

# The Howey Political Report



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## “QUOTE” OF THE WEEK

“This is a positive trend.. We’re heading in the right direction. But growth isn’t strong enough.” - President Bush, defending news of 1.1 percent growth in a sluggish economy

## Storm clouds gather over Hoosier GOP

### Past political echoes now liabilities

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

It was just a few election cycles ago that you could hear Hoosier Republican candidates talk about “running government like a business.”

Today, that notion and other formerly popular buzzwords such as “privatization” have Republicans seeking cover in a volatile economic and political environment. The adage that the die is cast for the fall election cycle by Aug. 1 may be premature in 2002 with security and the economy riding a roller-coaster, but there are a multitude of storm clouds on the horizon, and how Republican and Democratic candidates play the cards dealt to them will be the essence of survival.

President Bush tried to stem the tide for Congressional Republicans Tuesday when he signed a sweeping overhaul of business regulation. “This law says to every dishonest corporate leader, ‘You will be exposed and punished,’” Bush said, following with this Clintonian echo: “The era of low standards and false profits is over. No board room in America is above or beyond the law.”

The rushed passage of corporate reforms had Hoosier Republicans whistling past the graveyard. “I think we put the pin back in the hand grenade on this,” U.S. Rep. Mike Pence told the *Washington Times*. While still holding a lead in the 6th CD, Democratic challenger Melina Fox is pressing Pence, which was noted by the *Indianapolis Star* Tuesday. Up in the new 2nd CD, CEO Chris Chocola has been on his heels as Democrat Jill Long Thompson aimed double barrels at him: the corporate reforms and his 2000 campaign *Elkhart Truth* quote (see page 6) where Chocola

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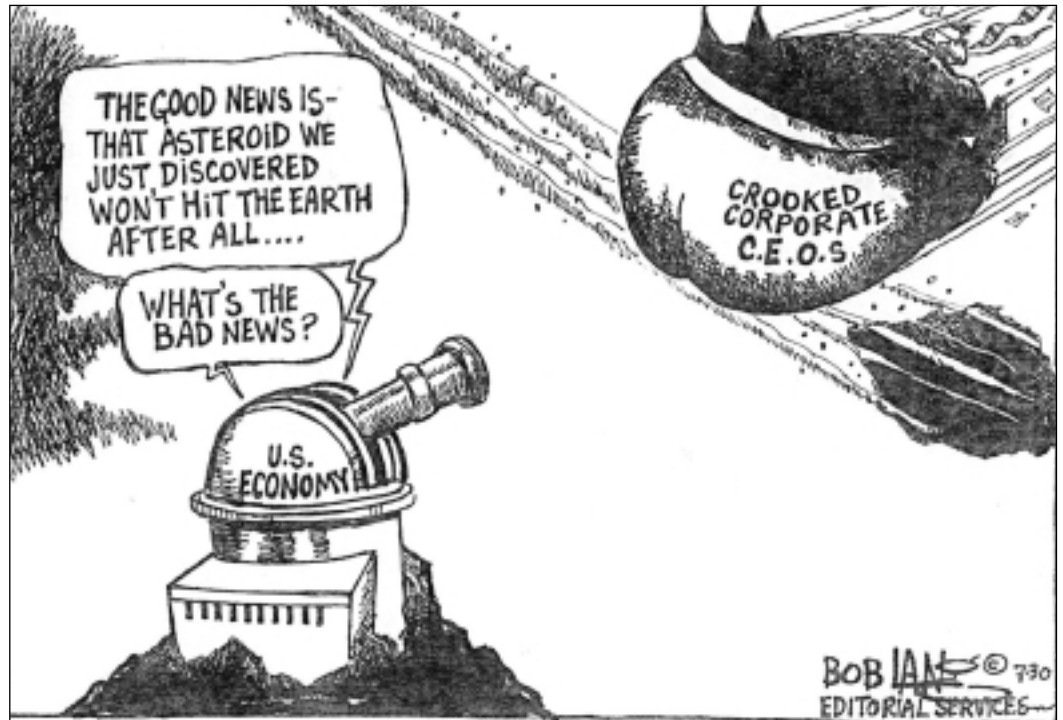
**HPR Begins Our 9th Year of the Most Comprehensive Coverage of Indiana Politics**

# TICKER T A P E

**PENCE PREDICTS WAR:** War against Iraq is only a matter of time, according to Congressman Mike Pence. "I believe President Bush has made a decision to move against Baghdad," Pence told members of the Muncie Delaware County Chamber of Commerce Wednesday (Rick Yencer, Muncie Star Press). Pence stopped in Muncie during a whirlwind three-week tour of East Central Indiana.

