

The Howey Political Report



The *Howey Political Report* is published by NewsLink Inc. Founded in 1994, *The Howey Political Report* is an independent, non-partisan newsletter analyzing the political process in Indiana.

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**Subscriptions: \$350 annually via e-mail;
\$550 annually including the HPR Daily
Wire. Call 317-254-1533 or 254-0535.**

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“QUOTE” OF THE WEEK

“Eric’s not asking for special treatment. He’s asking for a fair shake.”

- Former Gov. Doc Bowen on Eric Miller and the fact that the GOP establishment is supporting Mitch Daniels (Fort Wayne Journal Gazette)

Hamilton, Roemer navigate 911 politics

Commission’s ‘deepest look’

By MARK SCHOEFF JR. in Washington, D.C.

In an already heated campaign season, last week's hearings of the commission investigating the Sept. 11, 2001 terrorists attacks were conducted in a political sauna. But a Hoosier Democrat who is leading the panel says that the partisan sparks were an exception to how the commission has been working.

“The hearings were very productive,” said panel co-chair and former Rep. Lee Hamilton in an HPR phone interview this week. “It’s pretty impressive that there has been a substantial agreement by senior officials of two administrations on the facts. The partisanship was an aberration.”

The March 23-24 sessions featured testimony from prominent officials of both the Clinton and Bush administrations, who explained to the bipartisan 10-member commission the events leading up to the attacks in Washington, New York, and Pennsylvania that killed nearly 3,000 people.

Political Theater

But the witness who produced the most fireworks was Richard Clarke, a former counterterrorism aide in both administrations whose newly published book, *Against All Enemies*, torches the Bush administration for not doing enough in its first eight months to prevent the Sept. 11 events.

Clarke's assertion is especially dangerous to the White House because it may undermine one of the pillars of Bush's re-election campaign -- his leadership in the war on terrorism. Earlier this week, in a major reversal, the White House agreed to have National Security Adviser Condol-

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Covering 10 years of Indiana politics

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INDIANAPOLIS EYE A FINALIST: IRE, the Investigative Reporters and Editors Inc., awarded the Indianapolis Eye on-line magazine a finalist designation in its 2003 Contest for the story "Two Years Too Late" by Eileen Waldron. The category was won by the Center for Public Integrity. The Eye published from November 2002 to February 2004 before suspending operations due to lack of investment.

NO ELECTION PASSWORD: A password that can be used to wipe data off Vanderburgh County's new electronic voting machines will be unknown by all county officials, including County Clerk Marsha Abell and other Election Board members (Evansville Courier & Press). Election Board member Don Vowels had suggested on Monday that Vowels and Election Board President Mark Foster have the password but that the third board member, Abell, not have it. Vowels noted Abell's candidacy for the County Council in this year's election. Vowels withdrew his motion Wednesday when the Election Board convened to finish a meeting that had started Monday. Abell wasn't present Monday, and the meeting was continued to Wednesday so she could be there. Vowels said he spoke

eezza Rice testify before the commission in a public hearing under oath. President Bush acquiesced to talking to the whole commission in private rather than just to Hamilton and the Republican co-chair, former New Jersey Gov. Thomas Kean.

Some observers thought that the questioning last week had partisan overtones. But Hamilton said political theater will not be a staple of the commission's work as it continues toward its July 26 deadline for producing a report.

"Our job is to take some of the heat out of the hearings. That broke down on Tuesday. I don't think it will characterize the activities of the commission in the future," said Hamilton, who retired from Congress in 1999 after serving 35 years and is now the president of the Woodrow Wilson Center for Scholars. "The key is to focus on fact-finding and reaching a broad consensus on what the facts are."

Hamilton blamed the divisive atmosphere in large part on the timing of the Clarke book. He said that the publisher, Simon and Schuster, moved up the release date to coincide with Clarke's testimony, which was scheduled weeks in advance. "That threw a partisan aspect over the hearings and got most of the attention." The publisher did not respond to a request for a comment.

