

The Howey Political Report



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“QUOTE” OF THE WEEK

“We are citizens with obligations to each other and to history ...”

- President George W. Bush, in his first State of the Union address Tuesday evening.

Tax restructuring teeters on the brink

House Republicans won't move

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

The historic tax restructuring plan teetered on the brink of oblivion this morning as there appears to be no movement within the House Republican caucus to break a party-line vote that might have happened this afternoon.

“There is no support that I can see,” said House Republican spokesman Tony Samuel late Thursday morning. “The prevailing thought is there is no reason for tax increases, particularly now that the economic indicators are showing that we will be pulling out of the recession. They are getting calls from the people telling them ‘don’t raise our taxes.’”

House Republicans appeared to have drawn the line in the sand over their second reading amendments that were shot down by a party line vote one week ago. “They can adopt our second hearing amendment,” Samuel said. “That would work.”

When House Ways and Means Chairman B. Patrick Bauer, D-South Bend, went to the House microphone to urge his colleagues to defeat the GOP amendment last Thursday, he praised the effort as “a positive step toward solving the twin dilemmas we are facing. I’m glad you are not standing up in here and just saying no.” The inclusion of the sales, cigarette and gambling tax increases in the GOP plan was, he said, “a significant step into the light of reality” (Mary Beth Schneider, *Indianapolis Star*).

Several wavering Democrats, such as State Rep. Dale Sturtz, D-Howe, told *HPR* they could have voted for HB 1004 had the Republican amendment passed. “They just don’t have the votes,” said State Rep. Bob Bischoff of Gov.

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BAYH LAUDS BUSH ON VOLUNTEERS: U.S. Senators Evan Bayh and John McCain today hailed President Bush's emphasis on expanding volunteer opportunities in Tuesday's State of the Union Address. Bayh and McCain, who introduced the Call to Service Act last November, wrote to President Bush last week to encourage him to use the speech to issue a historic call to service. "We believe our proposal is ideally suited for the tenor of the times," Bayh said. "The American people are looking for ways to serve, and we will work with the President to harness this outpouring of patriotism to meet the country's needs for civil defense and civic renewal. I'm very pleased to see President Bush embrace some of the core principles in the Call to Service Act that recognizes Americans' desire to serve causes greater than their self interests and expands their opportunities to serve their country. In Winston-Salem, N.C., on Wednesday, President Bush said, "Now, people ask me all the time, you know, "What can I do to help? How can I be a part"--and oh, by the way, I look forward to working with my old rival on this initiative. One of the things that John McCain spent a lot of time talking about when we ran against each

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Taxes, from page 1

Frank O'Bannon.

State Rep. Jeff Espich, the ranking Ways & Means Committee Republican, said he believed last Thursday's rejection of the GOP amendments might have been a tactical blunder by the Democrats.

"When it was time to look at our amendments, they ignored the ideas. It leaves one wondering if they really want bipartisan support," Espich said. "We're looking for a good faith effort that will hit the spending side. I don't think we can compromise any more on revenue neutrality."

House Republicans pondered coming out with a call for more spending cuts this morning, but Samuel said they decided it was too late in the process to do something that might be seen as grandstanding.

Once again, the O'Bannon administration's top legislative priority appears to be under assault from House Democrats. "We're working very hard to get as many (Democratic votes) as we can," O'Bannon said Friday. "There's a lot of wavering people out there."

"My speculation is that nothing will

pass this session, period," State Rep. Craig Fry, D-Mishawaka, said at an Elkhart Chamber of Commerce meeting last Saturday (Don Porter, *South Bend Tribune*). Fry faulted O'Bannon for asking the legislators to enact tax increases that the governor consistently opposed when he served in the legislature. "Don't ask me to do something you won't do yourself," he advised O'Bannon.

While Bauer tried to hold the line on the administration's tax plan, he was abandoned by fellow St. Joseph County Democrats Fry and Mike Dvorak, along with Republican Richard Mangus.

