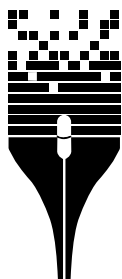


The Howey Political Report



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“QUOTE” OF THE WEEK

“This is a new and dangerous precedent that threatens to undermine the legislative process. It’s an unprecedented power grab by the Speaker...” - House Minority Leader Brian Bosma, on all but two House Republican bills being assigned to Rules Committee

Kittle, Earnest in GOP showdown

Battle for chair seen as fluid, personal

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

The race for the chair of the Indiana Republican Party has essentially been culled to businessman Jim Kittle and 5th CD Chair John Earnest of Marion.

It is a clandestine race, being played out on a mostly subterranean level. It is intensely personal. It appears to be fluid and the dynamic seems to be changing on a day-to-day basis. It involves past alliances and pay backs. There is an element of Old Guard vs. the Phoenix upstarts.

And no one - NO ONE - is either claiming a victory or staking their reputation on making a prediction. That may stem from 1993 when Earnest traveled to Indianapolis believing he had enough votes to defeat Rex Early, only to be denied.

Former Clerk of the Courts John Okeson officially dropped out today and former finance director Steve Luther don’t appear to be materializing. Another person mentioned - 6th CD Chairman Jean Anne Harcourt -- is backing Kittle. “I don’t sense anyone has the votes yet,” Okeson said today.

Earnest declined to be interviewed for this report, but when he met with *HPR* in December he indicated that he wouldn’t be talking until he had something to say. Obviously he doesn’t believe he’s in a position to declare victory. Earnest was expected to address the Indiana House Republican caucus today, just as Kittle had talked with the 27 Senate Republicans.

Kittle’s allies are saying they are making “headway.” Or as Kittle put it in an e-mail earlier this week, “For a guy who started 0-18, we’re making progress.”

Kittle has met face to face with 17 of the 18 Central

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HOUSE REPUBLICANS ANNOUNCE ECONOMIC DEVELOPMENT PACKAGE: An eight-bill package was unveiled Thursday afternoon that House Republicans called "the most bold and far-reaching economic development package in a decade." The bills sponsored by Reps. Eric Turner, Brian Bosma, David Yount, Jeff Espich and Sue Scholer, would create "Smart Zones" to attract high tech industry, change EDGE tax credits for resident businesses, create the Economic Revitalization Act that would combine a number of agencies and councils, and provide individual worker training grants. "It takes a long-term look at our economic development future," Bosma said. "It's our hope to provide economic security for our state."

OKESON BOWS OUT: Former Clerk of Courts John Okeson was to withdraw his candidacy for Indiana Republican chairman Thursday afternoon. "I've expressed my belief that the full-time state chair model is not a particularly good one. I respect, however, what I sense to be a consensus among you that the chair should serve fulltime. Given this apparent consensus, my own views on the full-time model and the limitations my present local

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Committee members. He has had discussions with Earnest. He has met with the Republican statewide officeholders Tim Berry, Brian Bishop, Connie Nass and Sue Anne Gilroy, and Members of Congress. He has talked to major contributors. And Kittle has developed what he calls the "Blueprint for 2002" that challenges some assumptions that the GOP has caught up with Indiana Democrats technologically. As one source said, "There's still a lot of work to do."

Kittle is emphasizing his ability to run a major business and drawing parallels and analogies to that experience and what he could do in a political context.

Kittle also has drawn on an *HPR Interview* conducted in late December with former Indiana Democratic Chairman Robin Winston, particularly with aspects of centralized and coordinated campaigns that have helped that party be steadily successful since 1988

"The Blueprint lays out his vision," said Larry MacIntyre of The Phoenix Group. "He is calling for a lot more activity from the State Committee. He believes they should be much more involved in

governor and legislative campaigns."

Some on the State Committee are concerned about a split and are seeking creative solutions. One rumored to be in the works on Wednesday would be a dual chairmanship involving Kittle and Earnest. That apparently came from Committeewoman Sandi Huddleston in a letter to all 18 members.

