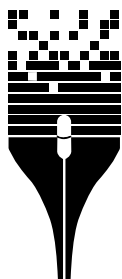


The Howey Political Report



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“QUOTE” OF THE WEEK

“The difference between being state chairman with your governor in office and one without is the difference between ice cream and shit...”

- Former Indiana Republican Chairman

Rex Early

Four Republicans emerge for the chair

Kittle, Harcourt, Earnest and Okeson

By **BRIAN A. HOWEY**, in Indianapolis

The battle for the Indiana Republican Party chairmanship appears to be coming down to four credible names in these early stages - businessman Jim Kittle from the Phoenix Group; former Clerk of Courts John Okeson; 5th CD Chair John Earnest; and 6th CD Chair Jean Ann Harcourt.

Others can be expected to emerge, particularly from the Indiana Right to Life wing of the party, where names such as George Witwer, Jeff Knight or Jim Bopp might surface.

The party seems to be aligning into four different camps, and possibly a fifth. There is the Phoenix Group (which will avowedly support Kittle); the traditionalists or the so-called Rex Early wing of the party that will support Earnest, Okeson or Harcourt; the issues-driven wing dominated by the Right to Life; and the nuts and bolts wing that will support someone who has come up through the precinct level.

There seems to be consensus that the next chair must be able to raise money and communicate, particularly in the critical next six months when the Republicans will not only need to supply a vision, but counter the Democrats over the Kernan and O’Bannon tax restructuring and deficit plans.

In a synthesis of conversations we’ve had with numerous Republicans across the spectrum, here’s how we believe the early stages will revolve around several different scenarios:

The Financiers (Put Up or Shut Up): By our surmising, the Phoenix Group is viewed by at least part of the 18 members of the Republican Central Committee as an

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BOSMA, GREGG AGREE ON HOUSE NUMBERS: House Speaker John Gregg said at Wednesday's Indiana Legislative Insight conference that Lt. Gov. Joe Kernan's tax restructuring plan would need bipartisan support just to make it out of the Democrat-controlled House. He could only hope that 40 of the 53 Democrats in the 100-member House would back it and said 15 to 20 Republicans would be needed to back it. House Minority Leader Brian Bosma, R-Indianapolis, called that a "reasonable goal." Senate President Pro Tem Bob Garton observed, "This year the governor can break the legislature until he gets what he wants" (Associated Press). "He could cause tremendous stress on families. He could put jobs in jeopardy because many of us have to make a living. I hope that doesn't occur, but that possibility is real" (Lesley Stedman, Louisville Courier-Journal),

O'BANNON PRESSES SECURITY IN DC: Gov. Frank O'Bannon and several other governors urged the Bush administration and Congress to provide money for the states to address homeland security needs and fiscal challenges presented by the national economic recession. O'Bannon was among 11

alien force that had the audacity to split off and attempt to run the show. Kittle and Phoenix Group saw the party as in dire need of a makeover and modernization, which is something the newer members of the committee realize, though the Old Guard remains skeptical. Right now, Jim Kittle doesn't have the votes to secure the chair, though he appears to be significant support outside the committee coming from a broad spectrum. "There are concerns that he has no precinct level experience," observed former Chairman Rex Early. "If being rich was the most important criterion, then Steve Hilbert would be chairman."

But some on the committee may come around to a notion that if Kittle is spurned, he may take his checkbook and just sit the next election cycle out. The best prospect for Kittle to get the nod is if enough on the Central Committee go with the notion of "put up or shut up" and give this generous Republican a chance to run the show. Kittle would get two years to bring his brand of leadership matched with his fund-raising prowess.

The Traditionalists: They want someone who has risen through the party structure. Earnest and Harcourt best fit the mold. Earnest is the son of a former CD chairman and a successful businessman. He has yet to decide if he even wants the job. Harcourt is open to the job and we see the former national committeewoman as a logical "compromise" candidate or perhaps everyone's first or second choice.

The Issues Wing: There will be some in the anti-abortion movement who will demand a pro-life chairman. Gubernatorial candidate Eric Miller is taking a hands-off approach. "It would be inappropriate for me or any candidate for governor to become involved in the process," Miller told *HPR*.

If abortion is a vital litmus test, the pro-choice Harcourt will have problems. She withstood a brief challenge to her CD chair last spring led by U.S. Rep. Mike



Pence and his chief of staff, Bill Smith, who opposed her because of the abortion issue. All sides are saying any Pence/Harcourt rift has been mended a long time ago.

