

The Howey Political Report



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“QUOTE” OF THE WEEK

“The legislature needs to understand how dramatically things have changed in our society. I mean, they’re playing Led Zeppelin in Cadillac commercials...”

- HPR Publisher Brian A. Howey

Kernan and Daniels; indispensible men?

Brinksmanship at the Hoosier precipice

By **BRIAN A. HOWEY** in Indianapolis

With talk of an Indiana at a crossroads; of an Indiana on the verge of becoming the “Mississippi of the North” (hey, let’s replace our steel industry with catfish farmin’!), there is an interesting crossing of paths through the city of Lafayette.

Last Friday, Lt. Gov. Joe Kernan began a public relations blitz that probably should have taken place last fall. Kernan was in Lafayette, travels to Terre Haute today, Kokomo on Friday and upcoming southern Indiana stops next week. Gov. Frank O’Bannon was in Fort Wayne on Wednesday. “Other locations are in the works,” said Kernan spokeswoman Tina Dennis. “He’s willing to keep on working with the legislature, and pull out all of the stops to make sure that something gets done during the special session.”

Tonight, OMB Director Mitch Daniels follows Kernan’s path to Lafayette where he will speak to Tippecanoe County Republicans, undoubtedly drawing considerable speculation about a potentially extraordinary 2004 gubernatorial showdown. There’s a reason Daniels breaks away from his Washington duties to keep his name and voice before Hoosiers. Many Republicans see him as their savior where the likes of Stephen Goldsmith and David McIntosh couldn’t muster enough of a challenge.

“There’s no one who brings such esteem and credibility to that race than Mitch Daniels,” said Allen County Republican Chairman Steve Shine. “He’s someone who can handle budgets and numbers for the entire United States. Republicans couldn’t put forward a better candidate.”

If yearning Republican eyes are looking to Mitch

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BUSH PREDICTS MORE TERRORISM: Amid fresh questions on the whereabouts of Osama bin Laden, President Bush on Wednesday predicted a "spring thaw" in terrorist activity as bin Laden's network tries to regroup and strike again (Washington Post). Still, he pledged, "We will defeat the threats against our country and the civilized world."

BETHLEHEM STEEL SAYS THERE IS ZERO CHANCE IT WILL CLOSE THIS YEAR: Bankrupt Bethlehem Steel Corp. improved its financial position during the first quarter 2002 reporting a net loss of \$97 million, half of the company's fourth quarter loss excluding special charges (Andrea Holecek, Times of Northwest Indiana). The \$93 million loss from operations -- about \$1 million a day -- during the first quarter is an improvement from the \$1.87 million a day loss during the fourth quarter 2001. The company said the improvement is the result of lower costs, higher shipments and a better product mix. Although the loss still is severe, Bethlehem's chairman and CEO Robert "Steve" Miller said Tuesday during a conference call on the earnings first quarter results are better than the business plan the company had developed for the year.

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Daniels for redemption, Hoosier Democrats are beginning to look to Joe Kernan as the person who can pull the party out of the quicksand that seems to be engulfing their prospects.

On Friday in Lafayette, Kernan said, "After yesterday's meeting, we were saying if we cannot reach consensus on a bill, the administration could introduce a bill on May 14 and work to get it passed" (Joe Thomas, *Lafayette Journal & Courier*). The circumstances have changed since we met in Indianapolis a month ago and all for the worse."

State revenues fell \$54 million short of projections and that comes after state officials found themselves \$92 million short on the revenue side. "All the numbers we talk about don't include that \$92 million," Kernan said.

One Statehouse insider told *HPR*, "Many people are asking, 'Where's Joe Kernan?' He took the risk with tax restructuring last year at the front end. There's a building consensus that Joe Kernan is the guy who's going to have to bring it home."

While Kernan talked of an administration plan by May 14, the Statehouse community was somewhat aghast when

O'Bannon announced earlier this week that his starting point in the special session would be House Ways and Means Chairman B. Patrick Bauer's tenth-hour proposal, one that Senate Republicans considered so incredible that they packed it in 36 hours before sine die.

O'Bannon said he did not plan to present a compromise of his own to rekindle legislative talks. As Lesley Stedman of the *Louisville Courier-Journal* reported, "Republicans who control the Senate scoffed at that proposal, saying it was light on meaningful tax restructuring and laden with tax and fee increases to shore up the budget deficit."