A Republican's Misgivings

Another Hoosier Democrat on the commission, former Rep. Tim Roemer, said questions that have been labeled partisan were simply penetrating. "I think Republican questions to Clarke were tough and fair and his responses were credible," said Roemer, whose 2002 legislation created the commission. The danger is to "slip into the swamp of personal attacks."

A Hoosier Republican on the House Homeland Security Committee said that that is what has happened, asserting that Bush is under attack. "I remain against the formation of the commission,

and they're proving why I was against the formation of the commission," said Rep. Mark Souder (CD-3) in an HPR interview. "I was worried that it was going to turn into politics. If they had done this in private, they might have gotten more impact. The style of some of the questions has really activated conservatives."

The political football played in the hearings varied based on who was doing the questioning. Roemer received high marks for the way he handled his queries. "He was sharp, insightful, and he was able to get his point across without being overly partisan," said Larry Sabato, professor of political science at the University of Virginia. "Tim Roemer, because of his training in Indiana, was gentle but yet effective. Real people inhabit Indiana and they expect their politicians to be real people."

Avoiding a Shelf Life

No matter how the hearings are characterized, the investigation the commission is conducting is wide ranging. They're looking into intelligence, foreign policy, immigration, border control, and congressional oversight, among other areas. Members have culled reams of documents and interviewed hundreds of people.

"It's the richest, deepest and most extraordinary look at how our government functions at the highest levels and in some of its most secret programs," Roemer said in an HPR interview as he darted between television appearances on Tuesday. "I know it's never happened in our 225 year history, and it may never happen again."

But it will be all for naught if the commission's report gathers dust on Washington shelves. The final document will consist of a narrative about the events leading to Sept. 11 and recommendations for policy changes. Roemer will work to ensure that the latter becomes a reality.

"We need to pass these into law for the safety of the country and the success of the commission," he said. He has

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already met with Democratic and Republican members of the House and Senate to talk about reforming congressional oversight of intelligence.

Souder said that he likely will agree with many of the policies that Roemer will advocate. The problem may be how they are framed. Because the commission process has offended many Republicans, who are in the majority in the House, Roemer should take ownership of the recommendations. "Tim has some really good ideas," Souder said.

"Underneath this veneer of political combat going on, he's made some good points. Maybe they'll become law if Tim is committed to it, if Lee is committed to it. It may be tough if they're sold as ... commission ideas."

Getting support from Congress will require that the commission's product is accepted by both parties. "It must not be identified as a Republican or a Democratic report," said Hamilton. "It must reflect the broad consensus of the commission."

Looking to the Future

For the commission's final report to have impact, it should look ahead, not behind, said Randall Larsen, president of Homeland Security Associates, who testified before the commission on April 2, 2003. "I told them, please look

forward and not into the past," he said. "I want to know how to make the country more secure and my family more secure next year."

Larsen, a native of New Castle, Ind., and a former professor at the National War College, said that implementing a major new policy, such as the creation of a domestic intelligence agency, would require leadership from Capitol Hill.

He noted that the most significant overhaul of the Defense Department occurred in the mid-1980s and was based on legislation, the Goldwater-Nichols Act, that was initially resisted by the Pentagon because it fundamentally changed how the department operated.

Roemer envisions a similar revision of national security policy. The current structure was set up in 1947 to wage the Cold War. Now the country is confronted by a new danger in catastrophic terrorism emanating from radical Islamist groups like al Qaeda, the alleged perpetrators of the Sept. 11 attacks.

"We have never quite faced a time where a jihadist threat might be trying to acquire nuclear or biological weapons to kill thousands of Americans," said Roemer. Formulating policy to address the new threat "is one of the most challenging and important things anyone can do." ❖

In the Jan. 8, 2004 edition of *The Howey Political Report*, here is what we wrote about Roemer and Hamilton on the "50 Most Influential List"

37. Tim Roemer: His aggressive efforts to pry intelligence documents out of the Bush administration's hands has given him a high profile on the Sept. 11 commission. His vociferousness has put him in opposition to commission co-chair Lee Hamilton, who has been more measured in dealing with administration delays. As the panel completes its work this spring, Roemer will have a platform to promote policy that is close to his heart -- intelligence reform.