Nuts & Bolts: This group would be inclined to look at someone such as John Okeson, who has run successfully as a statewide candidate. Kittle, Earnest and Harcourt would be attractive because of their business acumen.

Regionalists: Allen County Chairman Steve Shine was ready to back Okeson or Earnest because of their Northeast Indiana moorings. Kittle and Harcourt come from Central Indiana and we don't see any particular regional bias or urban vs. rural dynamic taking place.

Looking at the candidates

Since McDaniel decided to move on, several names were bandied about that have told *HPR* they have no interest in the job. That includes Rex Early and Peter Rusthoven. We haven't heard many Republicans voice support for Secretary of State Sue Ann Gilroy and former SofS Ed Simcox. George Witwer has been

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active in fund-raising activities with his Opportunity Project, but has not surfaced, nor has any visible support become apparent in the early stages.

Here are some early sketches on the HPR short list:

Jim Kittle

He has been a generous fund-raiser who decided to step up his activity after recent party failures, including the last two gubernatorial losses and the 1998 election when the Democrats took control of the House with better technology. Kittle reports many calls from throughout the GOP, but we know he's ruffled feathers on the Central Committee, a group he's met with three times. "The whole vision of the Phoenix Group was to help the Republican Party," Kittle said. "I'm not sure what part of our vision anyone could disagree with." Kittle says his elevation to the chair could recombine the GOP and Phoenix, which he described as a "parallel" organization. "I see this as a once-in-the-next-few-years opportunity to come together and eliminate the redundancy," he said. Kittle has powerful friends, including OMB Director Mitch Daniels.

John Okeson

He's been there, done that as a candidate. Okeson is an excellent public speaker and has raised money for a statewide clerk of the court campaign. He currently practices law, specializing in the health care field with the Baker & Daniels law firm. Okeson has also been mentioned as a possible Fort Wayne mayoral candidate in 2003.

"What the party needs is somebody who can energize and communicate with party regulars and people who aren't sure they are Republicans or Democrats" he said. "The chair needs to be extremely good at fund-raising. I rate those two things as 1 and 1A. The party needs somebody who leads with some vision and who can be a good messenger. If there are oth-

ers who think that's what the party needs and that I can bring those two things to the table, I'm looking at it."

Okeson believes the new chairman shouldn't be an "attack dog" but one who can articulate the party vision to people beyond the GOP.

Jean Ann Harcourt

Harcourt is a former Republican National Committeewoman. As Rush County chair, she has always delivered her county. Her current 6th CD theme is "Gung Ho" and that typifies her approach to Republican politics. She is passionate, a successful businesswoman, a wife and mother, and is articulate and savvy. Her gender offers a plus for a party that has experienced a gender gap in recent gubernatorial races. Harcourt was on David McIntosh's lieutenant governor short list in 2000 and could be considered a future gubernatorial candidate in a state that has placed only one female on a party ticket since 1816.

"I'm anxious to hear what my fellow State Committee members are thinking," Harcourt said. "I'm pretty confident that near the top of everyone's list of chairman talents required will be a great fund-raiser and a person with strong communication skills." Harcourt suggested the Central Committee establish a search committee for a new chair.

John Earnest

He comes from a long-timer GOP activist family in Grant County. He is a favorite of the so-called "traditionalist" and is being backed by Rex Early, who defeated Earnest for the chair by a vote in 1993.

Earnest, who has not indicated whether he will be a candidate, appears to have a somewhat polarized reputation. Republicans either seem to really like him or dislike him. "There isn't much of a gray area with John," one prominent Republican told *HPR*. ❖

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governors in leadership positions of the National Governors Association who met with four senior members of the Bush administration to urge them to agree to provide funding for security measures needed in the wake of the Sept. 11 terrorist attacks. They also met separately with congressional leaders on the pending economic stimulus to urge help for states coping with the recession, which worsened after the attacks. "The discussion was engaging," O'Bannon said after the meetings. "We are pressing Congress and the White House to become part of the solution in helping to plug fiscal holes and providing federal support for developing and implementing state plans to address bioterrorism threats."