A telling response was the lack of attendance of Senate Republican leaders at a gubernatorial confab at the beginning of the week.

Several Statehouse insiders (who are not legislators) believe that O'Bannon lacks the ability to forge the epic compromise needed to get everyone out of the painted corner.

"The governor has got to do something he's never done before," one insider said. "We haven't seen any kind of rational process since Evan Bayh's A-team."

Those were the days when Frank

Sullivan would take complex issues and break them down in lists of where there was agreement. Those would be set aside. Then they would proceed with areas of dispute and toy with each point until there was some sort of consensus that could be sold to both Republicans and Democrats.

As the six Indiana economists noted at the HPR Forum on Monday, there were 29 changes proposed in the four various tax plans. As Purdue economist Larry DeBoer asked, "Was there much agreement at all? I think there was. Everybody thought the sales tax should go up from 5 to 6 percent and everybody thought the combined corporate net income tax should go up from 7.75 to 8.5 percent."

In fact, there was \$900 million in agreed tax increases among the four plans. On nine other items there was partial agreement, including reduction of the school general funds anywhere from 50 to 100 percent. "That was really big stuff," DeBoer said. But to point out the complicated nature of the task, DeBoer added, "Think about the rewrite of the school formula that would require."

The deal breaker comes in the 18 areas of significant disagreement, such as individual income tax and the shelter allowance.

To cut through the most tangled public policy initiative in a generation requires the kind of process that many don't believe the governor's office is capable of handling.

Kernan last October offered up a plan that essentially could have been written by a Republican. He used Republican-leaning fiscal experts such as Jim Steel to forge the plan, along with other respected economists such as William Sheldrake (though his call for a graduated income tax brought groans from Republicans at Monday's Forum).

Scores of Democrats from around the state have told HPR they don't believe O'Bannon and his staff can pull this off. Many believe Kernan is the indispensable man. Think back to August of last year

when Mary Beth Schneider of the *Indianapolis Star* wrote several articles about House Democrats expressing great personal affection for the governor, but contempt for his staff and his processes. Nothing has changed. One House Democrat said recently that the Democratic caucus is poised to "annihilate" Frank O'Bannon during the special session.

Not only are they skeptical of returning without a deal, or even a process in place (last week, Senate Republicans were demanding reliable forecast numbers that didn't exist at the time; see page 9), but the May 14 special session comes at a time when the Indianapolis 500 will put a premium on available hotel rooms.

This is a burnt-to-the-crisp Democratic Party where a vacuum in the governor's office is compounded by an almost unprecedented vacuum in the House majority party (see Horse Race, page 7) with leadership in flight.

Going into this, many thought that simply by proposing a credible plan soundly based on economic theory, Kernan had inoculated himself from the fallout prior by 2004. But in the last two months, a steady drumbeat of terrible economic news could crush his candidacy.

Overlay that with the *Washington Post* analysis last weekend that the Bush administration is poised to surpass the Great Society in domestic spending (a 22-percent increase), and you have a scenario where Mitch Daniels finds himself at odds with his original intent in going to Washington, which was to pare back spending and enforce fiscal discipline.

That's why the paths of Daniels and Kernan crossing in Lafayette this past week is fascinating. Daniels is the credible numbers guy with the political acumen to bring the Indiana GOP off a 16-year blood march through the desert.

Kernan is the dynamic prime minister in servitude to King Frank. Joe Kernan is teetering on the brink of the Democratic Party's abyss. ❖

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"Over the next year, there is zero chance that Bethlehem will go out of business," Miller said.

MOSES EXPLAINS WHY DEMOCRATS ARE RETICENT: State Rep. Win Moses acknowledged on Wednesday that many House Democrats are not excited about the upcoming special legislative session. "We don't want to go through the process of supporting the governor again, putting up tough votes in every respect, and then being left to twist in the wind as we did this last time," Moses said (Niki Kelly, Fort Wayne Journal Gazette). "I'm not saying we won't do it, but it would be easier if there was an agreement first."