There was a growing sense of unease over the repercussions of not sending anything over the Senate, where Finance Committee Chairman Larry Borst has already promised to rework the plan "like nothing you've ever seen before."

"I don't know how we could look people in the face and ask them to send us back. I want to vote on (tax) restructuring. But there wasn't enough movement here," Republican State Rep. Tom Saunders said (*Muncie Star Press*). "If we don't do anything, the voters will send us a message," Democratic State Rep. Tiny Adams said (*Muncie Star Press*). ❖

The moderation of President Bush

By **BRIAN A. HOWEY**

INDIANAPOLIS - President George W. Bush's State of the Union address Tuesday night could have been delivered by a Democrat.

It represents a pendulum swing from far right of center to a zone of moderation. That's what the American presidency does -- reduces campaign trail stridency played out for the base and pulls the man into a dynamic where he must govern all.

During the first eight months of his presidency, Bush surrounded himself with conservative trappings: the nomination of Attorney General John Ashcroft, the tax cuts, the rollback of environmental standards, a suggestion that American troops might be coming home from Bosnia.

Tuesday night, we found a President Bush who committed himself to what cynical conservatives call "nation building." The President said, "America and Afghanistan are now allies against terror. We'll be partners in rebuilding that country."

Bush identified a future enemy -- the "Axis of Evil" as FDR or Ronald Reagan might have put it -- as Iran, Iraq and North Korea .

Then there is the Bush budget, featuring a 9 percent spending increase for the next year, topping the 8 percent Congressional Democrats sought last year. "My budget supports three great goals for America: We will win this war; we'll protect our homeland; and we'll revive our economy."

There will be solace for conservatives, concerned last August that Bush had jumped over military reform. "My budget includes the largest increase in defense spending in two decades," Bush said. "Because while the price of freedom and security is high, it is never too high. Whatever it costs to defend our country, we will pay."

The spending will not be confined

to the military. The national gold card will be out for homeland security. It will "make America not only stronger, but in many ways, better. Knowledge gained from bioterrorism research will improve public health."

Bush said he would extend unemployment benefits and direct assistance for health care coverage. "Good jobs begin with good schools," Bush said, "and here we've made a fine start. Republicans and Democrats worked together to achieve historic education reform so that no child is left behind. And I was so proud of our work, I even had nice things to say about Ted Kennedy" (not sure if we've ever heard a Republican president praise him). "There is more to do. We need to prepare our children to read and succeed in school with improved Head Start and early childhood development programs."

Bush sought a stimulus package, a patients' bill of rights and a "modern Medicare system that includes coverage of prescription drugs."

With Teamster President Jimmy Hoffa looking on from the balcony, there was a reaction to the Enron debacle. "Through stricter accounting standards and tougher disclosure requirements, corporate America must be made more accountable to employees and shareholders and held to the highest standards of conduct."

Bush consistently praised women -- from Afghanistan, to teachers, to the need to bolster the Peace Corps and USA Freedom Corps (a move urged by Sens. John McCain and Evan Bayh) with 200,000 new volunteers, and in the spirit of JFK, asking us all to donate 2,000 hours of our lives. There was a bow to his wife, First Lady Laura (as the camera panned to Sen. Hillary Clinton, who joined in on the 70 or so applause interruptions).

What a difference a year made in the life of President Bush. ❖

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other, and still spends a lot of time talking about, is service. He's a man who understood service to his country. He's a man who knows that America will be better off as we serve our country. And I look forward to working with Senator McCain and Senator Bayh of Indiana to get this legislation through the Congress."

BUSH PUT NATIONS ON NOTICE; HAMILTON WORRIED: President Bush decided to lump Iran and North Korea with Iraq as members of an "axis of evil" whose support for terrorism seeks to acquire and spread weapons of mass destruction, officials said, despite the fact that the two nations have sporadically sought improved relations with the United States (David E. Sanger, New York Times). Administration officials insisted that Mr. Bush was not suggesting imminent military action against any of the three countries. But several officials -- including some who had argued for toning down the language in drafts of his State of the Union address -- said in interviews that the president was insistent that he use the opportunity to send a clear warning that any nation that puts its nuclear or biological weapons within reach of terrorists can expect the strongest American reaction. Former

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U.S. Rep. Lee Hamilton said on NBC Wednesday he feared the Bush "Axis of Evil" remarks would embolden "hardliners" in each of the three counties.