INDIANA JOBLESS RATE INCREASES TO 4.3 PERCENT: Indiana's unemployment rate in October rose to 4.3 percent, up from 3.9 percent in September and from 2.4 percent a year ago. Indiana still fared better than most neighboring states — Illinois and Kentucky, 5 percent, and Michigan, 4.7 percent. Ohio's was 4.1 percent. "With October's numbers, we are starting to see the tragic events of 9-11 and the slowing of the economy reflected in our numbers,"

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said Craig Hartzler, commissioner of the workforce development department (Brian Werth, Bloomington Herald-Times). "We believe the next couple of months will, unfortunately, see more Hoosiers unemployed due to this dramatic decline in our economy." Manufacturing employment in the state is down 33,800 from a year ago. Fayette County in eastern Indiana had the highest unemployment rate in the state at 11.3 percent. Hamilton County had the lowest rate in October at 2.1 percent.

HILL SUPPORTS FAST-TRACK TRADE AUTHORITY: U.S. Rep. Baron Hill was one of only 21 Democrats to support fast-track trade authority for President Bush. The final fast-track vote was 215-214. The Indiana delegation split along party lines, except for Hill. Reps. Dan Burton, Steve Buyer, Brian Kerns, Mike Pence, and Mark Souder all voted "yes." Julia Carson, Tim Roemer, and Pete Visclosky were "no." U.S. Rep. John Hostettler did not vote.

ROEMER STATEMENT ON FAST TRACK: U.S. Rep. Tim Roemer, D-South Bend, released this statement on his vote against fast-track trade authority. "Over the past 15 years, the issues decided in trade agreements have become increasingly complex," said Roemer.

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McDaniel recounts his 7 years

INDIANAPOLIS - HPR's Brian Howey conducted this interview with Indiana Republican Chairman Mike McDaniel shortly after breaking the story that he would resign to become director of governmental affairs at Krieg Devault Lundy, replacing Deborah Daniels.

HPR: Sounds like more job security than being state chair or Ball State basketball coach.

McDaniel: The average life expectancy for a state chairman is between 18 months to two years and to do this seven years and not have a governor during that time has been quite a run. I've loved almost every minute of it. It's better to do this now instead of in the middle of a campaign year. The (state Republican) committee will elect their new chairman at the Jan. 23 meeting and my plan is to be here through that meeting and preside over the election of the next chairman.

HPR: Who do we look for as a potential successor?

McDaniel: I have no idea. I think people are surprised I'm doing this right now and they haven't had time to group.

HPR: Rex Early says the difference between being a chair with a governor and without is like

McDaniel: Oh yeah. If you have a governor it's so much easier to raise money, millions of dollars more because everyone wants to be friendly with the party of the governor. It's just a given. But the other side of that is when you do have a governor, the governor is basically the leader of the party and he pretty much dictates where things are going. It's a whole different kind of scenario.

HPR: Did the loss of the Indianapolis and Fort Wayne mayoralties have an impact on fund-raising for the party?

McDaniel: No, I don't think so. It's not like those Republicans who used to be strong in those places have vanished from the earth. What they've done is just moved to suburban regions of the same

areas. They still participate and they still contribute. It hasn't had that big of an impact on state parties as it has in both those county organizations.

HPR: Give me your perspective as chair and watching the 1996 and 2000 gubernatorial campaigns go down in defeat. What role did you play? People keep saying, "McDaniel never won a governor's race."

McDaniel: (laughs) Well, we have six of eight statewide offices; we kept all of our Congressional seats. We won an additional state campaign with (Attorney General) Steve Carter. Dick Lugar going on to a record fifth term; being first on the board for George W. Bush. I think one of

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the biggest accomplishments since I've been here, and people laugh because it's an insider thing,

we were one of the first states on the board for Bob Dole when everybody else was going the other way. As for the governor campaigns, I refer to them as candidate centered campaigns. It used to be all those campaigns relied on us and the local parties. But now the idea is to raise enough money and buy all those commercials and you think that's a campaign. In both cases, I tried to have input in both those campaigns as part of a kitchen cabinet. The Goldsmith campaign was micro-managed, as was the McIntosh. Anybody who believes that the state party is running a gubernatorial campaign just isn't paying close attention because those are definitely candidate-run campaigns with their own teams. What you can do is try and give your advice when you're asked to give it and try and be supportive with the rank and file organization people and do all the things you're asked to do. But state parties do not run gubernatorial cam-

paigns.

HPR: How has the Republican chairmanship evolved from the Gordon Durnil days?