**\$600 MILLION IN UNCOLLECTED INDIANA TAXES:** More than a half-billion dollars in taxes have gone uncollected in Indiana (Susan Taylor, Evansville Courier & Press). Larry McKee, the deputy commissioner of the Indiana Department of Revenue, said more than \$600 million in taxes are owed to the state. The taxes due are from businesses which collect sales tax, employee payroll tax, individuals who haven't paid state taxes owed from their tax returns and other various taxes due to the state. McKee said he does not know how many outstanding tax warrants there are around the state. Tax warrants are a legal step taken by the state to collect overdue taxes from individuals and businesses. And he also said he can't say what the exact amount of overdue taxes owed to the state are. "If we could

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talked about privatizing Social Security.

Democratic consultant Chris Sautter told HPR, "According to focus groups I've been privy to in the last week, voters are very, very angry about losing money in the stock market while executives have cashed in. I'm not sure that the legislation is sufficient to cool the anger. It doesn't appear to be a good climate for a CEO to run for office, to say the least."

**Fox also received** considerable press coverage in the 6th by taking a caravan of Studebakers, reminding voters that the South Bend company's collapse in 1963 after it raided its own pension fund was responsible for the creation of ERISA. "We need to remember that without political and investor pressure, it would not have happened," said Fox. "We need a representative in Congress who always respects us, not someone who flip-flops in votes, first supporting powerful people who don't care about ordinary families and then supporting families only when the political pressure to do so becomes overwhelming."

Republican candidates tried to avoid the whirlpool. In the 2nd CD, Chocola was making statements that a

year ago Republicans would not have made. "CEOs and accountants who rob millions from investors by cooking the books are no better than common criminals," Chocola said. "We need increased accountability from our corporations and accounting firms, and this legislation delivers."

**In the 7th CD,** Republican Brose McVey, who has embarked on a fiery challenge to U.S. Rep. Julia Carson, issued his own corporate reform proposals and demanded a federal probe of AES and IPALCO, calling it the "Enron of the north." In years past, it would have been former IPALCO CEO John Hodowal helping to raise money for GOP candidates. Today, he has been vilified for leading the corporate officer charge to sell IPALCO stock before it crashed, making millions while regular employees were left holding virtually worthless stock like their Enron counterparts. Secretary of State candidate Todd Rokita locked horns with Democrat John Fernandez on Indiana's security regulations, seeking to bolster the office's enforcement and prosecutorial prowess.

Tuesday night, after Bush signed

the new law, NBC's Tom Brokaw observed, "The epidemic of corporate fraud and scandal in America is dangerous to the health of politicians in an election year. Today, in Washington, they tried to inoculate themselves with some legislation rushed through to address the most blatant cases. The President, who came to office promising to reduce the role of government in business, signed the new government regulations with a flourish and promised more action to come."

By Wednesday morning, a spate of ugly economic news was mitigating any feel-good notion of Bush's reform attempts:

**INDIANA LEADS NATION IN BANKRUPTCY FILINGS:** Indiana's two federal court districts led the nation last year in filings for Chapter 7, the most common type of bankruptcy for people seeking protection from creditors (Mark Jewell, *Associated Press*). Last year, Indiana's Northern District ranked first among 90 U.S. court districts, with 6.3 out of every 1,000 people filing under Chapter 7. The Southern District was second with a figure of 6.2 compared with a national median of 3.8.

**U.S. ECONOMY LOSES MOMENTUM:** The second quarter of this year the economy grew at an annual rate of just 1.1 percent (*Associated Press*). New government figures showed that last year's recession was worse than previously thought and the economy actually shrank in three quarters of 2001.

**CONSUMER CONFIDENCE SLUMPS:** The *Wall Street Journal* reported that the Conference Board's monthly index of consumer confidence slumped in July to 97.1 from 106.3, down for two straight months. An ABC News/*Money* poll of 1,017 interviews in the month ending July 28 (+/- 3%), shows the Consumer Comfort Index "stands at -12 on its scale of +100 to -100, down a sizable six points in the last three weeks

with 35% rating the national economy as excellent or good; 65% rating it as not good or poor.

**DOW DOWN 13 PERCENT:**

CBS reported that after two spikes on the Dow last week, it is still down 13 percent for the year.

**BETHLEHEM STEEL DOOM-ED:** In Northwest Indiana, where people are just beginning to figure out that the tax restructuring in the legislature is still going to mean big property tax increases, steel industry analysts were calling Bethlehem Steel's recovery in the *Post-Tribune* "hopeless" and "a sham."

The last time a clear national dynamic took shape that influenced scores of Hoosier Congressional and legislative races was in 1994. The late Democratic consultant Bill Schreiber recognized it by mid-summer of that year; U.S. Rep. Lee Hamilton articulated it to Democrats at French Lick at the end of August; and HPR began putting Democratic incumbents in the "tossup" zone in mid-September.