USI RAISES TUITION 10 PERCENT: The University of Southern Indiana will increase tuition next year by nearly 10 percent because of cutbacks in state funding. For the average Hoosier undergraduate, that will mean about a \$314 yearly tuition increase or \$3,457 for tuition next school year.

SOUTH BEND SCHOOLS GIRD FOR MAJOR CUTS: Following through on her promise to put everything on the table, Superintendent Joan Raymond unveiled a lengthy list of possible cuts Tuesday that could offset

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the \$8.5 million shortfall facing the city's schools. Among the more controversial options before the South Bend Board of School Trustees are the closings of three schools, the elimination of virtually every extracurricular activity and a drastic reduction in the number of employees working for South Bend Community School Corp. The board will make the final decision, Raymond said, and she made a point of not recommending any cuts in the 210-page report. "Although the total amount of reduction doesn't seem to be that overwhelming, we have been cutting for two years and it's cumulative," Raymond said. "Now there is very little left, very few places to go to make any further reductions, and that's why all of these options were put out. Quite candidly, I suppose I would go fighting and screaming along the way if the board were to make some of these reductions, but they need to see where their money is and they need to see how difficult it will be. There is very little flexibility here."

BORST, BROWN RAISE GAMING ISSUES: Despite the apparent desire of O'Bannon and legislative leaders to keep gambling out of the mix, lawmakers say it is unrealistic to believe that some form of gaming expansion won't become a key component in

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Sodrel benefits from new 9th District

Primary opposition fights over Monroe County turf

By MARK SCHOEFF Jr.

The Howey Political Report

WASHINGTON -- One of the beneficiaries of the new boundaries in the 9th CD is Republican candidate Mike Sodrel. The revised district lines have produced his two primary competitors, who are now fighting over Bloomington-area turf and giving Sodrel a chance to solidify the southern part of the district.

Sodrel, the owner of a Jeffersonville trucking and bus company, is competing against Jeff Ellington, a Bloomington fireman and Monroe County Council member, and Chris Redmon, a Bloomington airline pilot. The winner will face two-term incumbent Democratic Rep. Baron Hill.

When the legislature eliminated a congressional seat last year to reflect falling state population, it redrew the 9th CD to include Orange County, part of Monroe County, and Columbus. The Cincinnati suburbs were shifted to the new 6th CD. The sprawling district leans Democratic, but President Bush prevailed in 2000 and GOP candidate Bob Dole won the 9th in 1996. Former Democratic Rep. Lee Hamilton held the seat for more than 35 years.

"They're not going to be able to establish enough recognition out in the district to win," said David Graham, a Merrill Lynch financial consultant and former southeast Indiana director for Sen. Richard Lugar, referring to Ellington and Redmon. "The question is: Are they just fighting over the same base?" Graham said that it's not possible to win a race today by attending Lincoln Day dinners. Now victory depends "more on financial backing than on the grassroots."

Fundraising Lead

Sodrel has a substantial money lead

over Ellington and Redmon. Federal Election Commission reports filed this week show that Sodrel raised \$393,137 through March 31, with \$211,549 on hand. Redmon raised \$34,053, with \$1,122 on hand. Ellington didn't garner enough cash to require filing a report. But personal resources that Sodrel sank into his campaign have boosted his total substantially. Of the \$393,137 raised, only \$50,230 came from individuals and PACs. Hill has \$455,569 on hand.

Sodrel's fundraising mix is the

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result of a strategy to self-finance the primary so that he can concentrate

on building his ground operation. He ignored advice from Washington to focus on raising money first. "Mike realizes that in a GOP primary, grassroots is extremely important," said Glenn Murphy Jr., Clark County GOP chairman. In the general election, Sodrel "will have a completely different (fundraising) mix. Republicans at that point will be unified. You'll see a lot more coming from individuals."

Rather than hoarding his money, Sodrel is putting a heavy emphasis on the primary, spending nearly \$200,000 to finance radio buys and direct mail pieces. And, of course, he's traveling around the district. "Mike is really getting out there and marketing himself," said Kevin Boehnlein, chief of staff for New Albany Mayor Regina Overton.

Ellington, Redmon Confident

Despite being far behind financially, Redmon and Ellington are confident that they can win. "With the money that's come in since the filing, I'm happy with where we are," said Redmon. "We are accomplishing our goals. I'm working hard in 20 counties. We are at every function." He said he sends one of his four

sons in his stead, if he can't make an event.

