the Lincoln Institute's Fall 2003 Keystone Business Climate Survey said business conditions in the state had gotten worse over the past six months compared to just 15% who felt the commonwealth's economy had improved. The remaining 50% said business conditions have remained relatively unchanged since last spring.

"Although the numbers do not indicate a dramatic turn-around in the state's economy, they are more positive than those reported by business leaders in the March survey," said Lowman S. Henry, Chairman and CEO of the Lincoln Institute. "In the spring survey, 55% of the CEOs said business conditions in the state had deteriorated over the preceding six months. That number has dropped to 33% in the current survey. Meanwhile, the number of employers saying business conditions are stable has risen from 46% last spring to 50% today."

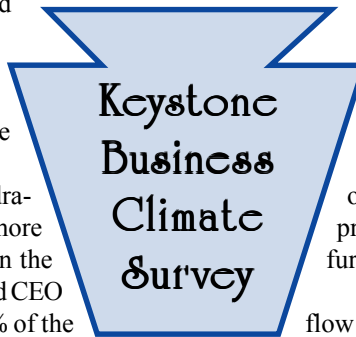
Employers are also beginning to temper their optimism over the future course of the state's economy. A plurality, 41% expect business conditions to remain about the same over the coming six months, while 35% expect conditions to improve. In the spring survey, 44% felt the coming six months would hold an improving economy.

Declining sales may be driving the growing sense that Pennsylvania's business climate has become stagnant. Thirty-five

percent of the major employers said sales at their company have dropped over the past six months compared to the 27% reporting increased sales. Most, 47%, predict sales at their firm will remain constant over the coming six months, while 36% say sales will increase, and 14% are predicting further erosion in sales.

The drop in sales has produced a decline in employment opportunities. Thirty-four percent of the companies responding to the Keystone Business Climate Survey say they have lowered the number of employees at their company while 25% report increasing their employee roster. Thirty-nine percent said the number of people they employ remained constant over the past six months. Looking ahead, 24% are predicting they will add employees, while 20% expect further job cuts.

Pennsylvania also continues to experience a slow flow of jobs and operations to other states. Four percent of the respondents say they moved some of their operations elsewhere, while 2% said they moved production into Pennsylvania. More ominously, 22% of the major employers say they may consider moving some or all of their operations out of Pennsylvania over the coming six months – up from the 18% who said they were considering such moves last spring.

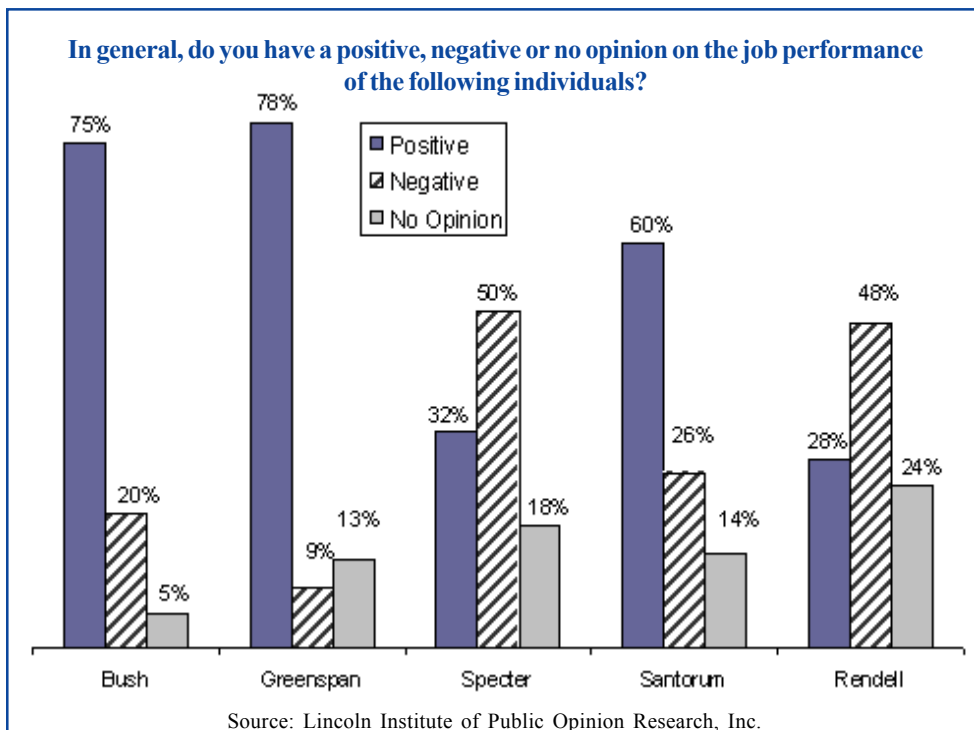


### Job Approval Ratings

The slow pace of the economic recovery nationally coupled with the summer-long gridlock in Harrisburg has taken its toll on the job approval ratings of several key political players.

Governor Ed Rendell was the hardest hit as his positive job approval rating from the state's biggest employers dropped by 10% since last spring – down to just 28%. His negative rating jumped dramatically from 32% in March to 48% in September. The business chieftains also expressed growing dissatisfaction with the job performance of the state legislature. Approval of the job being done by the state Senate dropped 10% to a 30% positive rating. The Senate's negative rating went from 29% in March to 46% in the current survey. On the House side, the chamber's positive rating dropped 8% to 33%, while its negative rating went up by 17 percentage points to 43%.