McDaniel: That is the absolutely right question, Brian. What's happened here is an evolution where everything used to come through the county organizations and everything came through the state parties. Well really it started to change before Gordon came in. During the late '70s, instead of candidates for the legislature solely relying on the state parties to run them and fund them, they started raising money themselves. They have their own communications. As a result of those resources they rely less on the parties. That's the major evolution that has taken place. We still are called upon to provide resources and to give some financial support, but these campaigns all the way down to the state legislative level have become what I call the candidate-centered campaigns. I'm not saying that's bad. It's just an evolution of what the emphasis of the party has been. That leaves us with voter ID and turnout, which is what Lincoln identified back in 1840: divide the county into equal parts, get people to find out who's for you and who's against you, and get those for you to the polls on Election Day. The strategy is the same since Lincoln's time. So we've become a recruitment mechanism, a voter ID/turnout mechanism, a communications mechanism, and then they try to do what's needed to supplement the candidate-centered campaign.

HPR: Do you see the Dan Quayle and Win Moses Fort Wayne mayoral campaigns in the mid to late 1970s as the first candidate centered campaigns?

McDaniel: I think that's pretty close. I'm more familiar with the Quayle campaign. Quayle had the best of both worlds. He had the money and yet he still had the strong county organizations with the voter ID and turnout. That combination is what made Dan Quayle a United States senator.

HPR: You've taken your hits on party technology. Where does that stand now?

McDaniel: Yeah, we did a few years ago. We've made up ground on that the last time around. Our lists are now better than the Democrat lists. We had a 94 percent accuracy count. We've come a long way.

HPR: Where do you see the Indiana Republican Party in 10 years? Are you optimistic?

McDaniel: Sure. I think our chances are only going to improve, at least on the immediate horizon. Our chances of winning back the governor's office are the best in recent memory. If you combine that with what I think is going to be a very popular president, we have a great opportunity. When you get the governor's office back in 2004, then you're in a great place to get the state moving again. I think the biggest finger pointing at the Democrats is that when they've had the power they haven't used it to move the state forward. There's a lot of people who think we're becoming the Mississippi of the Midwest - from economic development to some parts of education. Our state cannot afford, as the world moves forward, to lag behind. If we get the governor back along with at least one house if not both, you're going to see some pretty sweeping change that at least this governor hasn't been willing to try and go out there and lead. He seems reactive rather than proactive. I think the next Republican governor will be proactive.

HPR: What changes have you seen in the Indiana news media?

McDaniel: There's been some major changes. The day of the beat reporting seems to be gone. Back when I was working as chief of staff for the lieutenant governor, if we had an economic development program we wanted to put out, the first question we would ask internally was how will Jack Averitt from the *Indianapolis News* translate this story? Because Jack Averitt covered the budgets; he knew

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"Unfortunately, this fast-track measure does not adequately take into account this new complexity. Issues that were once peripheral to the trade debate - issues such as intellectual property rights and antitrust law - have now become central. This proposal fails to adequately address the new challenges facing American trade negotiations. As a New Democrat, I believe that our nation and our government must embrace new ideas and innovations. Just as we advocate a more efficient, fiscally responsible government that encourages economic growth, so must we support free and fair trade agreements that recognize the challenges faced by American workers in the age of globalization. Our trade philosophy should include worker training and assistance as a priority, rather than a last-minute bargaining concession. Again, this fast-track proposal fails to establish that priority."

O'BANNON STUMPS FOR TAX PLAN IN SOUTH BEND: Gov. Frank O'Bannon has two choices: Do something and take the heat, or do nothing and accept the consequences. O'Bannon will take the heat. "My biggest job is to get people to understand what happened" with the surplus the administration and legislators

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were touting just months ago, O'Bannon said in a meeting with the South Bend Tribune editorial board. "It follows the national economy," O'Bannon said as Indiana and other states deal with the effects of a recession that is now in its second quarter. O'Bannon is hopscotching around the state promoting his balanced-budget plan. "We have known for about a year and a half revenues were down," O'Bannon said, explaining how a \$2 billion surplus in 1999 has turned into a budget deficit, even with the transfer of \$165 million from the state's Rainy Day Fund. The question is, "Do we do something which is good for the state of Indiana or do nothing and take the consequences?" O'Bannon asked. "And, in the case of education, that's a step back."