50. Lee Hamilton: As head of the Woodrow Wilson Center for Scholars, Hamilton has become a top Democratic foreign policy pundit. In fact, to the extent that a Democratic alternative to Bush's international efforts is being formulated, Hamilton is among those who is most articulate in outlining it. ❖

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to representatives of Election Systems & Software, the county's election vendor, and "my understanding since the last meeting is that it's not necessary for any of us to have that password."

FORT WAYNE LOSING 64 JOBS: Indiana Die Molding LLC will close its plant of roughly 85,000 square feet after being squeezed out by low-cost Chinese competitors, plant manager Jerry Born said Wednesday (Fort Wayne Journal Gazette). The plant at 9100 Front St. - the company's only operation - will close no later than July 31, Born said. About 64 hourly and 11 salaried employees will lose their jobs.

STATE SAYS PASTRICK SON RECEIVED PUMP TRAINING: A State health official on Wednesday refuted statements made by one of Mayor Robert A. Pastrick's sons who claims he has not received training to fully do his job as the city's sealer (Michael Puente, Post-Tribune). Michael Drew Pastrick, who has collected \$32,700 annually, for the past two years as the city's weights and measures official, told the Post-Tribune last week that he has not had "hands-on" training to calibrate gasoline pumps at service stations doing business in the

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city. Pastrick gave his lack of training as the reason gas pumps at seven of eight service stations in the city have not been checked since 2001. An official with the Indiana Department of Health, Department of Weights and Measures, says once a city designates a city sealer, training is provided. Howard Cundiff, director of consumer protection for the state department, says training lasts about two or three weeks. Drew Pastrick, which he is known as, said he must attend a seminar in Indianapolis to learn to calibrate gas pumps, and such seminars are few and far between. But Jennifer Dunlap, spokeswoman for the Department of Health, said Pastrick received some training in early 2002. "In February 2002, Mr. Pastrick did receive two weeks of training ...," Dunlap said. "But at that time, we were not able to schedule a time that was convenient for him to do a third week of training which would have included how to calibrate the gas pumps."

WHEEL TAX PROTESTED IN MUNCIE: A Purdue University expert on Wednesday estimated that annual road repair funds in Delaware County allowed each road to be resurfaced once every 69 years (Muncie Star Press). Tom Martin of Purdue's Local Technical Assistance

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2004 Racing Form

Trendline: President George W. Bush leads Democratic Sen. John Kerry, 52-37 percent in the Bellwether Poll released by the Indiana Manufacturer's Association. "That is really a trounce," said pollster Christine Matthews. President Bush's fav/unfavs stood at 55/37 and Kerry's stood at 35/40. Of Kerry's favs, Matthews said, "That's very weak for a presidential candidate this early in the game."

Indiana 2004 Gubernatorial

Governor 2004: Republican: Mitch Daniels, Eric Miller. **Democrat:** 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: A Bellwether Research Poll commissioned by the Indiana Manufacturer's Association shows Daniels leading Kernan, 38-37 percent. In

a February poll, a couple weeks after Daniels began advertising on TV, Kernan lead Daniels 37-36 percent. In this latest poll, conducted March 22-24, of the 60 percent of the 600 likely voters polled who know both candidates, Daniels leads Kernan 45-37 percent. The poll has a 4 percent +/- error rate. Kernan's favorable/unfavorable rating was 41/19 and Daniels' was 38/11. "For a sitting governor to be 13 points below 50 percent is significant," Matthews said. "A lot of times the challenger won't be leading." Of the 22 percent undecided in the governor's race, President Bush leads Sen. John Kerry 44-29 percent. In a right/wrong direction question, 36 percent said Indiana is on the right track and 40 percent said the state is on the wrong track. "The voters most pessimistic are middle age males," Matthews said. Kernan's campaign saw the poll as good news. "If anyone should be concerned about this poll, it's Mitch Daniels," said campaign spokesman Scott Downes. "He has been campaigning for 10 months, and he's been up on TV unopposed for 10 weeks, and the result is he improved by one point since February in a poll with a predominantly Republican sample." Downes noted that the sample size in this poll was 38 percent Republican and 26 percent Democratic, compared to 35/31 in the February polling.