The other statewide official to see a major decline in his approval ratings was U.S. Senator Arlen Specter. The state's senior Senator has never polled strongly with the state's major employers. While his positive job approval rating went up 1% to 32%, Specter's negative rating jumped 11 percentage points



to 50%. The significant increase in the senator's negative ratings is likely the result of aggressive campaign challenges being mounted from Congressman Pat Toomey in the upcoming Republican Primary, and Democrat opponents Congressman Joe Hoeffel and Lancaster businessman Charlie Crystle. By contrast, U.S. Senator Rick Santorum's positive rating improved by 1% in the current survey to 60% positive against a 26% negative rating.

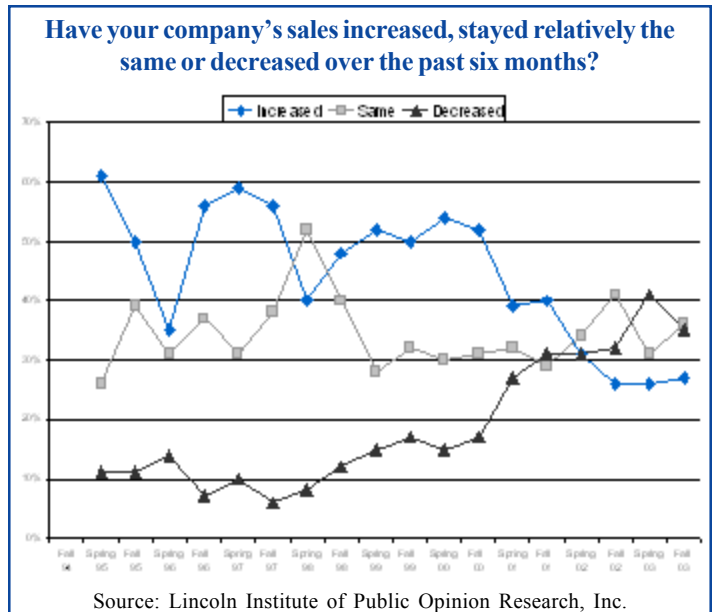
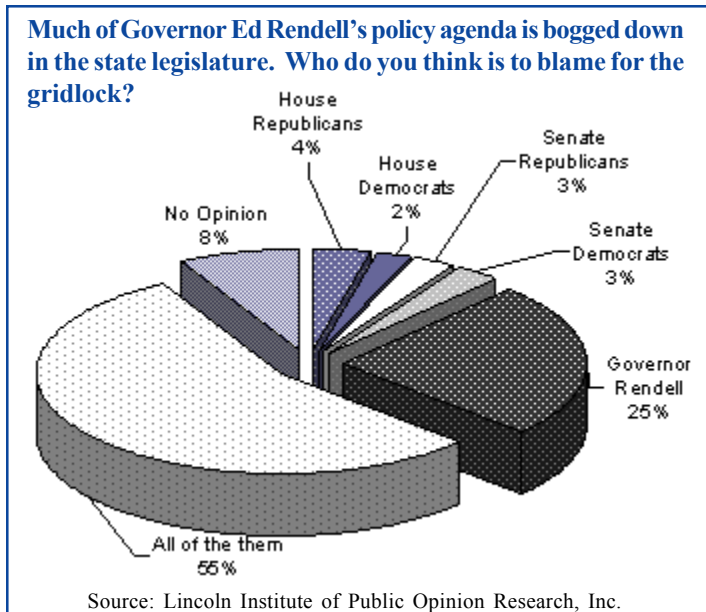
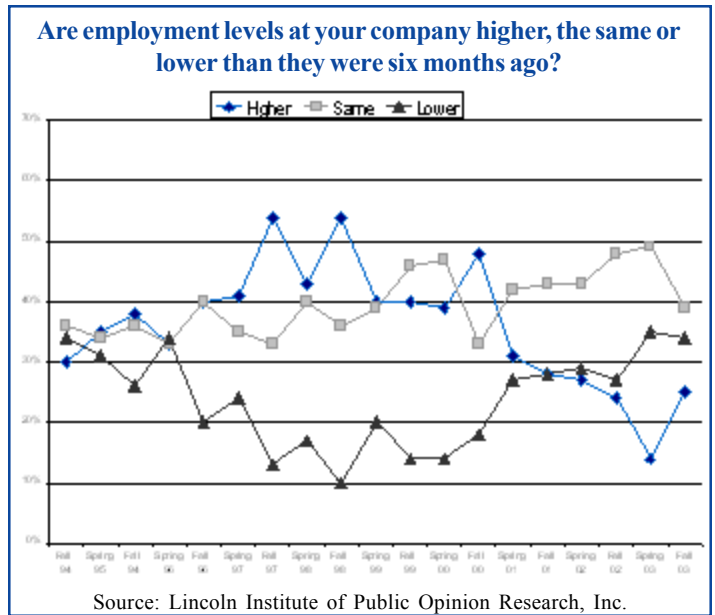
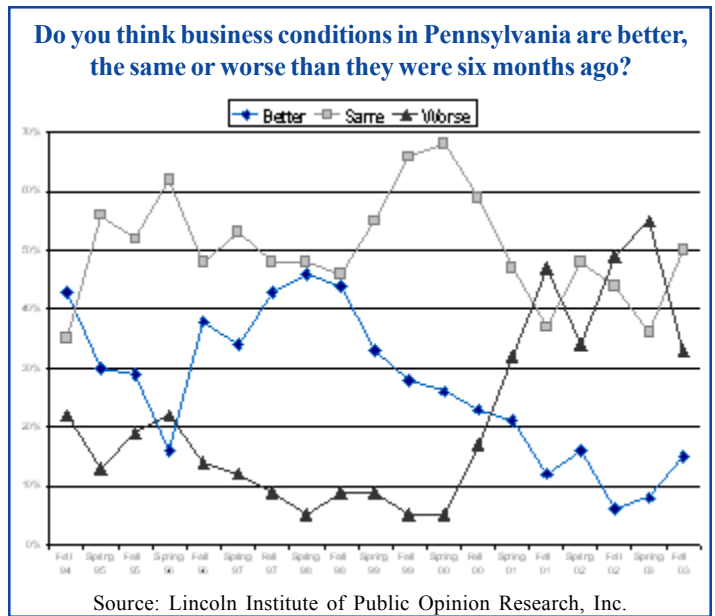
President George W. Bush's job approval rating backed off 8% from his Iraq war high of 83% registered in the spring survey to 75% in the current survey. But, Federal Reserve Board Chairman Alan Greenspan got a vote of confidence for his role in handling the U.S. economy as his positive job approval rating among Pennsylvania's major employers increased to 78%, up 2% from last spring. Positive ratings for the legislative branch of the federal government slipped by 4% for the Senate, and 6% for the House. Employers gave the United States Senate a 35% positive rating, while 52% hold a negative view of that body. The U.S. House of Representatives fared better with 47% holding a positive view of that chamber against a 39% negative rating.