25 INDIANA LEGISLATORS HAVE SIGNED NO TAX PLEDGE: Twenty-five members of the Indiana General Assembly - including five House Democrats and one Republican gubernatorial hopeful - have signed the Americans for Tax Reform taxpayer protection pledge. The ATR website (www.ATR.org) includes Democrat Reps. Win Moses, Vern Tincher, Dick Bodiker, John Frenz and Jeb Bardon. The pledge states, "I (state your name) pledge to the taxpayers of the (blank) dis-

state government inside and out. You knew you couldn't just throw something out there and he'd take it at its face value. He was going to press if you'd really thought these things through. They had the luxury of doing that because they had more beat reporters. Today everybody seems to be a generalist. Because they don't have the institutional background, it's much easier to throw out some generalities and get by with it versus really being pressed.

HPR: Is it time that Republican legislative leadership be passed on to a new generation?

McDaniel: I think that's about to happen. The interesting thing is going to be who fills that vacuum? Because what you've got here is what I call the junior class versus the sophomore class. There may be some who may not be patient to wait for the junior class; they may want to jump in front of them.

HPR: Bayh and O'Bannon have done well with female voters at the expense of the Republican Party. Put that into perspective.

McDaniel: It's really candidate by candidate. George Bush did very, very well with women voters. Dick Lugar does very well with women voters. It's more personality driven than party driven. We're proud we've elected Sue Ann Gilroy, Connie Nass and Suellen Reed.

HPR: Is the litmus test on abortion constrained success for the party?

McDaniel: Certainly our party is identified more one way than the other. Believe me, it would be too narrow minded for the Republican Party to get pigeon-holed into one group. Now I'm as pro-life and my best friend in the world is pro-choice. Now, is he any less Republican than I am because of that one issue? No, because we agree on 90 percent of the other issues. If the Republican Party becomes so narrow that they only tolerate people of one view then it won't be long before we really have some problems.

HPR: How important will it be for

the GOP to have a female on the ticket in 2004 or 2008?

McDaniel: I don't think it's essential, but it would be a nice thing to happen. That doesn't just happen, people have to step up. I think it's going to happen, sometime soon. It almost happened last time when we were looking at the potential of Jean Ann Harcourt as a candidate for lieutenant governor. The biggest thing the women have to do is not be satisfied when they get there. What I mean by that, when we elect women to the legislature and then they're satisfied they are there and don't go elbow their way into leadership or in front of enough media in enough situations so people automatically think about them when it comes to these high profile positions.

HPR: Highlights and lowlights of your term?

McDaniel: The highlight clearly was when I saw Dick Lugar elected to a record fifth term. As a young man he was one of the guys who inspired me to be involved. I was a senior at Warren Central High when Dick Lugar was running Unigov and I was mesmerized by that thing. Serving as state Bush chairman and having him win the presidency was a highlight. Steve Carter's victory was huge. Another was trying to bring the national convention here. We were very, very close - closer than people will ever know.

HPR: And the lowlights?

McDaniel: I honestly thought we had a chance to win the governor's office in 1996, at least until 10 days out and then I started to realize it might not be the case. But even then Steve Goldsmith's pollsters were telling him he was going to win the night before. That was the lowest one.

HPR: What are our chances to land a national convention?

McDaniel: The president will pick the next one, but I think it's in the cards for Indianapolis. We have the best convention facilities in the nation. ❖

Indiana 2002, 2004 Racing Form

Secretary of State 2002: Republican: Kent Benson, Mike Delph, Deputy Secretary of State Todd Rokita, Richard Mourdock, Dr. John McGoff. **Democrat:** Bloomington Mayor John Fernandez. **Libertarian:** Paul Hager. **1994 Results:** Gilroy (R) 902,100, Jeffers (D) 542,539, Dillon (L) 32,483, Knight (A) 13,948. **1998 Results:** Gilroy 828,557, Little (D) 652,565, Dillon (L) 51,775. **2002 Forecast:** Delph has opened a new web-site at <http://www.mikedelph2002.com>. Benson completes his statewide tour and received a lot of earned media, though the Indy columnists centered on his bankruptcy. **Status:** *Tossup*.

Congressional District 4: Republican: U.S. Rep. Steve Buyer, U.S. Rep. Brian Kerns, State Sen. Mike Young. **Democrat:** Open. **Geography:** Tippecanoe, Clinton, Boone, Montgomery, Hendricks, Morgan, Lawrence and parts of Marion, Johnson, Monroe, Fountain and White counties. **Media Market:** Lafayette, Indianapolis, Terre Haute, Evansville, Louisville. **2000 Results: Old 5th CD:** Buyer (R) 132,035, Goodnight (D) 81,423; **Old 7th CD:** Kerns 131,562, Graf (D) 65,174. **2002 Forecast:** Both Buyer and Kerns vote for fast track, though Kerns was one of the last to vote. Buyer accompanied President Bush to The Citadel on Tuesday where the President talked about the Bush Doctrine on anti-terrorism. **Status:** *Leans Buyer*.