What's the Horse's take on this? Similar to the Kernan campaign. We really thought that with Daniels occupying the TV mode by himself, and with the recent bad press about Thomson and other factory closings, Daniels might have forged a bigger spread in the horse race. Kernan's first TV ad (view at www.kernandavis.com) is very credible. It is a 60-minute biography with compelling photos of Gov. Kernan as a POW in Vietnam and his swearing in after Gov. O'Bannon's death. "But the biggest challenge was yet to come," the narrator says over a still shot of the ceremony. The ad goes on to say how Gov. Kernan has brought in new people and conducted state government in a new way. Kernan campaign manager Bernie Toon said that Daniels' ad campaign, which started Jan. 22, had no impact on the decision to go up on TV this past week. Miller's TV ad, to debut on April 5 in Indianapolis, Fort Wayne and South Bend media markets and on cable elsewhere, starts, "Eric Miller is fighting to protect marriage in Indiana. Marriage should be between a man and a woman." The ad ends with former Gov. Doc Bowen saying, "Indiana needs common sense solutions. On Election Day, vote for Eric Miller. I know I will." Miller's use of the marriage issue is interesting. More judicial sources are telling HPR that the Court of Appeals ruling on the constitutionality of Indiana's marriage law could be handed down any day. If the court strikes it down, Miller's base will become very motivated. Bowen lamented the GOP establishment's support of Daniels. "I think it is very true that the state committee has settled on Eric's opponent," Bowen said (Karen Francisco, *Fort Wayne Journal Gazette*). "It's my impression that the state organization should remain neutral. I don't believe there has ever been as lopsided support for one candidate. Eric's not asking for special

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treatment, he's asking for a fair shake." Nowhere is Miller's second-tier status more evident than at a staple of Indiana GOP politics: The annual Lincoln Day dinner. At 39 dinners across the state, Daniels has been the featured speaker and Miller has been denied the chance to do more than wave to the crowd. When Republicans gather for the Marshall County dinner this week -- in Bowen's home county -- Daniels will be the keynote speaker and Miller will be sitting in the audience with the former governor. We found it interesting that Gov. Kernan was breaking ground on Lilly's research center expansion on Wednesday. Kernan was also in Van Buren announcing Weaver Popcorn's participation in the Indiana@Work program. Weaver Popcorn employs Andy Miller, a Republican candidate in HD86. On that front, Republicans continued to jab Kernan over jobs. According to a report released by the US Bureau of Labor Statistics, Indiana was one of only three states to show an increase in unemployment over the past year. Indiana's unemployment rate climbed from 5.0% in February 2003 to 5.3% in February 2004. In January 2004, Indiana's unemployment rate stood at 5.1%. "These numbers unfortunately show Indiana trailing the nation's economic recovery," said Indiana Republican Party Chairman Jim Kittle, Jr. "Forty-seven states and the District of Columbia are doing better than Indiana. It's documented right there in black and white. Joe Kernan is failing Hoosiers. We need a change in state government." **Republican Primary Status:** *Likely Daniels*; **General Status:** *Tossup*.

Indiana 2004 Congressional

U.S. Senate: Republican: Marvin Scott. **Democrat:** U.S. Sen. Evan Bayh. **1992**

Results: Coats (R) 1,267,972, Hogsett (D) 900,148. **1998 Results:** Bayh (D) 1,012,244, Helmke (R) 552,732. **2004 Forecast:** John Kerry is looking to name a running mate early -- by the end of May -- to help raise money, build momentum and serve as an attack dog, sources said yesterday (*New York Post*). Kerry's advisers believe they can send out their No. 2 to hammer President Bush and quickly respond to Republican charges in a fashion similar to Bush's use of Vice President Dick Cheney, who's been giving hard-hitting anti-Kerry speeches. Also, picking a veep nominee early would give the cash-strapped Kerry campaign free media coverage for weeks, the strategists say. **Status:** *Safe Bayh*.