### Issues

Governor Ed Rendell has been unable to build support among the state's major employers for his key proposals to overhaul the state's tax system. Seventy-eight percent of the chief executive officers surveyed by the Lincoln Institute opposed his plan to increase the Personal Income Tax (PIT) from 2.8% to 3.75%. Of that number, 66% said they strongly disagreed with the plan.

The CEOs also registered, but by a narrower margin, their disapproval of the Governor's plan to cut property taxes by shifting the tax burden to state-levied income taxes. Forty-nine percent said they opposed cutting property taxes and replacing the revenue with \$1.5 billion in additional state subsidies. Forty-five percent said they agreed with that proposal.

There was, however, support for Governor Rendell's efforts to allow the placement of slot machines at race tracks in Pennsylvania. Sixty-one percent said slots should be allowed at tracks while 36% were in opposition. Support for slots eroded when the component of licensing casinos in Pittsburgh and Philadelphia was added into the equation. Forty-nine percent said they would sup-



port more gambling with casinos in the mix, while 46% said they opposed legalization of casinos.

The gridlock which gripped Harrisburg over the summer and into the fall has contributed to a generally disaffected mood among participants in the Keystone Business Climate Survey. Who is to blame? Fifty-five percent blamed everyone in Harrisburg – the governor and the legislature. However, an additional 25% said Rendell was at fault for the lack of progress, while 6% blamed the Senate and 6% blamed the House of Representatives.

Despite the gridlock, Pennsylvania’s largest employers are not yet ready to embrace California-style recalls. Fifty-seven percent said they would not like to see a system of recall similar to that in California, while 33% said they would like Pennsylvanians to have recall and referendum rights.

Overall, the corporate leaders remained focused on key issues impacting business. Thirty-three percent said the economy and jobs are the most important issues facing Pennsylvania today, another 32% cited taxes and the state’s unfriendly business climate as their major concern. Health care was listed as the most important issue by 13% of respondents, and another 13% listed government waste as a concern.

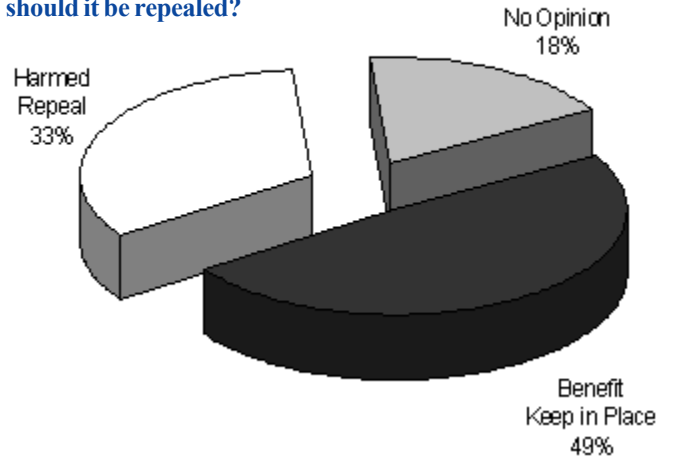
The debate over whether or not free trade agreements like the North American Free Trade Agreement (NAFTA) are beneficial drew a divided response from the CEOs. Forty-nine percent thought NAFTA has been beneficial and should be kept in place, by 33% feel it has harmed the U.S. economy and should be repealed.