Congressional District 6: Republican: U.S. Rep. Mike Pence. **Democrat:** Melina Ann Fox. **Geography:** Anderson, Muncie, Richmond; Wells, Adams, Blackford, Jay, Madison, Delaware, Randolph, Henry, Wayne, Rush, Fayette, Union, Decatur, Franklin, and parts of Bartholomew, Shelby, Johnson and Allen counties. **Media Market:** Indianapolis, Fort Wayne, Dayton, Cincinnati. **2000 results:** Pence (R) 106,023, Rock (D) 80,885, Frazier (I) 19,070. **2002 Forecast:** Pence voted for fast track, saying, "The question before this House and before America today is: Who do you trust? Do you trust the shuttered version of America that says that we will keep our own rules, keep to ourselves and simply maintain our place in the world? Or do you trust the American worker? Do you trust the American President at such a time as this? I stand today to say that I trust the American worker and our President. When American companies are given the chance to compete in the world economy, not only do we compete, but we win; and we win consistently." Fox said at Ball State University, "Pence supports fast track that allows unfair trade practices like NAFTA that has caused job loss and record low commodity prices." (Rick Yencer, *Muncie Star Press*). She said NAFTA's impact was felt locally in 1998 when BorgWarner Automotive decided to sell its manual transmission line to a Mexican firm, costing 700 jobs. **Status:** *Leans R*.

Congressional District 9: Republican: Mike Sodrel, Jeff Ellington. **Democrat:** U.S. Rep. Baron Hill. **Geography:** Bloomington, Columbus, Lawrenceburg, Rising Sun, New Albany, Jeffersonville, Madison, Nashville; Spencer, DuBois, Orange, Crawford, Perry, Harrison, Washington, Jackson, Brown, Jennings, Scott, Floyd, Clark, Jefferson, Switzerland, Ripley, Ohio, and parts of Dearborn and Monroe counties. **Media Market:** Evansville, Indianapolis, Louisville, Dayton, Cincinnati. **1994 results:** Hamilton 91,459 (D), Leising (R) 84,315. **1996 Results:** Hamilton (D) 128,885, Leising (R) 97,747, Feeney (L) 2,315. **1998 Results:** Hill (D) 92,477, Leising (R) 87,278, Feeney (L) 2,397. **2000 Results:** Hill 125,978, Bailey (R) 101,790, Chambers (L) 4,634. **2002 Forecast:** Hill was one of 21 Democrats to support fast track. "When I consider trade policies, my top concern is how they will affect Indiana families," he said. "There is no doubt that we live in a global society. What goes on in markets in southeast Asia, eastern Europe, or Central America impacts Hoosier businesses in southern Indiana. For too many years we have opened our markets to foreign goods but denied ourselves full access to markets in other countries. Of the 130 existing free trade agreements in the world, the United States is party to only three. When these agreements are made without the United States, and barriers are reduced for the countries in the agreements, American producers and businesses are put at a severe disadvantage. However, when trade barriers are lifted and doors are opened, new opportunities arise. So, it is crucial that, as the global economy expands and we become more dependent on one another, Hoosier businesses are not left behind." **Status:** *Leans D*.

- **Brian A. Howey** ❖

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trict of the State of Indiana and to all the people of this state, that I will oppose and vote against any and all efforts to increase taxes." Republican Senate members who have signed the pledge include Sens. Robert Meeks, J. Murray Clark, Mike Young and John Waterman. House Republicans who have signed the pledge include Reps. David Wolkins, Eric Turner, James Buck, Gerald Torr, Matt Whetstone, Tim Brown, Dean Mock, Dennis Kruse, Robert Cherry, Woody Burton, Brent Steele, Jeff Espich, Robert Alderman, Jim Atterholt, Robert Behning and David Frizzel. No Senate Democrats have signed the pledge, which could impact the Kernan Tax Restructuring plan which proposes to raise income and sales taxes in order to lower property taxes and do away with the inventory tax. The ATR was sharply critical of the O'Bannon/Kernan deficit and tax restructuring plans. "Cutting state spending by 7 percent, as the Governor has proposed, is not enough if the Governor would further increase the burden on taxpayers to balance the budget. The Governor should cut spending and allow taxpayers to take home more of their hard-earned wages so that the Indiana economy may have a chance to rebound," said Grover Norquist, President of

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Americans for Tax Reform.