BURTON SAYS FBI HEAD-QUARTERS SHOULD BE RENAMED: House Government Reform Committee Chairman Dan Burton used to worship the man whose name graces the FBI's headquarters. "I always thought J. Edgar Hoover walked on water when I was a kid," the Indiana Republican told Mike Wallace on Sunday's "60 Minutes." But now Burton is investigating Hoover's role in putting an innocent Boston man, Joseph Salvati, in prison for 32 years on a bogus murder conviction, all to protect a Mafia informant who actually committed the crime. Hoover "knew it, and his name should not be emblazoned on the FBI's headquarters," Burton said (Lloyd Groves, Washington Post). "We ought to change the name of that building. I'm serious."

BUILD INDIANA FUNDS REFORMS GUTTED: As an investigation of the state's Build Indiana Fund continues, lawmakers voted Monday to do away with key accountability measures that govern how millions of taxpayer dollars are spent (Michele McNeil Solida, Indianapolis Star).

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McIntosh prepares to re-engage

INDIANAPOLIS - HPR Publisher Brian Howey sat down with 2000 gubernatorial nominee David McIntosh and pollster Chris Wilson at the Monon Coffee Company in Broad Ripple recently to find out how the Muncie Republican was planning to re-emerge on the political scene.

HPR: What will you be doing in the next three months or so as the tax debate gears up at the Statehouse?

McIntosh: I've become convinced that if those are enacted then we're heading in the wrong direction. It will make the economy worse. We'll see more job flight, our opportunities for young people will be hurt and the average person will be asked to live with a deal where they will be paying roughly the same on property taxes and a 20 percent sales tax increase and a 30 percent income tax increase. My plans in the next three to six months are to become re-engaged; to help give voice to what I think the Republican Party should stand for. And that's an alternative to raising taxes; that we can solve the budget mess without raising taxes. It's a lot harder now than it would have been a year ago with a budget surplus and the plan we had. Our basic principle was right. I think we should hold the line on spending and tap into some of the reserves, but not raise taxes in the middle of a recession. I'm going to start giving speeches and writing. Politically, we're going to get ready to get involved in legislative races. I don't think we'd be faced with a huge tax increase proposal if we had a Republican House. Everyone thinks it's going to be so tough to win, but I don't think so. I think it could be a '94 situation all over again.

HPR: Will you be showing up at the Statehouse during the tax debate?

McIntosh: I will be taking my cues from the legislators. The answer is yes.

HPR: How do you break down the deficit reduction and tax restructuring plans?

McIntosh: Ultimately the legislature is going to have to deal with them as a combined product. You can't have a major restructuring that is also a huge tax increase going parallel with a budget that needs another tax increase to pay for the deficit. What I've done is look at them as a combined package. What are they presenting to the people of this state? There's good things in there: eliminating the inventory tax; getting rid of the gross receipts tax are two things I stood for. They're right, but costly. There are things pernicious about it that are just bad policy.

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INTERVIEW

When you shift taxes from property taxes into sales tax, that means you're essentially sending on the order of \$100 million to Washington. There's a net loss of money in the pie for Indiana on that tax policy. Progressive income taxes will hurt in the exact part of the economy where we need to be attracting young people. What we're saying is, we're going to be taking more of that reward. Then there are some real bad features in general. The sales and income tax increases. The reason we're in trouble with the budget is there is a downturn in the economy and we're not taking in as many receipts. The proposal that should be put forward is this: Let's hold the line on spending at inflation plus 1 or 1 1/2, but don't do double inflation. Last year I think it was 8 percent. We did a study of 1999 through 2002 time frame. If you hold it to a 5 1/2 percent, you get the \$600 million shortfall. If you go down to 5, you actually get a savings of about \$900 million over that period. So spending is the answer.