Looking ahead to next year’s hotly contested election for a U.S. Senate seat from Pennsylvania, 46% of the Republicans taking the survey said they would vote for Congressman Pat Toomey in the April Primary while 31% registered support for incumbent Arlen Specter. Twenty-three percent said they remain undecided.

### Methodology

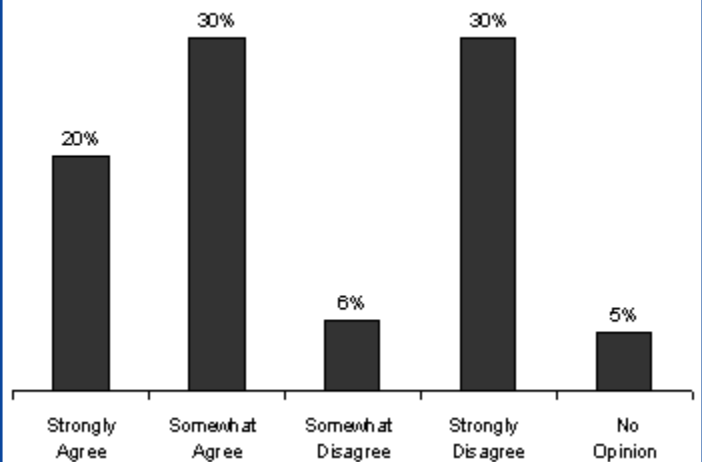
The Fall 2003 Keystone Business Climate Survey was mailed on September 12, 2003 to 4,000 businesses employing 50 or more people in their Pennsylvania operations. As of the survey deadline of September 30, 2003, a total of 202 responses were received. Complete numeric results of the survey can be found on-line at [www.lincolninstitute.org](http://www.lincolninstitute.org).

**Do you think the North American Free Trade Agreement (NAFTA) has been an economic benefit to the United States and should be kept in place, or has it harmed the U.S. economy and should it be repealed?**



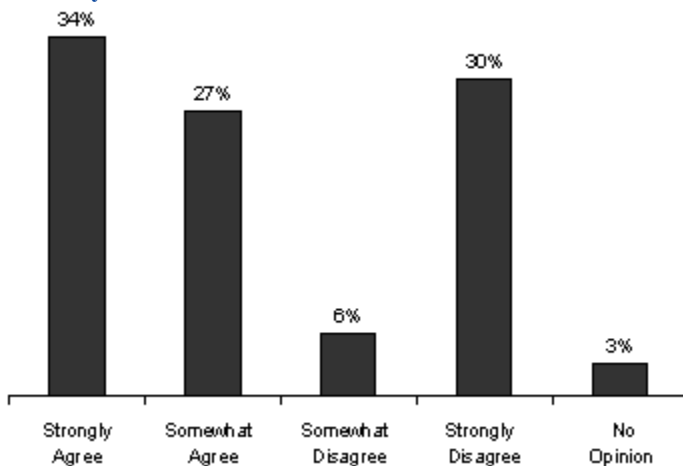
Source: Lincoln Institute of Public Opinion Research, Inc.

**Do you AGREE or DISAGREE that higher tariffs should be put into effect to protect the U.S. steel industry from unfair**



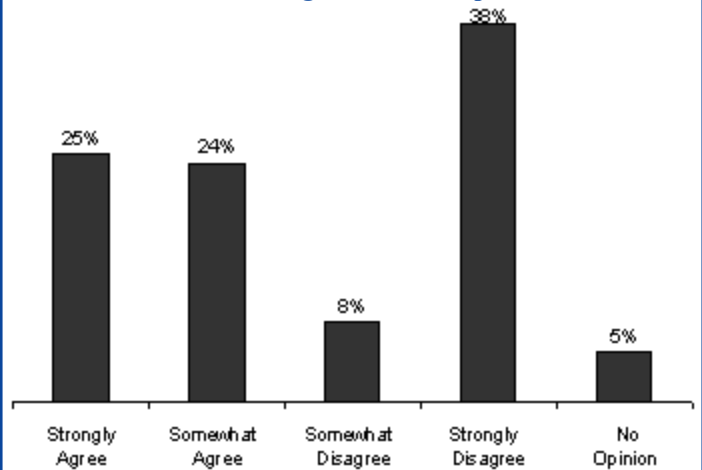
Source: Lincoln Institute of Public Opinion Research, Inc.

**Do you AGREE or DISAGREE with Governor Ed Rendell’s plan to allow slot machines to be placed at race tracks in Pennsylvania?**



Source: Lincoln Institute of Public Opinion Research, Inc.

**Do you AGREE or DISAGREE that, in addition to allowing the placement of slot machines at race tracks, the state should license casinos in Pittsburgh and Philadelphia?**



Source: Lincoln Institute of Public Opinion Research, Inc.

## Is it Right?

### *The case for character-based ethics*

As we as a culture attempt to keep pace with the myriad of changes that are thrust at our society, the sense of stability is often sacrificed at the altar of pragmatism. “If it works” has become the battle cry of the aspiring at the expense of the more historical American virtue of “is it right.” Consequently, corporations in both the profit and nonprofit sector have been exposed as less than “ethical” in some of their practices in their quest for success. While the common man cries for security, society as a whole is attempting to achieve a marriage of political correctness and personal responsibilities often positioning the minority opinion as the ruling standard. Can the scales be balanced in such a dilemma? I believe there is still hope for us as a people but it requires that we understand the difference between morals and ethics.