Democrats are beginning to get similar premonitions now, but this time reversed. "People have to hold President Bush and his people accountable for the economy," Delaware County Democratic Chairman Dennis Tyler said after meeting with dozens of voters at the 4-H Fair there. Former legislator Hurley Goodall told the *Muncie Star Press* that even though Bush has a 76-approval rating in Indiana, "If they don't get the economy straightened out, you are going to see a blowout."

The fine line for Democrats is not to overplay their hand, rebuking their own legendary President Franklin D. Roosevelt who spoke of a fragile national psychology in 1933 by saying, "The only thing we have to fear, is fear itself."

The fear for Republicans could come by Aug. 15, when the CEOs of the nation's top 950 corporations have to personally certify earnings reports. ❖

# TICKER

## T A P E

find out (the exact warrant numbers statewide), it would not jibe with the number" of more than \$600 million due, he said.

**PRESCRIPTION DRUG PLAN FALLS IN SENATE:** The Senate killed legislation to provide prescription drug benefits promised to the elderly by politicians of both parties. But it overwhelmingly passed a bill intended to give all Americans greater access to low-cost generic versions of brand-name medicines (Robert Pear, *New York Times*). Indiana's delegation split its vote, with Democrat Evan Bayh voting yes and Republican Richard Lugar voting no.

**WHITE HOUSE REJECTS TRUCK DELAY:** The White House on Wednesday rejected a plea from House Speaker Dennis Hastert, R-Ill., and other lawmakers to postpone a tough new anti-pollution standard for long-haul diesel trucks that will provide stiff penalties for companies that don't meet the deadline for compliance (*Washington Post*). Senior officials of the Office of Management and Budget and the EPA confirmed the decision, with one saying, "We looked at the science and heard from as many stakes-holders as possible. . . and believe that moving forward is the right thing to

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do." U.S. Reps. Mike Pence and Baron Hill lobbied against the delay on behalf of Cummins Engines, the only truck manufacturer who will meet the deadline.

**KITTLE CALLS FOR KAPLAN RESIGNATION:** - Indiana Republican Party Chairman Jim Kittle Jr. has called for the immediate resignation of Indiana Department of Environmental Management Commissioner Lori F. Kaplan after it was revealed that IDEM and the O'Bannon-Kernan Administration have known for years that residents of Bedford have been exposed to PCBs discharged from the local GM plant. "This lack of action on the part of IDEM is completely inexcusable," Kittle said. "It shows a reckless disregard for human life that simply cannot be tolerated. The commissioner of IDEM must be asked to resign immediately and a thorough investigation must be conducted immediately before more innocent Hoosiers become ill." Tests conducted nearly a quarter-century ago revealed toxic levels of PCBs, known carcinogens, in soil and water in and around Bedford. Yet local residents were told nothing for years while many of them became ill with cancer, Parkinson's and other diseases. The only direction they received from the state was to avoid eating fish caught in local streams.

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## Rokita sizes up the Secretary of State race

INDIANAPOLIS - HPR's Brian Howey conducted this telephone interview with Republican secretary of state nominee Todd Rokita on Monday:

**HPR:** What's your read on the Indiana political climate as we head into August?

**Rokita:** People want a change in direction. Hoosiers have work ethic and character second to none. Yet, they see that Kentucky had job growth last year and we didn't. They see it's time to make some changes.

**HPR:** Are the corporate scandals weighing on the average man's mind?

**Rokita:** Yes, it's a concern. People are happy we're being proactive. People don't see government as necessarily having an answer. A crook is a crook. I hear a lot of that. But to the extent that government can be helpful at whatever level,

from the prosecutor at the courthouse to the secretary of state at the Statehouse, to Congress and the White House, they want to see us acting as a team.

**HPR:** Mayor Fernandez spent much time talking about the need to strengthen security laws here in Indiana. Where do you think Indiana stands?

**Rokita:** We have a three-point plan. That's the benefit of having the experience in office. We're not creating a plan out of thin air for political gain, but through experience. We know what needs to be done. Here in Indiana what needs to be done is having a secretary of state with criminal jurisdiction so we can partner better with prosecutors, so we can prosecute a case if the prosecutor doesn't have the expertise or the time. Secondly, and I know this through experience, is to have compliance auditing actually done by the secretary of state. We had that before, but it was dismantled a few administrations ago. Actually, the stockbrokers are paying to have the auditing done themselves. We're seeing that very clearly in recent

conflict of interest situations. There comes a time when you have to hire additional expertise and we've seen the rise in the number of registered brokers almost double in eight years. Although we've funneled more resources into the Securities Division over the past several years, there comes a time when you need more police on the beat. Once you get those police on the beat, you send the message out and once you prosecute and these criminals go to jail, that's the best deterrent factor of all.