Redmon says his experience in the military and as a pilot gives him the background to tackle the top two items on his agenda -- homeland and national security. One of his friends, Jason Dahl, was the pilot of United Flight 93, which crashed in the Pennsylvania countryside on Sept. 11. "I'm creating a buzz factor, and that's what wins primaries," he said. "I'll have to be outspent 4-1. When you don't have the response I have (received), it costs a lot to win."

Ellington touts his conservative stances on abortion, gun control and taxes. "This is the election where the party chooses the candidate that best represents its values," he said. "I am the true Republican." He criticized Sodrel for donating money to Bill Clinton and PACs that have supported Democratic candidates. "You have to follow the money."

But Murphy dismissed the barb. He said that Sodrel, a former Democrat, gave \$500 to then-Gov. Bill Clinton in 1992. But he's also donated about \$200,000 to Republican causes. "He can relate to all those people who are on the verge of going from Democrat to Republican, just like Ronald Reagan," Murphy said.

Sodrel's Roots

Sodrel's heritage might be as important as his campaign warchest. "Winning

the 9th has been about winning Clark and Floyd (counties)," said Graham. "Mike has bonafide roots in Clark and Floyd. His presence there is much bigger than politics."

In addition to owning Sodrel Truck Lines, which employs about 500 people, Sodrel participates in a wide range of civic activities, including leadership roles in the Southeast Indiana Chamber of Commerce, Rotary Club and the Boy Scouts. He's also deeply involved with financing and planning the Jeffersonville bicentennial this summer. His message consists of conservative values, strong defense and fiscal responsibility.

The last point may drive the fall campaign. Hill has a "really bad record on tax relief," said Boehnlein. "That will become a salient issue for whoever comes out of the primary."

But Hill won't concede the fiscal conservative mantle. He has emphasized debt reduction, voted in favor of fast track trade rules and joined two conservative Democratic coalitions. "Congressman Hill has been very responsive to the business community on a number of our important pieces of legislation, certainly including issues on trade and the recent pension bill," said Bill Miller, political director of the U.S. Chamber of Commerce. "He's someone we have a growing respect for."



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any budget and tax initiative (Terry Burns, Times of Northwest Indiana). "I don't think you can have any special session and not have gambling issues come up," Senate Finance Chairman Lawrence Borst, R-Greenwood, said. "They're going to come up. There's no question." Rep. Charlie Brown, D-Gary, agreed, saying the odds of lawmakers ignoring the gambling "is as likely to happen as I am to become president of the United States." The only way lawmakers might consider following O'Bannon's suggestion is if the governor drops his proposal for increasing casino taxes to help shore up the state's bottom line, he said. "There's no way I can consider voting for a tax on the (river)boats without in turn giving them more flexibility, namely dockside gambling," Brown said. "Those three things, restructuring, the budget deficit and flexible boarding, are tied together." "There is no way to avoid" the gambling issue, said Rep. Robert Kuzman, D-Crown Point.

PENCE CALLS FOR ANTI-PORN LEGISLATION: Congressman Mike Pence Wednesday on the House floor spoke out against the recent Supreme Court decision to overturn a 1996 law banning the creation and distribution of simulated child pornography. "As the

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Bush, Congressional GOP Approval Ratings by Gallup

<u>Date</u>	<u>Bush approval</u>	<u>GOP Cong approval</u>
2002 April 5-7	76%	-7%
2002 March 22-24	79%	0%
2002 Feb. 8-10	82%	+4
2002 Jan. 25-27	84%	+2
2002 Jan. 11-14	83%	+3
2001 Dec. 14-16	86%	+5
2001 Nov. 2-4	87%	0
2001 June 8-10	55%	-4

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father of three small children, I rise to denounce the Supreme Court's deplorable decision to strike down a 1996 federal ban on computer generated child pornography," said Pence. "The Court actually wrote that the law was not sufficiently precise because it did not make reference to any crime or any victims. The creation and promotion of child pornography, by definition, creates victims. I call on my colleagues to move forward expeditiously to right this wrong in the law."