The word “morals” comes from the Greek word “mores” which literally means ever changing. Societal changes bring about moral adaptations that are reflections of current trends. One only has to look at the contrast between the morals of the past generation and our current code of conduct to recognize the significant lessening of what used to be the standard. I would suggest then, that the next generation will experience a similar demise in the morality that characterized the first decade of this millennium.

Our word “ethics” comes from the Greek word “ethos” which connotes the idea of stability. One can find the idea of an ethos in early Greek literature to signify a place of security and stability in the midst of the storms of life. Thus, it has come to imply the concept of a plumb line, the standard of rule by which all measurements are made in order to create uniformity and solidarity, hence, an environment of stability and security. We need to be concerned about our ethos more than we do our morality. One is stable; the other changes.

But what precedes ethics? What is the basis on individual ethical decision-making? It may be helpful for us to understand the difference between temperament, personality and character. Temperament refers to the natural inclinations with which one is born. Personality is the expression of one’s temperament, and character is the quality of one’s personality. The first two cannot be changed but we can modify, refine or build character. Thus, one can have a strong willed child and a weak willed child and they both can be respectful, diligent, or punctual. Granted, it may take more effort to build these traits in one child than the other, but they both can develop the same character qualities. Character, then, becomes the foundational ingredient in developing within any structure of human relationships an environment of stability and security. A character ethos becomes our plumb line.

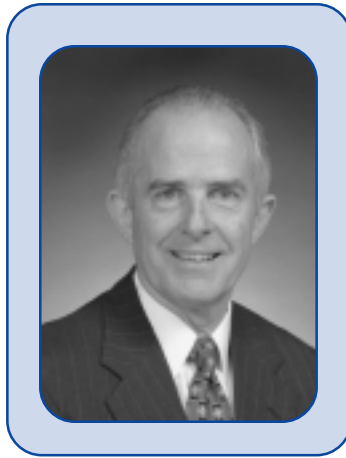
We are at a crisis in our culture. It is not a crisis of security although that is of prime importance to our citizenry. It is not a crisis of terrorism although that is an issue of concern for our world. The crisis that concerns me most is one that is far more deleterious because it is so subtle. It is not always observable but it is like a festering cancer that eats away at the very fiber of American society. The implications may not be as sudden as those of global terrorism but the long-term impact will be more destructive. It is a crisis of character.

One only needs to consider the recent scandals that have rocked the business world. Enron, Tyco, and Arthur Anderson are only a few of the more glamorously publicized versions of this crisis. We see the same manifestations in government as partisanship takes the place of proper policy. It is as though each party thinks they “own the country” rather than remembering they have been elected to “guide the country.” The Democrats and Republicans do not own the Ship of State; they are to steer the Ship of State.

The damage assessment to our culture is far more reaching than just financial or employment related. The greatest injury to American society is the erosion of ethical leadership. We have forgotten that leaders of character create organizations of character. If our nation is going to reestablish itself as a nation of character, we must have organizations that are led by people of character. We can either conform to society or we can transform society. To do the latter, we must begin to think differently about ourselves and about those with whom we relate.

The basis of transformation must have its foundation in the realization that character precedes conduct because who we are determines what we do. Who we are is a function of how we think of ourselves in relationship to those with whom we work and serve. Conduct results in consequences and consequences lead to feelings. Transformational leadership means how we think determines how we act, and how we act determines how we feel. It means – Think Right, Act Right, Feel Right. Feelings become the result not the reason for our actions.

When character becomes a tradition there is no limit to one’s success.



*Dr. R. Bruce Bickel is Senior Vice President and Managing Director Private Foundation Management Services at PNC Advisors. His e-mail address is [Bickel@PNCAdvisors.com](mailto:Bickel@PNCAdvisors.com).*

# Arlen Specter

## *Touts support for business in Pennsylvania*

I appreciate this opportunity to communicate with Pennsylvania's business community and I thank the business organizations for the awards I received last year - the National Association of Manufacturers' Award for Legislative Excellence (81% favorable voting record), the U.S. Chamber of Commerce "Spirit of Enterprise" Award (85% favorable voting record), and the National Federation of Independent Business' Guardian of Small Business" Award (75% favorable voting record).

In a difficult business climate, I agree with and have supported President Bush's two tax cuts: \$1.35 billion in 2001 and \$350 billion in 2003, because I believe they are reasonably calculated to stimulate the economy to produce more jobs through business growth and, in turn, produce more revenue.

The President's proposal to eliminate the double tax on dividends, which I supported, will have a profound effect on the way corporations are financed, from debt toward equity. A favorable reaction by the stock market to that shift could by itself stimulate the economy. Similarly, President Bush's proposal to reduce capital gains rates to 15%, which I again support, will have the effect of encouraging people to invest in the stock market. Both of these proposals will not only help the individual taxpayer, but will also boost small business, the backbone of our economy.

On the subject of taxation, I favor the flat tax which would simplify the tax code and permanently eliminates tax on dividends, capital gains and the death tax. I first introduced legislation on the flat tax in 1995. On April 11, 2003, I again introduced my flat tax proposal, which would scrap the 17,000 pages of current IRS tax code in favor of a 20% flat tax that taxpayers could file on a postcard and complete in minutes, and greatly reducing the expenses of tax preparation.