Other credible sources have told HPR that Earnest floated the idea of Kittle becoming the party's finance chair.

Our sources are saying not to count on either of those things happening.

Between now and Jan. 23, there will be a flurry of phone calls, more meetings with legislative caucuses, and probably a lot of arm-twisting.

A race for Republican chair can not only get very personal and very dynamic, as one source told us, but extremely unpredictable. The current committee may be fighting to cling to its past, just as it did in 1995 when Mike McDaniel barely edged former Chairman Virgil Scheidt, 11-8. Scheidt's tenure in the hot seat was hardly brimming with success.

Jan. 23 stands to be full of suspense, and possibly of surprises. ❖

Tax bills wobble; Bosma rips 'power grab'

By **BRIAN A. HOWEY**

INDIANAPOLIS - Remember that "speech of a lifetime" Gov. Frank O'Bannon gave last fall? It was the one where he was laying out a case for deficit reduction and tax restructuring before an unprecedented statewide audience?

Well, next Tuesday's sixth O'Bannon State of the State address may be of equal importance.

After opening day of "Morning in America" and "Peace, Love, Dove" cooing on the House floor, every indication is that tax restructuring is in a huge wobble and seasoned veterans are predicting its demise with little hesitation.

Earlier this week, Speaker John Gregg assigned every House Republican bill but two into the Rules Committee, considered a graveyard for legislation. "This is a new and dangerous precedent that threatens to undermine the legislative process," House Minority Leader Brian Bosma charged. "It's an unprecedented power grab by the Speaker."

The question appeared to be, was Gregg seeking to get leverage to bring H.B. 1004 -- the tax restructuring bill -- to the House floor?

Further clouding the picture was State Rep. David Wolkins' decision to withdraw as the Republican sponsor of HB 1004. "The concept I support, if it gets worked on a bit," Wolkins said (Mary Beth Schneider, *Indianapolis Star*). "I could very easily jump back on it. But at this point, it's better if I jump off of it."

The bill's sponsor, State Rep. Chet Dobis, D-Merrillville, told the *Star*, "David left the door open. I think there are a lot of people in his party (doing the same). In the end, this is an end game, and I'm looking toward the end game."

Wolkins' move appeared to run counter to the remarks House Minority Leader Brian Bosma, R-Indianapolis, said of tax restructuring on Monday's opening day, "We have to do it. We're going to

work with you. Hoosiers want and deserve leadership."

Which is why the impetus may shift to Gov. O'Bannon emphatically making the case at 7:30 p.m. next Tuesday. "We are in a crisis," Bauer said, noting that leadership is "up to the governor."

As far as the necessary populist heat the governor might draw on, a *WTHR/Indianapolis Star* poll released on Monday showed that 46 percent believe taxes are the top state issue, followed by education (41 percent), the state budget (17 percent).

While legislators appeared to be tingling with fear at the idea of dealing with tax restructuring this winter, refusing to do so might bring about a populist uprising next fall. But how far? GOP Reps. Jim Atterholt and Lake County's Dan Dumezich will feel compelled to help move something instead of defending a train wreck next November. A good 85 percent of House districts are uncompetitive, meaning that credible challenges would have to surface in the primary.

In the Senate, where both Senate President Bob Garton and Sen. Joe Harrison have signaled re-election intent, the heirs to power have to feel stymied and twisting in the tax winds, particularly gubernatorial hopefuls Murray Clark and Luke Kenley.

"The deficit is a major distraction," Clark told *HPR*. "The challenge for me is to encourage an expedition of restructuring. But I don't intend to place myself in a position of saying my tax increase is better than your tax increase."

Clark believes much will depend on what comes out of the House. "If the plan doesn't look entirely different when it comes out of the House, then they're going to put (Sens.) Borst and Meeks in an untenable position. That will mean the governor can't control his own people in the House." ❖

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commitments place on my ability to spend further time attempting to change minds, I believe it appropriate to advise you that I will not be a candidate for state chair."