SHARP PAPERS NOW ON THE INTERNET: A click of the mouse put former Congressman Phil Sharp's papers on the Web Monday (Muncie Star Press). "I don't really know what's in these papers," Sharp said as he launched the site. "I have not read them." John Straw, librarian of Ball State University's Bracken Library Archives and Special Collections, said the 140 boxes of papers that arrived in 1995 were filled with information on energy policy and other congressional issues besides constituent mail and campaign material. "It will provide a great opportunity for research and for speeches and dissertations by students and faculty along with scholars from other universities," Straw said. Sharp's papers can be found on the Ball

Indiana 2002 Racing Form

Trendline: State Rep. Susan Crosby's decision not to seek re-election is a startling one. It has significant impact in several areas. Her decision to leave along with that of Speaker John Gregg and Rep. Mark Kruzan is a major vacation of House Democratic leadership. The Crosby seat could also be competitive, and it casts significant doubt on whether the Democrats can retain control. Crosby would have been a very real contender for the 2004 Democratic lieutenant governor nomination, and she had a significant Democratic constituency ready to push her for the ticket. Her decision to give up a shot at that historic opportunity to work for Woman in Government, an association designed to help elect women, is downright curious. We wonder when Hoosier women with the ability to rise to the top will actually do so. With Crosby gone, we look at Gregg as the odd's on favorite to be Kernan's running mate if he can push a tax restructuring plan through the special session (and if he wants it, which he may not). If he can't and the special session turns into a debacle, both he and Kernan stand to take a major hit. The Crosby decision really elevates Sen. Vi Simpson as the best bet at diversifying the Democratic 2004 ticket. She is one of the lone heroes in the tax restructuring dilemma.

Governor 2004: Republican: David McIntosh, Sen. Murray Clark, Sen. Luke Kenley, Mitch Daniels, Eric Miller, Petersburg Mayor Randy Harris. **Democrat:** Lt. Gov. Joe Kernan. **1996 Results:** O'Bannon (D) 1,075,342, Goldsmith (R) 997,505, Dillon (L) 35,261. **2000 Results:** O'Bannon (D) 1,230,345, McIntosh (R) 906,492, Horning (L) 38,686. **2004 Forecast:** 2000 gubernatorial nominee David McIntosh has sent an e-mail to supporters lauding Senate Republicans for not raising taxes. "Last fall Gov. O'Bannon and Lt. Gov. Kernan proposed a 'tax restructuring plan' which was demagogued as being 'revenue neutral.' At the end of the day, the Democrats used 'restructuring' to try to raise nearly \$1 billion in new taxes. Fortunately the Republican Senate said 'NO.' They knew what President Bush and our national leadership knows - raising taxes during a recession would only have made the situation that much worse for struggling Hoosiers families in the midst of a recession. It's just that straightforward." McIntosh asked supporters to do several things. "First, back the Republican efforts to find alternatives to general tax increases," he said. "Second, vote next fall in the election. Hoosiers can choose a new state legislature. Half the state Senate and all of the state representatives are up for election this November. Then we can send a new crowd, particularly in the state House to back up the Senate in saying 'no' to tax hikes and 'yes' to long term spending cuts." Randy Harris, Petersburg's three-term mayor and a 36-year-old Evansville native, announced his candidacy Friday at the Pike County Lincoln Day dinner (*Associated Press*). At age 27, he won election as mayor of Petersburg in 1991, becoming the youngest mayor in state history. **Status:** *Leans D.*

Congressional District 2: Republican: Chris Chocola, Lewis Hass. **Democrat:** Jill Long Thompson, Mark Meissner, State Sen. William Alexa, Kathy Cekanski Farrand, Steven Osborn. **Geography:** South Bend, Michigan City, Mishawaka, Elkhart, Kokomo, Plymouth, Logansport; LaPorte, St. Joseph, Starke, Marshall, Pulaski, Fulton, Cass, Carroll and parts of Howard, Porter, Elkhart and White counties. **Media Market:** South Bend-Elkhart, Indianapolis, Lafayette, Chicago. **2000 Result:** Roemer (D) 107,076, Chocola (R) 98,367. **2002 Forecast:** Thompson began running television on Tuesday with 30-second campaign ads telling her background and promising to protect pensions, guard Social Security and push for prescription drug coverage for all senior citizens (Jack Colwell, *South Bend Tribune*). She reported raising \$282,032 and having \$147,448 in cash on hand as of April 1, compared with Meissner's \$38,111 and \$3,930 on hand. Sen. Bill Alexa raised \$93,169 with \$35,535 cash on hand. Chocola reported \$482,840, with \$437,879 on hand. Vice President Dick Cheney is scheduled to campaign