In addition, I have used my position on the Appropriations Committee (two spots from being chairman of the full committee) to leverage federal funds which can then be used to stimulate private investment. By identifying and assisting innovative Pennsylvania businesses and helping them to achieve their full potential, jobs will be created and the local economy will be strengthened.

A case in point is Waste Management and Processors, Inc., a company that secured a \$100 million federal grant which has leveraged an additional \$500 hundred million in private investment,

to build a revolutionary plant to convert coal waste into clean-burning diesel fuel. Not only will this new plant be an environmental watershed by eliminating almost 3,500 tons of anthracite waste a day, but it will also provide more than 5,000 barrels of non-sulfur diesel fuel to help with our energy needs and provide an economic shot in the arm for the region through increased employment.

Other examples of using federal funds for future economic growth include projects like the SEPTA Schuylkill Valley Metro Rail Project which has received funding of \$51 million. That rail line will provide transportation from downtown Philadelphia where there are limited job opportunities to suburban job centers along a 62-mile corridor between Philadelphia and Wyomissing. The line will reduce congestion on the Schuylkill Valley Expressway, stop at twenty-eight stations and serve more than 30,000 passengers a day.

The Pittsburgh High-Speed MAGLEV transportation system, which has already secured almost \$20 million in federal funding is another example. Pennsylvania is one of two finalists chosen by the Department of Transportation to compete for a \$950 million grant to develop a MAGLEV test project to run from Greensburg to the Pittsburgh International Airport. It will be a model of the advantages of this advanced rail system to the rest of the country providing a tremendous market for steel and employing many construction workers.

I have been a consistent proponent of free trade, and have fought to enforce trade laws to open foreign markets to U.S. products which will provide a level playing field, expand export growth and help business. I supported NAFTA, the Trade Promotion Act, the Africa Trade Omnibus Act and the Bilateral Agreements with Chile, Jordan and Vietnam. All these efforts will expand markets for American goods and services and boost productivity. As President George W. Bush has stated: "open trade is not just an economic opportunity, it is a moral imperative."

It is a privilege to serve the people of Pennsylvania and to work with the business community to promote economic development and provide good-paying jobs.



*Arlen Specter is a United States Senator from Pennsylvania.  
His web site is [www.arlenspecter2004.org](http://www.arlenspecter2004.org).*

[www.arlenspecter2004.org](http://www.arlenspecter2004.org)

# Patrick J. Toomey

## *Why I am running for the United States Senate*

The Republican Party today has an extraordinary opportunity to govern America. For the first time in 70 years (but for two fleeting years in the early 1950s), Republicans control the entire elected government in Washington. What we do with this opportunity is up to us. We can advance the conservative agenda most Republicans believe in, or we can squander this opportunity. As a lifelong liberal, Arlen Specter does not, and will not, support a conservative agenda. When I get elected to the United States next year, I'll make sure that we seize the opportunity to govern America with a common sense conservative agenda.

We have a House of Representatives that consistently passes good Republican legislation, and a President who has shown tremendous leadership on our issues and would sign that legislation into law. The obstacle has been the Senate, where a handful of liberal Republicans, including Arlen Specter, so often side with the Democrats.

Unfortunately, Senator Specter has actively worked against the Republican agenda for 23 long years. He voted against President Reagan more than any other Republican Senator in 1986 and 1987, and voted with Bill Clinton a majority of the time during six of his eight years in office. Senator Specter voted with Tom Daschle to shrink President Bush's 2001 tax cut; he voted with Hillary Clinton and the liberal trial lawyers against medical malpractice reform; and he voted against school choice for Washington, D.C. school children.

Citizens Against Government Waste has given Sen. Specter the second worst lifetime rating among all current Republican Senators. Specter is a big supporter of affirmative action, expanding hate crimes legislation, taxpayer-funded abortion, and subjecting American soldiers serving abroad to trial before the International Criminal Court just for doing their job. He has voted for five major tax increases, including two that were the largest in history at the time of their enactment.

These are simply facts. They are a matter of public record. Senator Specter's liberal record makes it clear that, if he were re-elected, he would squander our opportunity to govern America with a conservative agenda.

These are the reasons I decided to run for the United States Senate. Unlike liberal Senator Specter, I believe in the principles of the Republican Party and I am a conservative. I believe in limited

government, lower taxes, personal freedom, the free-market system and respecting the sanctity of human life. And when I get elected to the U.S. Senate, I will work to advance a Republican agenda, not the agenda of the Democrats.



I did not make this decision to challenge Senator Specter in haste. Before I could ask my family and friends to support me I had to know two things. Could I win the primary election and if I did, could I go on to win the general election? The first question was answered in an extensive poll we did back in January of this year, before I announced my candidacy. The poll showed that a majority of Republican primary voters were eagerly seeking an alternative to liberal Senator Arlen Specter.

The second question was answered by taking a hard look at my own Congressional district. The 15<sup>th</sup> Congressional District, where I have been elected three times, is very representative of Pennsylvania as a whole. In my district, Demo-

crats outnumber Republicans, Bill Clinton won in 1992 and 1996 and Al Gore beat President Bush in 2000. In 2002, as Ed Rendell defeated Mike Fisher by double digits while my opponent and the Democratic Party spent over a million dollars attacking me – yet I still won that race with 57% of the vote.