Congressional District 8: Republican: U.S. Rep. John Hostettler. **Democrat:** Jon

Jennings, Bill Pearman. **Green Party:** Clark Gabriel Field. **Geography:** Evansville, Terre Haute, Greencastle; Posey, Vanderburgh, Warrick, Gibson, Pike, Martin, Daviess, Knox, Sullivan, Greene, Owen, Clay, Vigo, Vermillion, Parke, Putnam, Warren and part of Fountain counties. **Media Market:** Evansville, Terre Haute, Indianapolis. Lafayette. **People:** Urban/rural 58/42%; median income \$36,732; poverty 10.7%; race white 93.7%, black 3.7%, Hispanic .9%; blue/white collar: 32/52%. **2000 Presidential:** Bush 56%, Gore 42%; **Cook Partisan Voting Index:** R+8. **2002 Results:** Hostettler 98,952 (51%), Hartke 88,763 (46%). **2004 Forecast:** Hostettler voted against the budget since the resolution would not reduce the deficit fast enough (*Congress Daily*). **Status:** *Tossup*.

Congressional District 9: Republican: Mike Sodrel. **Democrat:** U.S. Rep. Baron

Hill, Lendell Terry. **Media Market:** Evansville, Indianapolis, Louisville, Dayton, Cincinnati. **People:** urban/rural 52/48%, median income \$39,011; race white 94%, 2.3% black, 1.5% Hispanic; blue/white collar: 34/50%; **2000 Presidential:** Bush 56%, Gore 42%; **Cook Partisan Voting Index:** R+8. **2002 Results:** Hill 96,654 (51%), Sodrel 87,169 (46%). **2002 Money:** Hill \$1.144m, Sodrel \$1.62m. **2004 Forecast:** Sodrel got a major financial shot in the arm from Friday's fund-raising visit by Vice President Dick Cheney. Sodrel's campaign said that it raised more than \$150,000 at a \$250-per-person dinner at which Cheney spoke (*Louisville Courier-Journal*). Hill walked the district a few miles away as Cheney spokes. Cheney told the 400 people present, "We're all here to make absolutely certain that Mike is your next congressman. We need more people in Washington just like him. He served our nation proudly in the Army National Guard, and in Congress he'll be a reliable friend to the U.S. military. He's a successful entrepreneur, who understands how to build a business and create jobs. And in Congress he'll support lower taxes and spending discipline in Washington, D.C. Mike understands the district and will bring common-sense values to the House of Representatives. President Bush and I are

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Program told an often-vocal crowd at city hall that a wheel tax could generate more than \$2 million a year - enough to pave local roads once every 15 years. Martin emphasized to the crowd of about 60 that it was up to Delaware County Council - and not him - to decide whether a combination wheel tax and vehicle excise surtax would be adopted. "We don't have any interest if you pass this tax or not," Martin told those in the audience who frequently shouted their objections to the idea of a new tax.

RFK VISIT RECALLED: George Yeaman remembers the screaming crowd that crammed into Ball State University's Mens Gym on Thursday, April 4, 1968, to hear presidential candidate Robert Kennedy speak for half an hour (Muncie Star Press). Kennedy's appearance here - on the same day Martin Luther King Jr. was assassinated - was the subject of a Middletown lecture on Wednesday by John Straw, archives and special collections librarian at BSU. The Muncie Evening Press reported the scene was reminiscent of a Beatles reception. The Muncie Star reported that Kennedy was "bareheaded, showing his famous long hair as usual." Seven hundred people greeted the candidate at the Delaware County Airport.

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Crowds lined streets as he rode past in an open, red convertible. A capacity crowd of more than 8,000 gathered in the gym more than 2 hours before Kennedy arrived. He intentionally waded into the throng before and after the speech. Kennedy won Indiana's Democratic primary with 42 percent of the vote, compared to 31 percent for favorite son Gov. Roger Branigin and 27 percent for Eugene McCarthy. During his speech at Ball State, Kennedy joked about LSD, Lawrence Welk, and his brother Teddy running for president. During a question-answer session, Kennedy advocated moving away from the welfare system and called for tax credits for businesses that created jobs in inner cities. The latter proposal was an "obvious forerunner of the urban enterprise zones" that would be started decades later, Straw said. At the Delaware County Airport on his way out of Muncie, Kennedy was informed that Martin Luther King Jr. had been assassinated.