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May 2 in South Bend for Chocola. Plans call for Cheney to speak at Century Center at a \$250-a-person reception. "The White House is very interested in our race," Chocola said (Jack Colwell, *South Bend Tribune*). Horse Race senses that Long Thompson is still the front-runner, with Meissner attempting to replicate Tim Roemer's 1990 door-to-door campaign and Alexa not getting the same kind of money while having to battle for labor endorsements. **Primary Status:** *Leans JLT*.

Congressional District 3: Republican: U.S. Rep. Mark Souder, Paul Helmke, William Larsen. **Democrat:** Jay Rigdon. **Geography:** Fort Wayne, Goshen; Kosciusko, Whitley, LaGrange, Steuben, DeKalb and parts of Elkhart and Allen counties. **Media Market:** South Bend-Elkhart, Fort Wayne. **2000 results:** Souder (R) 131,051, Foster (D) 74,492. **2002 Forecast:** Horse Race senses that Souder has a narrow lead right now. In talking to our sources from both parties, we sense that the Democratic crossover could be more significant than what was originally believed. Helmke has had good relationships with many Democrats, who may want to help and dump the very conservative Souder. Issues helping Souder would be the Aboite annexation issue, with Republicans there wanting to pay Helmke back for annexing them into Fort Wayne. However, we speculated that Souder could lose this race if he overplayed his hand and some Republicans who are friendly to Souder are expressing disappointment in his attack radio ads that are attempting to portray Helmke as a big taxer. We sense there is potential danger for the incumbent with the tone of his campaign. Helmke has responded by saying that he lowered property taxes by 13 percent and improved roads with his CREDIT tax. He pointed out in a debate with Souder earlier this week that the incumbent has not brought home transportation dollars from Washington and that Indiana is a tax donor state. Souder reported raising \$143,681 in the first three months of this year for a total of \$217,763. As of April 1, he had \$99,332 on hand. Helmke raised \$98,526 since February. He had \$79,887 in the bank as of April 1 and reported \$2,372 in unpaid bills (Sylvia Smith, *Fort Wayne Journal Gazette*). Of the three major northern Indiana primaries, this is the most dynamic. We're tempted to put this in the tossup zone, but don't feel it's quite there yet. Souder does not have this locked up and we still believe if the congressman gets too emotional, negative or overplays his hand, an upset could occur. Hold on to your seats for what could be a wild finish. **Primary Status:** *Leans Souder*.

Congressional District 4: Republican: U.S. Rep. Steve Buyer, U.S. Rep. Brian Kerns, State Sen. Mike Young, Tim Baynard, Thomas Herr, Bob Smith. **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:** This primary battle could get nasty as an array of rumors are making the rounds. How they manifest themselves into this race beyond the whisper mode is the question. Buyer reported having \$340,631 in the bank March 31, compared to Kerns' \$90,616 and State Sen. Mike Young's \$14,523. Kerns is running ads on conservative radio shows, while Buyer is airing TV spots in Indianapolis and Lafayette to supplement radio ads with a spot linking him to President Bush. Buyer was endorsed by the Indiana Farm Bureau. Young, R-Indianapolis, is using cash from his Senate campaign fund to pay for his congressional run -- and that, say two former election officials, violates federal law. At this point, we believe Buyer will prevail. **Primary Status:** *Likely Buyer*.