HPR: You advocated a 25 percent property tax reduction and if we had done that, we would have really been in trouble. How will you deal with that?

McIntosh: That's a very fair question. Ultimately the core of my plan was to use the surplus and hold the line on spending. Take those savings and then cut property taxes. What's happened since then is they've used the surplus on spending. They're having to raise taxes not to get a tax cut, but just hold the line for the average homeowner. If you take the core of my plan now on the savings side, you could do it without raising taxes. You couldn't get the 25 percent cut because they've already spent that. They spent the \$1.5 billion in surplus and they did an 8 percent spending increase last year. Had I been governor I could have stopped that. We also projected good economic times so we were thinking there would be more revenue. I would have had to deal with that as a big problem. Realistically, if I had stuck with the 25 percent, I would have had to phase it in over a lot longer period. But at a minimum, we wouldn't have had to raise taxes because we would have been good custodians.

HPR: Our population is getting older; Medicaid will go up. We're locking up more people. And we're not growing as fast as other states. Is it realistic to think we can hold the line on spending?

McIntosh: No, you've got to do things such as eliminate the inventory tax, and you have to bite the bullet to do that. in order to stimulate economic growth. The brain drain leads to the aging of the demographic: More expenses and less budget income for the state.

HPR: You've run four campaigns, three real good ones and then that stinker in 2000. How do you deal with that county chair who asks, why should we go with you in 2004?

McIntosh: What became real clear from this (Wilson) polling. We had the right message, but it was an election too early. It wasn't going to work in 2000, but it will in 2004. I will share that with them. You also learn along the way, things you will do better. I'm going to spend time investing in the party structure. I'm

delighted Jim Kittle is chairman. We need people like that. Let's invest in the party. Let's use modern approaches where we don't ask people to contribute everything into the central apparatus. His basic premise is, "I can raise money and will let it flow down to the grassroots." That was something I learned. You've got to invest that time with the party leaders. Now that I'm not running, I can go and say, "What can I do to help you?" The other lesson is people need to get to know the person they're going to elect as governor. It's a different sense in running for Congress. I run into people all the time who stop me at the gas station or Lowe's and say, "I know you. You're David McIntosh." They have that sense they know who I am and what I stand for. I'm going to call and that and say, "Here's a vision for our state."

HPR: These poll numbers (McIntosh 44, Tobias 3, Daniels 2, Kenley and Miller 1) send a real message to the Republican establishment. Yet we have a political culture in this state that you get only one shot at the governor's office.

Chris Wilson: Indiana and Ohio aren't really all that different. Ohio has a culture where you almost have to lose a race before you come back and win it. Voinovich, Celest, DeWine, Glenn - they all lost a race. My opinion as a pollster is that the nomination is David's if he wants it; 41 points is not a small matter. It would take a lot of money to overcome that.

McIntosh: My perspective is that is the old wisdom out of the old style. One of our best leaders in this state ever, is Dick Lugar. People forget, but he lost an election for the Senate before he won. I've been studying races like Jeb Bush's down in Florida where he lost and then won again. I've talked with people about putting together a good team for next time. I've got a vision that will work. I will pull together a team that knows Indiana and knows how to win. That will include people who have been with me before and some new people. ❖

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Legislators want to resolve questions about their use of the fund by changing the law to reflect what they were doing all along before Gov. Frank O'Bannon ordered the accountability measures last year. House Bill 1360, unanimously approved Monday by the House Rules and Legislative Procedures Committee, also would allow more groups to receive money for a broader range of projects. The proposal also seeks to protect lawmakers and grant recipients from criminal investigators by making all past spending legal. A Star investigation found that the \$260 million fund has financed projects that were never built and benefited lawmakers personally, and that money has gone to groups that were never audited. Marion County Prosecutor Scott Newman launched investigations of some lawmakers and grant recipients. The investigation will not be hampered if the bill becomes law, said spokesman Roger Rayl. Rep. Win Moses, D-Fort Wayne and sponsor of the proposal, said he doesn't believe lawmakers did anything illegal, "but this would eliminate any worry." Indianapolis community activist Clarke Kahlo said he's appalled by the proposal: "This takes grandfathering to a whole new low."