BENSON RESIGNS FROM HOOSIER PROJECT: Kent Benson, President of the Hoosier Project since July of 2001, has resigned his position with the conservative grassroots organization to concentrate on his bid for Secretary of State and on his business interests. "At this time, I must resign my position with the Hoosier Project to concentrate my efforts on my job and candidacy for Secretary of State. I still plan to be involved as a volunteer for the organization."

INDIANA LEGISLATORS PUSHING ELECTION REFORM: Memories of the 2000 election fiasco in Florida might be fading, but Indiana lawmakers are pushing for more changes to accommodate voters and root out fraud (Mike Smith, Associated Press). "We took the first steps last session, and now we want to follow up with sound second steps," said Rep. Russell Stilwell, D-Boonville. Sen. Becky Skillman, R-Bedford, called them "common-sense measures in the best interests of the voters." The legisla-

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tion would allow unrestricted absentee voting during the 29 days before an election at a clerk's office or satellite voting facility. Current law requires voters to explain why they are voting absentee. "Many people look at that and then don't vote, and some people ignore it (the law) and in turn are untruthful," said Secretary of State Sue Anne Gilroy, who led a task force on election reform. "This is in the name of accessibility and encouraging people to vote," Gilroy said.

WORST IS YET TO COME FOR NORTHWEST INDIANA: While 2001 was a rough year for Northwest Indiana's economy, experts say the worst is yet to come (Kristi O'Brien, Gary Post-Tribune). Economists predict 2002 will be even more dismal for the region, with unemployment numbers continuing to rise, manufacturing jobs dwindling, personal and business bankruptcies mounting, housing sales and starts declining and retail growth flattening. "I'd say the overall outlook right now, without some significant changes, is not good at all," said Dan Lowery, an assistant professor in the Public and Environmental Affairs school at Indiana University Northwest. Lowery based his prediction on the struggling steel industry and Gov. Frank O'Bannon's pending tax proposal. He

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Eric Miller claims he has early mo

INDIANAPOLIS - It was February 1998 when HPR determined John Price's U.S. Senate campaign was credible and needed to be taken seriously. Price came within 1 percent of winning the nomination. Nearly four years later at this early stage of the 2004 gubernatorial campaign, we see a similar dynamic shaping up with Advance America's Eric Miller, who has garnered impressive support, is raising money, and has wide, grassroots exposure. Miller says his financial report due out next week will "pleasantly surprise" his supporters and shock many others. HPR conducted this interview with Miller Wednesday morning at his campaigns' office in downtown Indianapolis with Jewell DeBonis sitting in.

HPR: Where does your campaign stand right now?

Miller: We formed an exploratory committee on Sept. 28 to respond to people around the state. The response has been absolutely phenomenal. We've surprised a lot of people that Doc Bowen would in essence come out of retirement to not be an honorary chairman, but to be a chairman. Doc has traveled with me to events already, like the one in Hendricks County where we had over 700 people. It's given me the opportunity to travel the state to listen to people and ask, "What's on your mind?"

HPR: How did you get Doc Bowen to sign on to your campaign?

Miller: Doc Bowen has been a long-time friend. I had the opportunity to work in the Bureau of Motor Vehicles when he was governor. We've been friends for years. He's spoken to my events at Advance America. So early on last year I sat down with him up in Bremen and said, "Doc, this is what I'm looking at doing. I'd love to have you involved." And he said, "I'll do it."

HPR: How do you sense where you stand in a field that may include Sens. Murray Clark, Luke Kenley, and David

McIntosh, Paul Helmke or perhaps even Mitch Daniels?

Miller: I'm probably the only candidate that already has a grassroots network. That's what we've been missing in previous elections. We focus so much on the money and you do need \$15-\$18 million. But you've got to have the grassroots people in every precinct. The advocates. I think what I bring to the table is a grassroots network that will be involved. It may be the largest network any statewide candidate has ever had. We believe that by the end of this year -- and we already have several hundred people involved -- we think that will be several thousand. What I bring to the campaign is that I'm

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outside the political arena; that I'm a person who has been representing families at the Statehouse for years. I understand the legislative process. I know how the executive branch works. I bring to the campaign a fresh view of what's happening in Indiana and people to connect with moms and dads, people in labor unions, senior citizens, business owners, because that's what I've been doing.