Congressional District 7: Republican: Brose McVey, Jack Reynolds. **Democrat:** U.S. Rep. Julia Carson, Bob Hidalgo. **Geography:** Indianapolis. **Media Market:** Indianapolis. **2000 Results:** Carson (D) 91,300, Scott (R) 61,818, Ali (L) 2,513. **2002 Forecast:** McVey raised \$131,649 during the first quarter of 2002, compared to \$60,165.97 raised by Carson during the same period, according to FEC electronic filings. "Clearly, Brose is well positioned as we enter the more formal phase of this contest," said Tim Searcy, McVey's campaign manager. "It's becoming very clear that Rep. Carson's support is running short at a critical phase in the race." **Status:** *Leans Carson*. ❖

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State University Libraries
Web site:
http://www.bsu.edu/library/thelibraries/units/archives/phil_sharp_index.html

KING EYES LAND-BASED CASINO IN GARY: Mayor Scott King is negotiating to bring a land-based casino to the city. Tribal leaders from the Miami Tribe of Oklahoma have been meeting with King since January (Steve Patterson, *Gary Post-Tribune*). Tuesday, he announced their discussions are advancing to a formal stage. King said he won't agree to anything that will adversely affect casino boats already docked on Lake Michigan, including the two in Gary. "I won't do it at the expense of existing industry or at the expense of the region." Kathy Walker, general manager of Trump Casino in Gary, said, "I would hope the mayor is interested in protecting the interests of existing businesses in Gary."

TERRE HAUTE TO DOUBLE SEWER RATES: Sewer rates for Terre Haute residents will more than double in the next 10 years if the city's plan to improve water quality receives state approval (Terre Haute *Tribune-Star*). Sewer rates, currently about \$8 a month for city residents, would increase by nearly \$5 a month at the end of 2003 as the first bond issue is

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completed. Another \$4 is projected near the end of 2005 and \$1 in 2008. The increased rates would pay for an improved sewer system designed to reduce the amount of raw sewage that flows into the Wabash River from combined sanitary and storm sewers.

CORONER CANDIDATE USES CONTROVERSIAL YARD SIGNS: Delaware County Coroner James Clevenger's campaign signs, featuring a chalk outline like those drawn around dead bodies at crime and accident scenes have sparked comments in political circles and renewed debate about the effectiveness of political yard signs (Keith Roysdon, Muncie Star Press). Clevenger, a longtime emergency services director who was appointed coroner 16 months ago, said he carefully considered whether to use the chalk outline on signs in his first time seeking the Democratic Party nomination for coroner. "My wife was the first to say, 'Do you think that's appropriate?' " Clevenger said. "But when I became coroner, my niece asked, 'What's a coroner?' and she understood it when she realized I was 'the man who draws the chalk on the sidewalk.' We definitely wanted something to make people notice the signs," he added.

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COLUMNISTS ON INDIANA

Andrea Neal, *Indianapolis Star* - The most frustrating part of Indiana's economic crisis is that our leaders saw it coming, and didn't do anything. That Indiana's economy needed fundamental restructuring to survive the end of the manufacturing age has been clear to politicians for a decade and to economists long before that. Digging through my files, I uncovered a speech delivered July 24, 1992, to the Lafayette Rotary Club by Mark Lubbers, who had served as chief aide to former Gov. Robert D. Orr. It was presciently titled, *Get Radical or Die*. "There's a great need to stir up some trouble about Indiana's future," Lubbers warned. "It is my firm belief that without radical change, Indiana will become an economic backwater -- isolated from the currents of change that propel a society forward." A few paragraphs down, Lubbers cited per-capita income statistics from the previous 50 years, data that anyone could have studied. In the 1940s and '50s, he noted, Indiana's per capita income stood at 100 percent of the national average. "In the '60s it began to slip ever so slightly, to 98 percent. By the '70s, 10 to 15 years of experience was showing a definite trend with Indiana's per-capita income down to 96 percent of the national average." Indiana historian James Madison once described Hoosiers like this: "They don't swing with the fads. They don't rush to adopt new concepts or accept new techniques. They don't panic, but serve as national stabilizers and as a powerful brake on change. They can live in juxtaposition to new notions for a long time . . . Though they disgust impatient reformers, they avoid cultural shocks. They are not passengers in a car careening out of control, but sit in the driver's seat and roll slowly along." When Madison wrote that in 1977, he no doubt meant it as a compliment of sorts. Hoosiers need to wake up and look in the mirror. Resistance to

change isn't a compliment any more. It's an economic death sentence. ❖

Jack Colwell, *South Bend Tribune* - Indiana Attorney General Steve Carter has promised to defend the no-call law. He says the law prevents only one kind of contact, teleharassing, and doesn't prevent these soliciting groups or others from getting their message out in every other way. "I don't think the Constitution would require that people be interrupted with an annoying ring of the telephone," Carter says. But even if the groups do get some kind of court ruling to let the ringing begin, it should be remembered that the First Amendment works also to permit those called to express their views. There is, however, no requirement to be polite. ❖