WOMEN UNDER-REPRE-

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SENTED ON INDIANA CON- GRESSIONAL STAFFS:

Women make up half of the total Indiana staff in the House but only 30 percent of the policy positions and 18 percent of the top four jobs, according to a Gannett News Service analysis of aides on the payroll as of Sept. 30, the most recent published records. That's better than Fortune 500 companies where women hold 12 percent of the executive positions. But it's not as good as the entire House where women hold 41 percent of the policy jobs and 38 percent of the executive positions. In Sen. Evan Bayh's and Richard Lugar's offices, women made up 33 percent of the top jobs as of September. That's just slightly below the Senate average of 37 percent, although the gender pay gap in Indiana's offices is larger than in the entire Senate. Angela Flood, the who worked her way up from an entry-level position over a dozen years in Congress, is the only female chief of staff (U.S. Rep. Mark Souder) in the 12-member Indiana delegation.

**HOUSE PASSES PROVI-
SIONAL BALLOTS:** The House voted unanimously Wednesday to ease and expand Indiana's voting process (Niki Kelly, Fort Wayne Journal Gazette). House Bill 1224 would allow unrestricted absentee vot-

COLUMNISTS ON INDIANA

Stuart Rothenberg, *Roll Call* - At least 10 former Members are mentioned as possible or certain candidates for the House this year. Statistics are tough to come by, so I don't know if that's a record. Although some in this year's crop have legitimate chances to win, many are running quixotic efforts to return themselves to the political stage. Eight of the potential comebackers lost their last bids for the House: Dave Nagle (D-Iowa), Jay Dickey (R-Ark.), Buddy Darden (D-Ga.), Frank McCloskey (D-Ind.), Robin Britt (D-N.C.), Merrill Cook (R-Utah), Jill Long Thompson (D-Ind.) and Clyde Holloway (R-La.). The biggest problem facing many among those eight is that the voters have already fired them. And yet, most of those considering a comeback in 2002 have reasonable rationalizations for their losses and for why this year could be different. Redistricting appears to be the major reason why so many former Members figure that they can again win election to the House. Rep. Bob Barr (R) defeated Darden by 4 points, the same margin by which John Hostettler (R) prevailed over McCloskey, a former mayor of Bloomington. Both Democrats can reasonably argue that they would still be in Congress if it hadn't been for the GOP wave. Long lost by a larger margin (11 points) to Mark Souder (R), but two years earlier she had been re-elected with 62 percent of the vote. ❖

**Mike Leonard, *Bloomington Herald-
Times*** - There was a time when I would have counted myself within the odd coalition of liberals and religious moralists who oppose casino gambling. OK, I wasn't one of the moralists. Who would have guessed? I leaned toward the liberal view that too many people who can't afford to gamble do so with hopes of improving their economic lot — and that amounts to

a regressive tax that takes advantage of people in the lower income brackets. Then I started seeing what really goes on at casinos, which are among the most highly regulated businesses in the nation. People eat, gamble and go home when they've exhausted the money they set aside for their day's entertainment. I've yet to see a study anywhere that points to a significant social problem with compulsive gambling, or any solid data that shows that compulsive gambling has increased in Indiana since riverboat gambling and parimutuel betting were legalized. Illegal gambling was rampant in private clubs and taverns before casinos arrived and it persists today. Legal gambling provided the cash-strapped state of Indiana and local governments roughly \$500 million in revenue in 2001. So why are Gov. O'Bannon and the Democrats in the Legislature proposing legislation to increase casino taxes and opposing measures to enhance the viability of the state's 10 licensed operators? ❖