HPR: Talk about the Advance America network.

Miller: Because of Advance America, my name ID is huge in this state. I'm on over 40 radio stations on a daily basis, Monday through Friday. Our annual seminar has more than 2,000 people. We have over 1,400 businesses that are part of our network, over 25,000 families and over 3,700 churches. We distribute over 900,000 voter guides.

HPR: What does the current legislative session mean to your campaign, and that of Sens. Clark and Kenley?

Miller: We have been clear for years that we don't have a tax program

yet. We already pay enough in taxes. We have a spending problem. Since 1998 when I announced a spending cap proposal we have been out in front of that. In 2000 we got that out of the Senate twice. If we had done that, we wouldn't have the problems we have today. We have been out front on what is the real problem in Indiana. This legislative session draws a clear distinction between the O'Bannon-Kernan administration and my campaign. We have had missed opportunities to solve the reassessment problem, to phase out the inventory tax and to give real honest tax breaks to Hoosier families and we haven't done it.

HPR: Where should we cut spending?

Miller: You don't just take one section like Medicaid and say that's where we'll make up the deficit. You've got to look at every single expenditure that government makes. Are there things we ought to be doing that we're not doing? Are there things we don't have to do? Spending has gone up over 48 percent during the O'Bannon-Kernan administration.

HPR: Are you the one that's going to do that?

Miller: What we're doing is continue to listen to people. I had a state employee group that came in and told us what could be done; what should be done. I think state employees ought to have gotten a pay increase. If we hadn't had the phase-out of the sales tax with regards to gasoline last year we could have given state employees a pay increase. And the impact because of that -- it was a great political move by Frank O'Bannon and Joe Kernan -- but the impact for the typical Hoosier family was minuscule. The governor and lieutenant governor should have been doing that five years ago. They're the ones with the information.

HPR: When the Kernan plan was announced, Sen. Clark said the Republicans need to talk about their vision. What is the Republican vision?

Miller: We've got to have a mind-set change in Indiana. What I see from O'Bannon-Kernan is scare tactics. They're saying we're in a bind now, without saying we're in a bind because we spend too much of your money and now we're going to close schools and nursing homes unless we raise taxes. The mind-set needs to be changed. We support what George W. Bush does. The worst thing you can do on Hoosier businesses and families is to increase taxes, especially during a recession. It should be, how can we let you keep more of your money? What I see them wanting to do is "just get me by the next election."

HPR: We're hearing both parties say tax restructuring should be put off until after the November election. What do you think about that?

Miller: Tax restructuring is nothing more than a shell game to raise taxes.

HPR: So you're willing to put it off until after the election?

Miller: Absolutely. I'm willing to sit down and talk about that without raising taxes.

HPR: Should there be a Republican tax plan?

Miller: I think they're looking at that. Sen. Borst is willing to look at ways of improving the tax structure for the 21st Century.

HPR: Assess Lt. Gov. Kernan.

Miller: Joe Kernan will be a formidable candidate. From what I see, he will be an energetic campaigner. I think his message won't resonate with voters. I think the greatest difference between Joe Kernan and myself is on policy.

HPR: Some are predicting a tax revolt if nothing happens. Do you see that?

Miller: The thing we're hearing ... is what happened to our \$2 billion surplus? And don't raise my taxes. They're not yet fully aware of the huge reassessment hit homeowners will get. People will be asking why didn't you protect us from

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said the status of both is unlikely to change anytime soon. Lowery said O'Bannon's tax plan, which would reduce the tax burden for business, is vital in attracting new manufacturing to the area. That could help soften the blow of the declining steel industry. "Any business would be nuts to locate in Northwest Indiana without a competitive tax environment," he said. "If the General Assembly acts quickly on (O'Bannon's) proposal, it sends a powerful signal that Northwest Indiana is open for business. That's the best thing that could happen."