Stuart Rothenberg, *Roll Call* - Garin-Hart-Yang conducted a national survey of 1,001 voters in 30 "swing" districts in late March for the DCCC. According to the firm, "the balance of power in this year's elections will be held by voters who say they support President Bush in the war against terrorism but who have concerns about his policies on the economy and other domestic issues." The memo breaks out three categories of respondents: 17 percent of those surveyed disapproved of both Bush's handling of the war and domestic issues. Another 37 percent approved of the conduct of the war but "have concerns" about his handling of domestic issues. A plurality, 42 percent, approved of the President's handling of both the war and domestic issues. The memo then notes that the 37 percent who neither fully approved nor fully disapproved of Bush's policies -- and which the firm asserts will hold the balance of power in November -- favored Democrats by a stunning 41 percent to 20 percent in the generic Congressional ballot.

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PERHAPS... WE WANDER

By Brian Howey

Economists don't have data; not optimistic

Economist Bill Styring said he expects the legislators to do "virtually nothing" when they return to the Statehouse on May 14. None of his five colleagues who gathered at a *Howey Political Report*-sponsored event at the Indianapolis Press Club on Monday were much more optimistic. "Can we get out of the budget pickle without a tax increase?" Styring asked. "I won't say that it's impossible. Highly unlikely." Styring advocated doing away with the Build Indiana Fund, calling it "nothing more than an incumbents' slush fund."

"They had a good deal of agreement," said Purdue economist Larry DeBoer. "If we get restructuring, this is the kind of thing that would provide a starting point."

William Sheldrake, president of the Indiana Fiscal Policy Institute, compared the state's tax restructuring efforts to a monster B-movie. In those flicks, the townspeople talk about a terrible, destructive monster that remains off-screen for most of the movie. The mood among lawmakers is much the same, he said, with the impact of a frightening reassessment and tax restructuring "off-screen" until next year.

Kurt Zorn, Indiana University School of Public and Environmental Affairs professor, observed, "It really ticks me off that we do incremental tax policy and not step back and look at the big picture," he said. "Tax restructuring needs to happen just so we can think about those things ... or we'll never get where we want." Zorn is not optimistic, saying "the politics frankly aren't quite there yet." He said in most states where tax restructuring has occurred, "it comes in a time of crisis."

Cecil Bohanon, a Ball State

University economics professor, said it's difficult for his colleagues to calculate the effects of a comprehensive tax restructuring via the four plans that were offered up in the Indiana General Assembly, because the multiple changes proposed are intertwined and impact each other. "Economists are pretty good at taking one tax change and comparing it to another. But there is so much going on with this that actually making some kind of forecast is difficult. So much is up in the air and so much is going on here," he said.

There was also general agreement that the budget deficit and tax restructuring need to be decoupled. "You can't deal with the two together," Zorn said. "It's just impossible to do. Economists get confused when more than one thing is happening. I can just imagine that policymakers get confused, too. I would suggest we get the political courage to deal with the deficit first."

There was general agreement that Indiana doesn't have the ability to provide reliable financial forecasts. Styring said that Gov. Roger Branigan dismantled a system where tax data was collected from across the state on a county-by-county basis. "It is absolutely incredible how bad the information is that we have," MortonMarcus complained. DeBoer said that "we do not have a culture in this state where these state agencies" collect reliable data.

Finally, HPR asked the panelists if waiting until 2003 as Senate President Pro Tempore Robert Garton wants to do will provide needed data. Styring believes that important data would surface. DeBoer said, "We don't know what the local assessors will do and we don't even know when they will finish. How much more will we know by the 2003 long session? I'm not sure we'll know all that much more." ❖

TICKER TAPE

Unfinished Business: Put a Potatohead in the Indiana Senate

(A speech by HPR's Brian A. Howey)

To bring Brian Howey before your group or organization, contact us about scheduling and speaking fees at www.howeypolitics.com or call 317-506-0883.

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