Russ Pulliam, *Indianapolis Star* - One other person would give Kernan a fight: former Sen. Dan Coats. Now ambassador to Germany, Coats originally hoped to be Secretary of Defense. Unless he is asked to join the Bush cabinet in the meantime, he could bring plenty of credentials to a race against Kernan, including previous successful statewide runs; popularity with the social and religious conservatives who vote heavily in Republican primaries; and a strong pro-life record. He also can lay claim to some of the faith-based ideas put into play by Bush, as the author of innovative ideas for compassionate conservatism as far back as his time in the U.S. House of Representatives in the 1980s. The new state chairman has a big job ahead. He may have to recruit overseas to get it done ❖

Indiana 2002 Racing Form

Secretary of State 2002: Republican: Kent Benson, Mike Delph, Deputy Secretary of State Todd Rokita, Richard Mourdock, Dr. John McGoff. **Democrat:** Bloomington Mayor John Fernandez. **Libertarian:** Paul Hager. **1994 Results:** Gilroy (R) 902,100, Jeffers (D) 542,539, Dillon (L) 32,483, Knight (A) 13,948. **1998 Results:** Gilroy 828,557, Little (D) 652,565, Dillon (L) 51,775. **2002 Forecast:** Fernandez sent out packets of

information to state and national media outlets touting his role in keeping the city's tax rates low. And he's spending \$6,000 in public funds to do it (John Meunier, *Bloomington Herald-Times*).

Republican Kent Benson said, "Sounds like politics as usual again for the Democrats." **Status:** Toss-up.

Congressional District 1: Republican: Open. **Democrat:** U.S. Rep. Pete Visclosky. **Geography:** Lake, Porter, Newton, Jasper, Benton counties. **Media Market:** Chicago. **1994 results:** Visclosky 68,612, Larson 52,920. **1996 Results:** Visclosky 132,430, Petyo (R) 56,205, Crass (L) 3,122. **1998 Results:** Visclosky (D) 92,634, Petyo (R) 33,503. **2000 Results:** Visclosky 146,683, Reynolds (R) 56,200, Nelson (L) 2,907. **2002 Forecast:** Visclosky has filed for another term. **Status:** SAFE D.

Congressional District 2: Republican: Chris Chocola. **Democrat:** Jill Long Thompson, Mark Meissner, State Sen. William Alexa, Kathy Cekanski Farrand. **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 raised \$89,060 from July 1 to Dec. 31, according to her FEC filing. She has raised \$189,040 year-to-date and has \$121,230 cash on hand. **Status:** Leans JLT.

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:** It might be reasonable to expect the action in the 4th CD to be played out in Tippecanoe County or Plainfield. But both Kerns and Buyer ended up in Cuba. Buyer went down to inspect the Guantanamo Bay prison facilities for the Taliban and Al Qaeda on Friday. "I am going to Guantanamo Bay on a fact-finding mission," Buyer said. "I want to ascertain the difference between fact and fiction." Kerns said, "We wanted to go down and dispel any notion that we were not doing the right thing." **Status:** Leans Buyer.

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:** McVey raises \$120,000, with \$50,000 on hand. Tim Searcy, a marketing executive, will manage the McVey campaign. **Status:** Leans Carson.

Congressional District 8: Republican: U.S. Rep. John Hostettler. **Democrat:** Bryan Hartke, Frank McCloskey. **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. **1994 results:** Hostettler (R) 93,529, McCloskey (D) 84,857. **1996 Results:** Hostettler (R) 109,582, Weinzapfel (D) 106,134, Hager (L) 3,799. **1998 Results:** Hostettler (R) 92,227, Riecken (D) 81,381, Hager (L) 3,395. **2000 Results:** Hostettler 116,860, Perry (D) 100,461. **2002 Forecast:** Former Rep. Frank McCloskey ponders a comeback, though he lives just outside the CD. Vice President Dick Cheney will stump for Hostettler in Evansville on Feb. 6. **Status:** Likely Hostettler. ❖

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ing for the month leading up to the election and make it easier for out-of-state military personnel to cast their ballots.