HOUSE REPUBLICANS, DEMOCRATS PONDER TAXES: Republican leaders reiterated their stand against tax increases that Gov. Frank O'Bannon has proposed to get Indiana through its current budget crisis (Niki Kelly, Fort Wayne Journal Gazette). States that raise taxes during recessionary periods historically are the last ones to recover, said Republican House Leader Brian Bosma of Indianapolis. "Fears expressed last year on the fiscal front are today's reality," Bosma said of the slumping economy and deficit-spending budget. "It would be easy to fix today's fiscal problems with a tax increase, but I challenge us to take a different route -- to

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try and live within our means." The election "is in the back of everybody's mind at this point," admitted Rep. Robert Kuzman, D-Crown Point, "especially the Republicans who are anxious to get control of the House back" (Terry Burns, Times of Northwest Indiana).

GARTON SAYS LAWMAKERS WILL BE ACCUSED OF BICKERING: Senate President Pro Tempore Robert Garton, R-Columbus, said Monday that no matter what happens, lawmakers inevitably will be accused of bickering and engaging in partisan finger-pointing. "There are some fundamental differences. There are philosophical differences, but I hope we have a straightforward debate," he said (Times of Northwest Indiana). "Only time will tell."

KIELY SAYS ASSEMBLY LEADERSHIP BEING TESTED: Pat Kiely was chairman of the Indiana House Ways and Means Committee in the early 1980s when, he says, it was easy to lead the state when it was running a budget surplus. But he says the 2002 session will be a test of leadership abilities of those now in power positions (Ken de la Bastide, Anderson Herald Bulletin). "Every lawmaker will have their own agenda," Kiely said. "Leadership will be who can call the shots and

Indiana 2002 Racing Form

m 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:** Former Fort Wayne Mayor Paul Helmke apparently has ruled out a run for secretary of state. The Benson campaign is shopping a poll showing that he will run strong against Fernandez. The poll purportedly shows that only 44 percent of Democrats are supporting Fernandez. Benson's media coverage is still focused on his bankruptcy (See columnists, page 8). The Bloomington mayor received some radio exposure in December on an ad featured on FM92.3 (which reaches well into the Indianapolis media market) where he urges Bloomingtonians to check out a newly reconstructed intersection **Status:** *Tossup.*

HORSE RACE

Congressional District 3: Republican: U.S. Rep. Mark Souder. **Democrat:** Rodney Scott, 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:** Former Fort Wayne Mayor Paul Helmke appears to either be setting his sights on a challenge to Souder or a run for governor in 2004. The *Fort Wayne Journal Gazette* reported that Helmke has done some polling and has formed an exploratory committee, though it wouldn't characterize the committee as one for federal office. Souder reported only about \$26,000 raised on his July 2001 FEC report and it is unclear how much he'll report later this month. Souder took some hits with Northeast Indiana conservatives when he voted against two of the four impeachment counts against President Clinton in December 1998, but he rolled to an easy victory in 2000. Helmke relied on Northeastern Indiana to win the 1998 U.S. Senate primary versus Peter Rusthoven and John Price. However, also present is that historic animus between the big city mayor and the outlying rural areas. Souder is the consummate political animal, maintaining a precinct-by-precinct understanding of his district. It is hard for us to imagine that he would allow himself to fall out of step with his district enough to get into dire political straits. In contrast, Helmke displayed a more laid-back campaign style in 1998, though there were low expectations in his race against Evan Bayh. Still, if we had to handicap a Souder-Helmke showdown, initially it would favor Souder because of his campaign work ethic and scrappiness. However, Helmke compiled an excellent record as a three-term mayor and could be expected to pull considerable support from the Summit City. He also finds the addition of Kosciusko County and most of Elkhart County as new territory for Souder, though the congressman has enjoyed ample media exposure in the former. Helmke is concerned that a challenge to Souder would be seen as rocking the GOP boat, but he is rightly concerned about his own "shelf life" and the fact that Souder appears to be hedging on a six-term self term limit. Helmke believes he has a promising future in Washington and sees 2002 as a narrow window of opportunity to fulfill that desire, particularly when you consider a 2004 rematch against Bayh would tag him with a third loss (Helmke lost a 1980 primary to Dan Coats), and Sen. Dick Lugar shows no signs of retiring in 2006. **Status:** *Safe R.*