MUNSON, LUTZ DIFFER ON TAX REFORM PROSPECTS:

Some East Central Indiana legislators have differing views about whether tax reform will be accomplished in the short session of the Indiana General Assembly. "I will not hold my breath that tax restructuring will happen," State Rep. Bruce Munson, R-Muncie, told members of the Muncie Noon Kiwanis Club on Wednesday (Rick Yencer, Muncie Star Press). State Rep. Jack Lutz, R-Anderson, said the state's financial crisis dictated that tax restructuring be addressed. "The members of our caucus are adamant that Indiana operates under a antiquated tax system," Lutz said. Munson said he feared "partisanship. . . and the desire to come back in coming elections" would hold many important issues hostage during the short session. "It will be a challenge," Lutz added.

SENATE DEFEATS LUGAR FARM BILL:

The Senate soundly rejected a plan Wednesday from U.S. Sen. Richard Lugar, R-Ind., to eliminate most subsidies to grain, cotton and soybean farmers and increase spending on food assistance for the poor (Maureen Groppe, Indianapolis Star). The Senate voted 70-30 to kill Lugar's amendment to a bill setting out farm and nutrition policy for the next five years. Sen. Evan Bayh,

McVey sights set on swing voters

By MARK SCHOEFF Jr.

The Howey Political Report

WASHINGTON - Brose McVey will target swing voters to try to reverse the electoral slide Republicans have experienced in Indianapolis over the past several elections.

McVey, the likely GOP challenger to Democratic Rep. Julia Carson in the new 7th CD, said the key is mining about 30,000 to 50,000 votes in the middle of the political spectrum. Townships in the northern part of Marion County will be crucial targets.

"We learned a lot from the Goldsmith, McIntosh and Gilroy races," McVey said, referring to former Indianapolis Mayor Stephen Goldsmith, former Rep. David McIntosh, and Secretary of State Sue Anne Gilroy. Goldsmith and McIntosh lost Marion County in the 1996 and 2000 gubernatorial races, respectively. Gilroy was defeated by Democrat Bart Peterson in the 1999 Indianapolis mayoral campaign.

"We have an incumbent who, unlike (Democratic Reps.) Baron Hill, Tim Roemer, and (Democratic Sen.) Evan Bayh, doesn't attempt to connect with the broader part of her constituency," said McVey, an Indianapolis communications consultant and former aide to retired GOP Sen. Dan Coats. "She doesn't reach out like they do."

But Carson has cultivated a strong base and won each of her races by comfortable margins since first being elected in 1996. "Clearly the tallies show that I was able to garner Republican support to go with Democratic support," said Carson, former Center Township trustee. "A lot of Republicans called me for yard signs."

Marion County Democratic Chairman Ed Treacy touted recent Democratic success in Marion County, traditionally a Republican bastion. He cited Gov. Frank O'Bannon and 2000 attorney general candidate Karen Freeman-Wilson. "If Karen can carry (Marion County) by

10,000 votes, Julia surely will prevail."

Depending on whom you ask, the new 7th contains about 100,000 new suburban voters who are Republican-leaning or has lost a big chunk of its Republican base in the 185,000 voters who were jettisoned from the district.

Adding to the volatility next year is the fact that the ballot will lack a presidential, gubernatorial or Senate race, which will likely lower turnout. "This is the kind of situation in which you can steal a march on an incumbent who has not really been tested," said Mitch Daniels, director of the White House budget office, at a McVey fundraiser in Washington last week. "The administration would love to have this district represented by someone who sees the world the way Brose does." McVey raised \$7,500 at the Dec. 6 Capitol Hill event. He expects to post \$100,000 on the Dec. 31 Federal Election Commission report. Carson had \$200,000 cash on hand as of June 30. Each candidate will probably have to raise about \$700,000 for the race.

Carson is meeting new constituents and raising money with vigor, said Treacy. "She's being more aggressive in this campaign than I've ever seen before."

The economy, education and health care are likely to top Carson's agenda. The economic stimulus bill being debated in Congress should focus on providing more money to the unemployed, she said. Tax cuts are a risky proposition. "Under normal circumstances, I wouldn't be opposed to that. I really don't think America has the luxury of giving back a bunch of money when we don't know where we're going in this war on terrorism."