SHINE WILL GET NEW TV SHOW IN FORT WAYNE: Steve Shine, the Allen County Republican chairman whose unique baritone voice has brought news updates to WFFT-TV, Channel 55, viewers for years, is putting his TV career on hold. At the end of the month, Shine will no longer appear on the news breaks he has hosted since Jan. 21, 1981 (Mike Gruss, Fort Wayne Journal Gazette). Shine says he plans to reappear on television for more serious matters. "Shine on Sunday," a political talk show, will feature local political leaders with Shine as the host.

PAIR ANNOUNCE FOR LEGISLATURE: Two candidates for the Indiana General Assembly made their announcements over the weekend. H. Jay Walton of Lawrence County will seek the 65th District seat in the House of Representatives. The announcement in the Bedford newspaper did not say what party's ticket he will run on. Republican Andrew Phipps announced for the District 26 Senate seat held by Allie Craycraft, D-Selma, since 1978. State Rep. Bruce Munson, R-Muncie, also has not ruled

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out seeking the GOP nomination for Senate seat. Munson is not seeking reelection to his House 35 seat.

CBS-NEW YORK TIMES POLLS SHOWS ENRON HURTING REPUBLICANS: According to a CBS News/New York Times poll, while the President's popularity remains high, two out of three Americans now believe the Administration is hiding something in the Enron case. 75 percent of those polled say Congress is influenced too much by big business. Americans also believe Enron is not an isolated case; 70 percent say the accounting practices that led to Enron's collapse are widespread.

GOP EYES THREE INDIANA SEATS: Jack Oliver, deputy chair of the Republican National Committee, said the national party is increasingly excited about the potential of picking up three Congressional seats in Indiana: the open 2nd, along with the 7th and 9th. U.S. Rep. Tim Roemer is vacating the 2nd, and the 7th and 9th are currently held by U.S. Reps. Julia Carson and Baron Hill. "There will be 30 to 40 competitive House seats and three of them are located here," Oliver said before huddling with new Indiana Republican Chairman Jim Kittle at the Columbia Club. "We're sitting down and planning with Jim and making sure we have the grass-

Pension reform rises from Enron collapse

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

WASHINGTON--Pension security has risen from the ashes of the spectacular collapse of Enron Corp., putting an issue on the fall agenda that might otherwise have languished in obscurity.

After the Houston energy-trading giant lost \$638 million in the third quarter and its market value plummeted by \$1.2 billion, it declared the largest bankruptcy in history. Thousands of Enron employees lost their jobs and retirement savings. Investigations into the complex financial and accounting breakdown will occupy several congressional committees. In addition, the company donated more than \$1.7 million in the 2000 election, spurring enough members of the House to sign a petition to force action on a campaign finance reform bill that had been stalled.

Although the political vibrancy of campaign finance reform outside the nation's capital is always debatable, pension security might get traction.

"The whole issue of pension protection will be big this year," said Chris Sautter, a Democratic political consultant helping to run Jill Long Thompson's campaign in the new 2nd CD. "In all races, voters will be more favorable to candidates who support pension protection, especially protection from employer mismanagement."

Melina Fox, the Democratic challenger to GOP Rep. Mike Pence in the new 6th CD, said that Enron is on the minds of Hoosiers. "Everywhere I go, people are talking about the Enron scandal," she said. "(They) are worried about making sure their retirement funds are secure."

Business Background

The pension focus might provide an opening for candidates to highlight their business background. Chris Chocola, a Republican running for the open seat in the new 2nd CD, cautions against rushing

to change the retirement savings system. Members of the Hoosier delegation are sorting through bills that have cascaded out of the Enron scandal.

"Before we overreact, we need to understand what happened here," said Chocola, who is chairman of the board of CTB International Corp., an agricultural

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equipment manufacturer that employs 1,300 people and has a

market value of about \$120 million. "The 401(k) program overall is a good one that a lot of people have benefited from."