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:** Former Kerns chief of staff Dennis Hardy is joining the Young campaign as manager. Kerns, who is expected to formally announce his candidacy on Saturday, is proving to be the most perplexing political figure over the past year. He has no visible campaign. His supporters in Hendricks County have told the

Indianapolis Star they have been disappointed by the Kerns effort to date. HPR was mystified at the lack of response from the Kerns Congressional office when we were putting together the *HPR Forum Series* last fall when we proposed a joint appearance with Kerns, Buyer and Young (the latter two participated). It appears that the lack of response is Kerns' basic modus operandi. Potential political allies, editorial page writers and political reporters are all saying the same thing: Kerns won't talk and his staff won't return phone calls. He is proving to be one strange dude. Given this dynamic, not only do we see Buyer as the clear frontrunner in this race, as we suggested last fall, Sen. Young looks to be emerging as his most significant challenger. The FEC reports later this month will be telling as to how this race is truly shaping up. **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 is expected to report more than \$500,000 on his FEC report. Fox is expected to report \$120,000 on her year-end report, which gets her on the Washington radar screen. Fox and her fundraising took a hit on Sept. 11 when the terrorist assaults waylaid an aggressive schedule. "Without having one fundraising event, we raised \$120,000," Fox told HPR. "I am blessed with an inner circle (Fox's Den) that helped so much the last few weeks." Fox will appear at an NYC for Woman gala event in New York City in March. **Status:** *Leans R.*

Congressional District 7: Republican: Brose McVey. **Democrat:** U.S. Rep.

Julia Carson. **Geography:** Indianapolis. **Media Market:** Indianapolis. **2000 Results:** Carson (D) 91,300, Scott (R) 61,818, Ali (L) 2,513. **2002 Forecast:** Carson sends out the first franked mail piece that we can remember. Our read on that is that Carson is taking the McVey candidacy seriously. McVey will report more than \$100,000 on his year-end FEC report with more than 400 donors. He hired Neil Newhouse and Public Opinion Research for his campaign research. McVey will host Carol D'Amico, who will talk about new federal education legislation as well as new education initiatives being announced by the Bush administration at noon Jan. 23 at the Radisson Hotel. **Status:** *Leans Carson.*

- Brian A. Howey ❖

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reassessment when you had \$1.7 billion in 1997 and over \$2 billion in 1998? That is going to be laid right at the feet of the O'Bannon-Kernan administration.

HPR: We're locking a lot of people up; our people are getting older. We're incurring more expenses. Can Indiana do the business it should be doing on the same tax structure last updated in 1987?

Miller: We support looking at tax restructuring, but the parameter we put on that is we do not support tax increases on Hoosier business and Hoosier families. We've got open ears. We're honing a plan. We're talking with Doc Bowen. Jewell DeBonis is a volunteer political consultant. Bill Styring is endorsing me

and is our volunteer economic adviser.

HPR: Your detractors are going to portray you as a right wing fringe candidate. How have you evolved?

Miller: Citizens Concerned for the Constitution and then Advance America started out working with families and churches. The same people we were working with on family values were also concerned about their jobs, education, taxes, and so in the early 1990s we started picking up more business issues, more tax issues and then in 1998, we came full circle with our effort on the spending cap. With the name change, we wanted people to know we were a broad-based, business, pro-family, pro-tax reform organization. That is the message most people know about Advance America. ❖

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make the program work." The state is dealing with economic, budget and tax reform issues at the same time. He said he believes lawmakers will first focus on how the state is now spending money and might repeal programs implemented in the last few years. He said he also believes the lawmakers will look at expanding the 5 percent sales tax to more services before approving an increase. He also said there is a good chance that if a tax restructuring package is approved the state will repeal the inventory tax.