The fact is I've been winning general elections in a tough, Democrat-leaning district – three times in a row – and I can put together the same winning coalition statewide, too.

My campaign is going strong. I am raising the money necessary to get my message out, I am on the air statewide, the list of Republican groups and individuals endorsing my campaign is growing daily, and I am attracting considerable favorable national media attention.

I'm running for the United State Senate because this is our chance to lead America with a Republican vision, and I am not going to let Sen. Specter throw this chance away.



*Patrick J. Toomey is a Republican Congressman who has represented the 15<sup>th</sup> District in the United States House of Representatives since 1999. His web site is [www.pattoomey.org](http://www.pattoomey.org).*

## Joseph M. Hoeffel

*Fighting for you*

I have spent my entire career fighting for the people of Pennsylvania and the people of America. As a State Representative, County Commissioner and United States Congressman, I've worked hard to improve the lives of the people who have elected me to bring about significant change. Now I want to fight for you in the United States Senate.

I have been a Pennsylvanian all my life living in Montgomery County, where my wife Francesca and I raised our two grown children, Mary and Jake. I still love public service for the same reason I first ran for office 30 years ago: I truly believe that government must act aggressively, compassionately and responsibly to improve the quality of people's lives. Now, I am running for the U.S. Senate because I am fed up with the direction of our government. It's time to take our Senate seat back.

As a State Representative, I worked hard on issues affecting all Pennsylvanians, from consumer rights, home care for the elderly, tougher sentences for criminals and balancing the state budget every year.

I served seven years as a County Commissioner, where I worked across party lines to start the largest open space preservation program in the country. In the last 10 years this successful program has preserved over nine thousand acres and the current county administration wants to see it expand.

As a Congressman, I have worked to bring new jobs to Pennsylvania and have voted against unfair trade agreements that take jobs away. I have fought for a living wage for all Pennsylvanians and to keep Social Security intact. I have gone to work every day to improve health care for our citizens, and make America safer for our families. Further, I have always sought to accomplish these goals while protecting our environment and maintaining a strong national defense.

During my entire career, I have never seen misdirected leadership such as that we are currently experiencing from those in control of Congress and the White House. They have squandered the surplus, bankrupted the national government and plunged us deeper in debt, and cut taxes for the wealthy with money borrowed from the Social Security Trust Fund. They have thrown nearly three million people out of work, increased Pennsylvania's unemployment by thirty percent, and made it impossible to keep our moral

commitments our children, our families and our seniors.

It's time for change. Pennsylvania should not be the home of the chief enablers of foolish domestic and foreign policy in the Senate. The people of Pennsylvania deserve better, and we must demand more. Importantly, it is essential that we balance our budget, stop running deficits, and pay off our national debt so that our children and grandchildren are not saddled with the result of our greed and lack of fiscal restraint. We need to focus on creating and protecting Pennsylvania jobs and providing health care for all with universal coverage. We must improve our public schools while securing retirement security and pensions. We need to add prescription coverage to Medicare and oppose privatization of Social Security.

We should stand tall on national security and foreign policy. I have voted to authorize and pay for the war on terror and the military actions in Afghanistan and Iraq, but now it is long

past time to internationalize the security and reconstruction challenges in Iraq and get peaceful, tolerant and democratic Iraqis back in charge of Iraq. President Bush has created a huge credibility gap with his exaggerated claims about weapons of mass destruction and his misleading statements, and has alienated our traditional allies.

Let this campaign show the way forward. Let's practice the politics of addition by bringing people together to improve the quality of all our lives, not the politics of division by playing one group against another. Let's create opportunities for people to reach their fullest potential and achieve their dreams.

It is time for a change, in the U.S. Senate and in Pennsylvania. We need a Senator for Pennsylvania's future.



*Joseph M. Hoeffel is a Democrat Congressman from who represents the 13<sup>th</sup> District of Pennsylvania. His campaign web site is [www.hoeffelforsenate.com](http://www.hoeffelforsenate.com).*



[www.hoeffelforsenate.com](http://www.hoeffelforsenate.com)

## Charlie Crystle

### *The case for a Crystle candidacy*

What child in America doesn't deserve a great Education? What American worker doesn't deserve a good quality job? What American business doesn't deserve the opportunity to compete fairly? And which of our seniors does not deserve to get adequate medical care? The answers are clear. Every child deserves a great education. Every American worker deserves a good quality job. Every American business deserves the opportunity to compete. And all of our seniors deserve adequate health care, because all Americans deserve adequate, affordable health care.

My question to the people of Pennsylvania is this: why do we allow Washington insiders to continue to sell us down the river in favor of large corporate interests at the expense of our children, neighbors, friends, and businesses?

I'm running for United States Senate because I believe deeply that the power of Washington comes from the power of people, not from corporate interests, and that the insiders in Washington have gone astray and failed to stand up for us for too long. The same corporate interests that have funded my Republican and Democratic opponents' past campaigns have a stranglehold on Washington, keep health care and prescription drug costs high at the expense of seniors, send thousands of good quality jobs overseas, bring in foreign technology workers at low wages to replace our own technology experts, and lobby against higher education funding.