BAYH INTRODUCES TRADE BILL: Democratic Sen. Evan Bayh introduced a bill on Wednesday that would allow the United States to penalize illegally subsidized products from non-capitalist countries. Under Bayh's measure, the Department of

behind him all the way, and we're asking -- (applause) -- and we're asking the people of southern Indiana to send Mike Sodrel to the United States Congress. (Applause.)" Cheney added, "On issue after issue, from national security, to economic growth, to improving our public schools, President Bush has led the way in making progress for the American people. Mike has made his voice heard on these issues, as well." **Status:** *Tossup*

Indiana 2004 Legislative

Senate District 36: Republican: Sen. Larry Borst, Johnson County Council President Brent Waltz. **Democrat:** Terry Rice. **2000 Primary Results:** Borst 7,513. **2000 General Results:** Borst (R) 24,621, Reno (D) 12,120, Williamson (L) 1,026. **2004 Forecast:** Johnson County is dipping into its savings to help pay for a \$1.4 million budget deficit, partly because tax revenue hasn't arrived from the state, county council members said (*Johnson County Daily Journal*). Waltz said Johnson County is facing the cash-flow issue because of the state's timetable for giving revenue to local government. What county officials are doing is the equivalent of a person writing a check based on a paycheck they know is coming in, Waltz said. **Primary Status:** Tossup.

House District 1: Republican: Jerome Baffa. **Democrat:** State Rep. Linda Lawson, Hammond Councilwoman Kathleen Pucalik. **2002 Results:** Lawson (D) 5,669, Rosenbloom (R) 3,006. **2004 Forecast:** Lawson joined Gov. Kernan on Wednesday for a ceremonial signing of a homeowner protection bill and was credited with forcing the lending community into the compromise (*Times of Northwest Indiana*). **Primary Status:** *LEANS LAWSON.*

House District 44: Republican: State Rep. Andy Thomas, Kenneth J. Eitel Jr. **Democrat:** Eric A. Wolfe. **2002 Results: Thomas (R) 8,997, Schimpf (D) 6,507. 2004 Forecast:** The Indiana Chamber of Commerce endorsed Eitel. The endorsement was made by Indiana Business for Responsive Government (IBRG), the political action division. "The Indiana Chamber is pleased to support a candidate with Ken Eitel's leadership, community involvement, and business experience for state representative. For Indiana to get back on the right track we need supportive legislators like Ken Eitel in the Statehouse who understand the importance of education, economic development and job growth," said Michael Davis, IBRG Director for the Indiana Chamber. "Much of Ken's public service has been with organizations that aim to generate new job growth, an improved economic climate, and advocate for continued improvements in education. Ken Eitel will be an effective state representative." Eitel explained, "Receiving the endorsement of the Indiana Chamber is a significant achievement for our campaign." Eitel is the managing partner of Eitel's Flowers & Gifts, a family-owned business started in 1908 and located in Greencastle. Ken has served as the past president of the Greater Greencastle Chamber of Commerce. HPR's sources say that Thomas had a history of supporting ISTA positions on education issues, earning the ire of the Chamber. He was one of eight Republicans to vote for full-day kindergarten this past session. Most in the GOP caucus are still supporting Thomas. **Primary Status:** *LEANS THOMAS; General Status: LEANS R.*

House District 86: Republican: Andy Miller, Mort Large. **Democrat:** State Rep. David Orentlicher. **2002 Results:** Orentlicher 9,909, Atterholt (R) 9,872. **2004 Forecast:** Here's another classic example of the Indianapolis Star not connecting the dots. It reported in Sunday's editions that "thousands of Marion County taxpayers last year cashed in on multiple homestead property tax credits, a benefit intended only for a homeowner's primary residence." No one in state government could say how widespread the problem is, but there are concerns the mistakes uncovered could be occurring elsewhere in Indiana. In Marion County alone, more than 9,300 property owners got homestead breaks for homes in which they no longer lived or never had lived. "We don't like hearing people are getting the homestead credit who shouldn't," said Beth Henkel, leader of the state Department of Local Government Finance. The reason House Republican leaders and the Chamber endorsed Miller is because Large reportedly has a number of homestead credits on rental properties he owns. **Primary Status:** *LEANS MILLER. General Status: Tossup*