THREE NEW LEGISLATORS JOIN HOUSE: The Indiana House welcomed three new representatives, one of whom replaced Gloria Goeglein after her death in November. "It's a humbling experience to follow such a passionate legislator as Gloria Goeglein," said Randy Borrer, R-Fort Wayne (Niki Kelly, Fort Wayne Journal Gazette). Borrer asked the members to continue praying for Goeglein's family, including her husband, Leonard, a fixture at the Statehouse during Gloria's tenure. The members then gave Leonard Goeglein a standing ovation. Two other new members, Democrat Scott Reske and Republican Cindy Noe, replaced Scott Mellinger, D-Anderson, and Paul Mannweiler, R-Indianapolis, who chose not to

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return.

BUSH DEFENDS TAX CUTS: President Bush, facing election-year criticism from Democrats, defended his tax-cutting policies Monday and blamed emerging federal budget deficits on the recession and America's war against terrorism. Democrats blame vanishing budget surpluses on the 10-year, \$1.35 trillion tax cut Bush pushed through Congress last year. Republicans, led by the president, are seeking to portray critics of the package as partisan tax-raisers. "I hope that when Congress comes back they will have listened to their constituents and that Congress will realize that America, like me, is tired of partisan bickering, that we ought to come together, we ought to unify around some sensible policy and try not to play politics with tax relief or for that matter economic stimulus packages," Bush said.

VISCLOSKY AWAITS BUSH DECISION ON STEEL: U.S. Rep. Pete Visclosky said Monday night he is still waiting for an answer from President Bush on the fate of the domestic steel industry (Marti Trgovich, Times of Northwest Indiana). Visclosky, D-Ind., met with residents at the city's council chambers in the second of several annual town hall meetings. Dennis Nord, who was employed at LTV Corp. for 29 years, recently lost his job as an expeditor in

COLUMNISTS ON INDIANA

Lesley Stedman, *Louisville Courier-Journal* - For many Hoosier constituents, the question remains: What happened to Indiana's \$2 billion surplus? Lawmakers are returning to the Statehouse tomorrow amid a recession that has drained the life out of the state budget and now is threatening its reserve accounts. The surplus that Hoosier officials boasted about for years has nearly vanished, and Gov. Frank O'Bannon wants to increase taxes to pay for government services and public education. "I'm not sure anybody is really doing a good job of explaining to people what happened to the surplus," said Rep. Markt Lytle, D-Madison. It's an explanation that Hoosiers might need to accept before many lawmakers are willing to vote for tax increases or restructure the state tax system, another O'Bannon proposal that calls for boosting sales and income taxes to pay for property tax cuts. ❖

Dave Kitchell, *Logansport Pharos-Tribune* - Indiana has always been a state that mixed the popularity and name recognition of its sports stars with their political potential. It's been said that religion and politics don't mix. In Indiana, sports can often be confused with religion, and maybe that's why. Nonetheless, former Indiana University center Kent Benson is attempting to break that tradition. Benson's 6-9 stature has only grown in time since the former Indiana Mr. Basketball became part of college basketball legend as a member of the last undefeated major college team. The problem Benson faces as a political newcomer is the revelation that he has filed for personal bankruptcy. As a Republican, he is running in the party of personal responsibility, and as a former NBA No. 1 draft pick, income and cash flow are not normally considered to be the first words that come to mind with bankruptcy. Yet many sports stars have

had financial problems including Kareem Abdul-Jabbar who "welcomed" him to the NBA the hard way and former Cy Young winner Steve Carlton. In lives of sports celebrities and everyone else, things don't always go according to plan. Reaction from last week's Sound Off question on personal bankruptcy and candidacies showed no support for Benson, a man known as a devout Christian and the leader of the Fellowship of Christian Athletes on the IU campus. On a serious note, if Benson wants to remove this rap against him, he will have to perform the equivalent of Richard Nixon's famous "Checkers" speech. If Benson aspires to lesser positions in Indiana state government, he's going to have to learn how to play the Checkers speech card, and play it soon. He has to sound confident and defiant without sounding angry or arrogant. And yes, if he has a little dog at his side, it can't hurt. ❖