I can't in good conscience simply sit back and allow yet another Washington insider—seemingly beholden to corporate interest, a self-described “Free Trader”, and in his own words “pretty much” similar to Arlen Specter – to gain the Democratic nomination. We don't need a change between insiders, we don't need to exchange one lawyer for another. We need a fundamental change to principles-based leadership.

I have a vision for America and I'm working hard to lead us there. I envision an America where all children get a great education, and when they finish school they have advanced educational choices based on their abilities and potential, not based on their assets. I envision an America where we are rewarded for aspiring to new heights, not sold down the river for a quick corporate buck at the expense of our communities. I envision an America where all Americans have access to affordable health care, because the health of

our nation is a critical, strategically important investment in people and not a business.

I envision an America that is a good world leader, tapping into its economic power to positively influence the behavior of other countries toward being better world citizens. I believe in the hope, the optimism, the ingenuity of Americans, and our undying belief that we can create a better world with hard work, faith in people, creativity, and adherence to democratic principles. This is a beautiful country with so much power to do good; I want to catalyze that good and lead this country to the greatness we all imagine we can achieve – together.

My primary opponent and I agree on at least one thing: Arlen Specter has overstayed his welcome and must go. But on the day he declared his candidacy, my primary opponent said that he believes passionately in the power of Washington to bring positive things to the people of Penn-

sylvania. I don't believe in the power of Washington. I believe in the power of you, and it's time we remind Washington just where the power comes from.

We are a great country but our representatives have allowed corporations to influence our legislators so much they only develop policies for the few at the expense of the many. I am fighting to change that, and have dedicated my life to the cause of justice for regular Americans. This country is in trouble, and we have a lot of work to do to set things straight. But I believe you and I, working together, can return this country to its democratic roots, opportunity for all, and hope for a better world. I'm Charlie Crystle and I will be your next United States Senator. The choice is clear.



*Charlie Crystle is founder and CEO of Mission Research, based in Lancaster, PA. His campaign web site is [www.crystleforsenate.com](http://www.crystleforsenate.com).*



[www.crystleforsenate.com](http://www.crystleforsenate.com)

## School Reform in the Rendell Era

*New administration could roll back charter school reforms*

In 1997, Governor Tom Ridge managed to push through the legislature the first charter school bill in the state's history. Charter schools represented a mixture of old wines in a new bottle. They were to be deregulated, mission driven public schools freely chosen by families looking for alternatives.

As so often happens in the political process in order to get the necessary support a proposal over promises its impact and over compromises its content. This is known as getting "half a loaf." Most of us Harrisburg veterans have never actually seen a whole loaf and the practice of over-promising and under-delivering has become an unhappy Pennsylvania tradition.

Despite the deficiencies in the legal and financial structure for charters some very positive results have occurred. Ninety-one charter schools now exist in 19 school districts, the bulk of them in urban areas especially Philadelphia. The academic results have been mostly encouraging but more importantly families of modest means, for the first time, have some power over their children's education.

Parents can choose a school that offers a clean, safe environment with an academically challenging program that reflects their values and not those dictated by the education establishment. Although the numbers of students enrolled in charters statewide is extremely small, a new constituency for choice in education has been created. It is this political development that will rally the education establishment to take action.

The change in gubernatorial administrations creates the opportunity to roll back this modest advance for choice. Governor Ed Rendell, as a candidate, was clear about his interest in reforming

education. As governor, he has been equally committed but his plan has basically ignored the need for bottom up reform driven by the families who are consumers, and, instead, he has chosen the conventional top down approach of higher taxes, more spending and traditional accountability measures.

The new Secretary of Education Vicki Phillips is a principled, seasoned educator and administrator, but she brings to the position no history of sympathy with ideas of choice in education. The regulatory and other powers of this department make it an important forum for determination on these issues. One can only hope that she will make balanced decisions in the implementation of the current law.

The Legislature is the place where all the contending forces will play out. Despite the very substantial forces within and without this administration that will attempt to destroy the existing law, it is here that the best defense can be made. Stalwarts of choice in education such as

Speaker John Perzel and many others can be counted on to stand firm. For the rest of us it is critical to stay in touch with our legislators and back them on this issue.

Otherwise the half a loaf will quickly become a few small crumbs.



*Robert O'Donnell is currently President of the Charter School Resource Center in Philadelphia. He is a former Speaker of the Pennsylvania House of Representatives. His e-mail address is [odonnellr@aol.com](mailto:odonnellr@aol.com).*

### Haulk, Continued from page7

increased from \$76 million in 1984 to \$200 million in 2002. This represents a doubling of the inflation-adjusted per-capita spending over the period. The Competitive Pittsburgh Task Force in 1996 called attention to the overspending on police, fire and crossing guards and recommended major downsizing efforts at that time. None of those recommendations were carried out.

It is wishful thinking to believe that if the city has more revenue it will suddenly get its house in order. Instead, it must get its house in order and then it will not need additional taxes. If the

legislature wants to help the city and other municipalities, it should set about reforming the state's binding arbitration laws, which are overly generous in favor of unions. We recommend Act 111 be altered to require that arbitration take into account market realities such as the financial situation of the municipality, inflation, productivity, size of work force, pay and benefit levels in economically and demographically comparable cities. Absent such reform, even bankruptcy would not solve the problem of excessive and irrational awards by arbitrators.