For more than a decade, Chocola designed and managed his company's pensions. CTB matches with cash the dollar amount that employees put into their retirement accounts. Employees can then decide where to invest. Enron made its match on retirement funds with company stock and restricted employee options.

In southern Indiana, Democrat Baron Hill is drawing on his background as a financial analyst to address the Enron issue. Before Hill was elected to the 9th CD seat in 1998, he worked for Merrill Lynch.

"I took this job very seriously because I knew every one of my clients had worked hard for years to save money that would help them make ends meet after retiring," Hill wrote in an op ed he sent to Indiana newspapers on Wednesday. "Congress should consider common sense safeguards that would prevent employees from getting soaked while a company's executives emerge relatively unscathed." Hill outlined reform steps that include giving workers access to investment advice, improving disclosure and transparency of financial information, and promoting greater auditor independence.

One of Hill's potential Republican opponents, Mike Sodrel, may be able to

talk about his experience in providing retirement benefits to employees of his Jeffersonville trucking company.

Goliath and David

Regardless of a politician's background, the idea that the business Goliath took advantage of the worker David resonates on both sides of the aisle.

Republicans and Democrats criticize the Enron system that allowed executives more choices for investing their retirement savings than it gave to employees, who had to buy company stock.

Republican Rep. Steve Buyer (new 4th CD) said that point concerns his constituents. "Employees should have rights to the open market, just as executives do."

Democratic Rep. Julia Carson (new 7th CD) said, "There has to be a mechanism that protects employees and their pensions. They cannot be denied the right of the option of moving their money."

Congressional Hearings

Buyer and Carson both serve on committees that will investigate Enron and its accounting firm, Arthur Andersen. Buyer is on the House Energy and Commerce Committee. Carson is a member of the House Financial Services Committee.

Although Enron donated to both

Republicans and Democrats, some observers have speculated that Democrats might use the scandal probe as payback for the impeachment of former President Bill Clinton. Former Enron Chairman Ken Lay had strong connections to President George W. Bush, and representatives of the company had a role on the energy task force headed by Vice President Dick Cheney.

Buyer said that Washington has an "existing architecture" for scandal intrigue. "It's a cottage industry in its own right." But he cautioned against over-reaching. "Just because someone had a relationship with someone and that person turned bad, it doesn't mean it's guilt by association," he said.

The stakes are too high for Democrats to seek revenge for the Monica Lewinsky investigation, Carson said. "In a situation as grave as this, we pretty much have to keep our attention focused. We're not kids on the playground --you hit me, and I'll hit you back. This is serious business that affects the lives of so many families."

Pence said neither party could be held accountable for Enron. "I don't think this is a Republican or a Democratic thing." He called it something on which both sides can agree: "outrageous behavior by corporate executives." ❖

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roots apparatus in place. We believe the 2nd and 9th are very much in play. All three of these seats create opportunities when you consider there is only a six-seat difference in the House." Oliver said that recent Congressional generic polling shows the GOP in better shape on the key issues of homeland security, public education and the economy, as opposed to 1994 and 1998, the last two mid-terms when the Republicans trailed in generic polling this early in the cycle. A CBS/New York Times poll shows 37 percent would vote for the Republican candidate in their district; 39 percent would vote for the Democratic candidate.

PENCE SUPPORTS ARCTIC DRILLING: Rep. Mike Pence supports oil drilling in the Arctic National Wildlife Refuge; Sen. Evan Bayh opposes it, and Sen. Richard Lugar remains undecided (Seth Slabaugh, Muncie Star Press). Bayh has opposed past attempts to allow energy development in the refuge and will continue to do so, said Mark Kornblau, his press secretary. Lugar, too, has voted in the past against oil drilling in the refuge, but has not decided how he will vote the next time the issue comes up, said Andy Fisher, Lugar's press secretary.

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The Howey Political Report



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Fort Wayne Business Forum
Economic Club of Michiana
Indiana Credit Union League
Evansville Chamber of Commerce
Indiana League of Savings Institutions
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