McVey is not willing to cede ground on traditional Democratic issues. He recently introduced a job creation plan. "We'll get ahead of that curve," he said. "We won't let these things become dogmatic philosophical holy wars." ❖

COLUMNISTS ON INDIANA

Jack Colwell, *South Bend Tribune* -

Q. Aren't some state legislators saying that O'Bannon squandered the surplus?

A. Of course. It's called politics. Even though the Republican-controlled Senate and Democratic-controlled House approved the spending and even though some of the complaining legislators actually sought more spending or giving much more of the surplus back in tax cuts, you don't think they're going to take any blame, do you? **Q.** Suppose not. But where does the blame belong? **A.** To the economy and Osama bin Laden. **Q.** Wait. The economy is a factor. But how can bin Laden be blamed for Indiana's surplus disappearing? **A.** Indiana is no island. Its economy can't escape the downturn nationally and resulting loss of tax revenue. We know now that the national recession started officially last March. The impact of the Sept. 11 attacks made economic conditions worse. **Q.** Then O'Bannon didn't have a thing to do with the surplus being gone? **A.** I didn't say that. He signed some \$1.3 billion in tax cuts in his years as governor. He signed some \$800 million for one-time targeted expenditures as a result of surplus projections, such as \$200 million for local road construction, \$290 million for the underfunded teachers' retirement fund and more for state infrastructure and university buildings. If there had been none of this, there would of course be more in state reserves. **Q.** Did all this seem possible at the time? **A.** Sure. Remember how so many politicians and special interests were talking about a huge surplus, acting as though there were piles of money all over the Statehouse that just had to be used for more projects or more tax cuts? **Q.** Then all that money wasn't really there? **A.** Right. Just like the mirage of trillions in federal surpluses stretching for a decade, the talk was about projections -- what would be there if the economy continued

to boom -- not actual funds piled up somewhere. **Q.** OK. So economic conditions, not O'Bannon, caused the surplus to vanish. Then doesn't that mean it was a booming economy that should have been credited more with the great fiscal condition of the state when O'Bannon won re-election in 2000? **A.** You got it. He may have deserved re-election for other reasons. But, just like other governors, O'Bannon got too much credit for being able to do a lot in a healthy economy. ❖

John Strauss, *Indianapolis Star* -

Kent Benson, the former basketball star running for Indiana secretary of state, says a smear campaign against him may actually produce more support from fellow Republicans. Somebody asked last week if he meant that information about his bankruptcy several years ago, sent anonymously to Republican officials across the state, has actually helped his campaign. "Absolutely," said Benson, who is in his first bid for public office. "I've taken cheap shots before. The first three minutes of my NBA career, I was sucker-punched." Benson, who at one time owned a car dealership in his native New Castle, filed for bankruptcy three years ago this month. "Regrettably, not all of my business ventures have been a success," he said in a statement last Monday to announce his candidacy. "And as many others, I have learned important lessons from both my successes and failures in my life." Exactly what lessons did he learn? Benson did not return telephone messages last week. "What people look for in politics is background," (Richard Mourdock) said. "I know that every one of (the delegates) will quickly picture the kind of TV commercial that the Democrats will run (if Benson is nominated): " 'At a time when Indiana is in financial crisis, one's capabilities of handling money become important.' " ❖

TICKER T A P E

D-Ind., opposed the amendment.. Lugar said the bill likely to pass would result in over-production, lower commodity prices and billions of dollars going to a small percentage of farmers. "About \$172 billion will be transferred from all the taxpayers in the United States to a very few agriculture producers," Lugar said.

SAMUEL JOINS HOUSE REPUBLICANS: Tony Samuel, a former aide to Supt. Suellen Reed and a 10th Congressional District candidate, has joined the House Republican caucus as its media spokesman.

GARY CLERK FACES PROBE: A federal grand jury met to consider filing criminal charges against Gary City Clerk Katie Hall (Steve Patterson, Gary Post-Tribune). She is accused of forcing employees to contribute to her campaigns and suspending them if they refused. Hall was elected to the Indiana House in 1974, was appointed by Gary Mayor Richard Hatcher in 1982 to fill the term of the late U.S. Rep. Adam Benjamin, and was elected clerk in 1987.

ELKHART COUNTY REPUBLICAN CHAIRMAN DIES: Roy Rogers, who served as Republican chairman since 1974 and briefly served in the Indiana Senate, died on Dec. 1 after an illness of a year.

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