Jack Colwell, *South Bend Tribune* - The race for St. Joseph County prosecutor begins in New Castle this week. It's Democratic challenger Mike Dvorak vs. Prosecutor Chris Toth, the Republican incumbent. Neither Toth nor Dvorak will cite what's happening in New Castle -- the retrial of Christopher Allen for the Osco murders -- as part of the prosecutor race. But it is. Neither even agrees with me that the outcome of the trial will be a huge factor in their race. It will be. That's because the 1990 triple slayings at an Osco Drug store on South Bend's west side has been such a high profile case, including controversy over whether there was sufficient evidence to bring Allen to trial. The case was a huge factor in Toth defeating long-time Prosecutor Mike Barnes in the 1998 election. Toth never cited it specifically during the campaign. He didn't have to. ❖

Coats consumed by terror war

By **MARK SCHOEFF Jr.**
The Howey Political Report

WASHINGTON - When former Sen. Dan Coats arrived in his Berlin office on Sept. 10 to begin serving as U.S. ambassador to Germany, he thought he would have a couple of weeks to settle in. Instead he was thrust to the diplomatic front lines of the war against terrorism within 24 hours.

Coats wasn't scheduled to present his credentials to the German government, and formally become ambassador, until later in September. But when terrorists attacked the World Trade Center and the Pentagon on Sept. 11, German Chancellor Gerhard Schroeder immediately contacted Coats. Schroeder told him: We need an official American ambassador right away. We'll dispense with the formalities.

"**My process was** accelerated dramatically," said Coats. "It's been a whirlwind of activity since."

Coats is the top U.S. government official in Germany, in charge of the embassy, five consulates and the German operations of 28 U.S. federal government agencies.

Germany has been a haven for terrorist cells. Mohammad Atta, an alleged terrorist who is suspected of flying one of the planes into the World Trade Center, lived in Hamburg before moving to the United States. Germany also is a key U.S. military ally, pledging troops to both the war and peacekeeping in Afghanistan. In addition, the country has frozen terrorist assets, gathered intelligence and cracked down on suspected terrorists. "There's been tremendous coordination and effort," said Coats.

Schroeder took a big political risk in committing troops to Afghanistan, drawing criticism from members of his coalition government. The aggressive posture represented a sea change for the

German military, which has been reined in since the end of World War II.

"What's happened here has been historic," said Coats. "Germany has emerged from the shadow cast by World War II to take some important steps to position itself on the world scene."

But policy differences between the United States and Germany that existed before Sept. 11 may come to the fore again. Germany, along with much of the rest of Europe, has looked askance at what it believes is Bush administration unilateralism. Examples often cited are U.S. rejection of the Kyoto global warming agreement and its withdrawal from the ABM Treaty. "There is so much focus on the war on terrorism that these issues have been temporarily set aside," said Coats.

A Hoosier foreign policy sage gives Coats high marks. "We are well represented in Berlin," said former Rep. Lee Hamilton, who once served as chairman of the House Foreign Relations Committee. "Europe is our most important international partner and Germany is the most important country within Europe.

"**We take our relationship** with Europe and Germany for granted, assuming it's solid. But in the last few years, there has been a lot of stress in the relationship," said Hamilton, director of the Woodrow Wilson International Center for Scholars in Washington.

Rather than negotiating European politics, Coats might have been leading the military in the war on terrorism. He was considered for Secretary of Defense before being awkwardly passed over for Donald Rumsfeld, who has garnered rave reviews since Sept. 11. "I don't look back on things," said Coats. "I feel that I'm (in Germany) at an important time doing an important job." ❖

TICKER T A P E

the warehouse when the steel-maker closed its doors. He said he thinks Visclosky has done a lot to benefit Northwest Indiana's steel industry, but more action needs to be taken. "My one big question ... was, what it's gonna take to get help from the Bush administration?" Nord said. "What are we gonna do for (Bush) to see we're hurting?" At stake is whether the administration will follow the International Trade Commission's recommendation to place tariffs and quotas on foreign-produced steel products. The ITC voted to recommend such remedies and sent those recommendations to Bush in December. "The president still hasn't acted," Visclosky said. "There is no time to lose here." ❖

**HPR's
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