- Brian A. Howey ❖

COLUMNISTS ON INDIANA

Mike Smith, *Associated Press* - None of the three major candidates for governor has laid out a plan for dealing with the state's financial woes (Mike Smith, *Associated Press*). All three want to wait until they might get elected, it seems, before they really say what they would do about the state's financial dilemma. Gov. Joe Kernan talks about the line-item veto, but he isn't saying what lines in the current budget he would cut. Besides, he and his campaign handlers know the line-item veto is a distant dream, at best. Even if the General Assembly went along, it would take at least three years to amend the state constitution. And the General Assembly isn't even close to starting the process of giving a governor in Indiana the line-item veto. Eric Miller says he would not sign a budget that spends more than the state takes in. But he isn't saying where he would come up with \$1.7 billion it would take just to balance Indiana's checkbook. Mitch Daniels isn't saying that either. He won't say where he will cut. As the state sinks deeper into debt, the only thing all three candidates agree on in this election year is that tax increases are off the table.

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Lesley Stedman Weidenbener, *Louisville Courier-Journal* - In a political battle last week over the woeful condition of the state's finances, the spokesman for Democrat Gov. Joe Kernan's campaign was quick to point out that the governor neither voted for nor signed the state's current two-year budget (Lesley Stedman Weidenbener, *Louisville Courier-Journal*). That's certainly true. The last budget was approved last April and signed into law by the late Gov. Frank O'Bannon. O'Bannon died in

September and Kernan ascended to the office. A few weeks later, he decided that -- despite an announcement to the contrary the previous December -- he would run for governor. For his campaign, that has created a tightrope. The campaign sometimes touts the work Kernan did as part of the O'Bannon/Kernan administration and sometimes shies from it. In last week's statement, Kernan campaign spokesman Scott Downes said, "Hoosiers must remember that several of the so-called GOP 'fiscal leaders' attacking the governor today played major roles in crafting the current budget. Joe Kernan didn't write this budget, he didn't vote for this budget, and he didn't sign this budget," Downes wrote. "But that will not prevent him from accepting the responsibilities of the office he holds and confronting the state's fiscal challenges head-on. ..." But in other cases, the campaign or the governor's staff have plugged economic development incentives and tax changes the O'Bannon/Kernan administration pushed into law. The campaign shouldn't be allowed to have it both ways. Either Kernan was with O'Bannon or not. ❖

Brian A. Howey, *HPR* - So the collegiate game in general is under assault from teenagers jumping straight into the pros, where they can make millions of dollars learning the game, and, here in Indiana, an ebb in the talent pool. Could there be a link between a dilution of homegrown Hoosier talent and the fact that class basketball over the past seven years has brought an "everyone wins a trophy" mentality? I can't answer that question with any statistical certainty, but I do know that the class basketball context is robbing the game of its luster. ❖

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Commerce would be able to impose countervailing duties on countries with nonmarket economies when they lower the price of their goods by providing payments to manufacturers. The Stopping Overseas Subsidy Act would expand the department's authority to act against countries like China and Vietnam and would allow it to target subsidies. Currently, duties can only be imposed to remedy dumping, which occurs when a country sells a product in the United States at a lower price than it does on its home market. In conference call with Indiana reporters on Wednesday, Bayh said he was trying to help Indiana manufacturers like Batesville Tool and Die battle low-cost Chinese imports. He said the company is bidding against Chinese companies that price their products a half-cent above the cost of raw materials. Bayh said the United States must embrace the global economy but that trade must be fair. "It is a centrist approach," Bayh said of the subsidy bill, which he introduced with Republican support. "We reject the economic isolationism and protectionism of some on the far left. We reject the far-right (theory) that economic cheating doesn't hurt American prosperity. If you have a system that is truly fair and puts everyone at the same

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starting line, we're going to win the economic race."

GAS PRICES MAY SOAR: OPEC said Wednesday it would press forward with a previously announced plan to cut production by 1 million barrels a day in a display of its strategy to maintain oil prices at their highest level in more than a decade (Indianapolis Star). Delegates from the 11 members of the Organization of Petroleum Exporting Countries cited robust demand for crude oil as the main justification for their decision. The action comes at a delicate time in energy markets, with crude oil near its highest price since the first Iraq war in 1991 and retail gasoline prices at a record high in the United States. Edward Silliere, vice president of risk management at Energy Merchant LLC, told Bloomberg News that New York oil may rise to \$40 or \$42 a barrel later this year because of OPEC's plan, levels not seen since the 1990-91 Persian Gulf war. Oil prices dropped 49 cents Wednesday to \$35.76 a barrel but gained from last year's average of \$31 a barrel. Prices for regular unleaded gasoline in the Indianapolis area are \$1.730, slightly less than the record \$1.839 of May 2001, according to the American Automobile Association. A year ago, the price was \$1.50. Nationally, the average price for gas is \$1.80 a gallon, a record price in dollars. ❖

Bush, Kernan and the politics of energy

By BRIAN A. HOWEY

We are witnessing the "energy presidency" or, as the more cynical among us might say, the "oil presidency." And that can be a politically dangerous thing when gasoline prices are at a record (\$1.80 a gallon) price and soaring.

As Kevin Phillips observes in his book *American Dynasty*, "To the global energy industry and those who lobbied for it in Washington, the election of George W. Bush in 2000 brought a new set of dominant corporations, power alignments and overseas entanglements. In an unprecedented pairing, both the president and vice president of the United States were former energy company executives, products of upbringings in oil-centered cities such as Houston, Midland and Casper, Wyoming, and former heads of Texas-based oil services companies with ties to Bahrain, Kuwait, and the shadowy Saudi Arabian families."

And there is National Security Adviser Condoleezza Rice, a former Chevron director who has an oil tanker named after her.

That energy element even extends into Indiana, where Mitch Daniels was once an IPALCO board member and President Bush's key Ranger fundraiser, Evansville's Steve Chancellor, is CEO of Black Beauty Coal.

So when gasoline prices began skyrocketing over the past month, this appeared to be fertile ground for attack by Sen. John Kerry and the Democrats. You could imagine a TV advertisement of a gas pump clicking away at \$2.25 a gallon and photos of the Bushes, Zapata Petroleum, the *Condoleezza Rice*, the Halliburton connection with Cheney. On that front, Secretary of Defense Cheney presided over a downsizing of the the military (remember the Peace Dividend?), then became CEO of Halliburton, a private military/oil company, and then gave Halliburton a war (Iraq, an oil country).

So the exchange between Kerry

and Bush was to be expected. "We need an energy policy that's real and honest for this country," Kerry said in California. "We should be putting pressure on OPEC to raise the supply and not allow those countries to undermine the economies of the world. This administration has done nothing with OPEC to reduce the gas prices."

Kerry also called on Bush to halt filling the Strategic Petroleum Reserves, which some Democrats contend drives up the cost of fuel for U.S. consumers in an already tight market with record prices.

Bush responded in Wisconsin, saying, "There are some in the other party in Washington who would like to raise gas taxes. I think it would be wrong."

The Bush-Cheney campaign began running retro ads against Kerry, saying, "Some people have wacky ideas, like taxing gasoline more so people drive less. That's John Kerry."

How a war in an oil country, record profits by Exxon/Mobil and BP, and record prices impacts the voters next fall remains to be seen.

Pouring gas on a political situation worked in Indiana back in the early summer of 2000. Gov. Frank O'Bannon suspended the gas tax, and Republican David McIntosh never really threatened him after that.

Last week, Senate Finance Chairman Larry Borst suggested that Gov. Joe Kernan might play that card again. Last week, Kernan spokeswoman Tina Noel explained, "Governor Kernan shares the nationwide concern about rising gas prices, and suspending the sales tax will always be on the list of options in terms of what the state can do to assist Hoosiers with this added financial burden."

This week, with a grocery chain CEO pressing Kernan to suspend the tax (during a billion-dollar budget deficit), Kernan spokesman Jonathan Swain said, "It's premature to say what action we might take." ❖