**HPR:** The last three secretaries of states have cut and pruned that office, so it's interesting to hear you're willing to add resources.

**Rokita:** As a Republican who believes government that works best is government closest to the people and the best working government is a lean and small government, it is an ironic thing to say. We have taken every possible measure in running the office to make sure that adequate resources are there. For example, our overall office budget went down 15 percent, but that overall reduction actually includes a 26-percent increase in the Securities Division, so there are areas in government that would be better off with more resources. The test of leadership is how to provide those resources while using taxpayer's money most prudently.

**HPR:** Had you been weighing these issues before the Enrons and WorldComs and Global Crossings?

**Rokita:** It had been part of our master plan. I've had the experience in the office and I want to take it further into the 21st Century. Did I know WorldCom and Enron would unfold the way they did? No. But we had the general plan laid out and these issues make the announcement of the plan much more timely.

**HPR:** The other major issue is election reforms. Are you comfortable about what Indiana has done since the

**HPR**  
**INTERVIEW**

2000 presidential election?

**Rokita:** I'm comfortable with the start we've made. But we have a long way to go. First and foremost the General Assembly passed the law that funded the statewide voter file, and started to fund the updating of Indiana's voting machines. However, that funding is now frozen. What I asked the Governor is if we are not in public service to protect the cornerstone of our democracy, which is voting, what are we in government for? You saw the General Assembly work together and pass tax restructuring. Now that that money is there, let's move out to election reforms so I can get on with the business the General Assembly has legislated.

**HPR:** What other election reforms would you like to see?

**Rokita:** Helping counties update voting machines. What we really need at the polls is some kind of positive voter ID. I think that in the society we live now, no one would be offended to show some kind of ID, if it was done in some constitutional manner. This would also go to help dispel rumors of fraud.

**HPR:** What about extending the voting hours? Oregon-style mail voting? Weekend voting? Internet voting?

**Rokita:** I think you'll see a Secretary of State Rokita entertaining any idea that encourages people to vote. The cornerstone to reform that sector is really the statewide voter file, so you know who should be voting and who shouldn't. It's very difficult to build a voting system around that. I do entertain ideas, especially remote voting. Technology exists where you don't necessarily have to be in your precinct to have your precinct ballot pop up on a screen. Internet voting shouldn't be discounted, but we all need to understand that security has to be guaranteed.

**HPR:** Are we going to see the Fernandez tenure as Bloomington mayor come up in the fall campaign?

**Rokita:** I intend to run a positive campaign that focuses on me and our record and what we're going to do in that

office. Mr. Fernandez's record may come in, but it will be in context of qualifications running for secretary of state.

**HPR:** We see a number of exterior political forces coming into play, ranging from President Bush's popularity, to the economy, to the war on terrorism. What do you anticipate the political climate to be like over the next three months?

**Rokita:** I think Indiana is pro common sense, so it will be pro-George Bush. To what extent that will have on my race, you're right, it's an external factor I don't have control over. What it's going to be in 100 days, I have less control over. It's been a roller coaster ride so far. I am concentrating on those things that I do have control over. My message. My record. Money raised to get that message out.

**HPR:** What kind of money will you need and what do you think both candidates will be spending this fall?

**Rokita:** I have a goal to raise \$1.4 million and I assume John has a similar goal and when it's all over, we'll both have zero.

**HPR:** Anything you'd like to talk about that I didn't bring up?

**Rokita:** This race is important not only for the duties all Hoosiers now see the secretary of state having, but it also determines in large part the direction Indiana goes. I come from, to be blunt about it, a part of Indiana that makes fun of people from Kentucky. But you know what? Kentucky had job growth last year. This race in a large part is going to help determine the direction Indiana goes.

**HPR:** It sounds like you're laying a skirmish line for 2004. How important is this race for the Indiana GOP?

**Rokita:** It will set the momentum for the mayoral races in 2003 and the governor's race in 2004. The governor's race in 2004 has started vis-a-vis this race.

**HPR:** As I asked Fernandez, are you going to serve out the full term?

**Rokita:** Yes, and I have already committed in writing to serving out the full term. ❖

## TICKER T A P E

**GILROY ADDS THREE SECURITIES INVESTIGATORS:** The secretary of state's office, which protects Hoosier investors from corporate fraud, is adding three investigators to its financial beat (Indianapolis Star). GaryTaxpayers will not foot the bill, either. The salaries of two new securities investigators will be paid for out of the enforcement fund, which contains \$115,000 in fines collected from corporate lawbreakers. The salary for the third investigator, whose job will focus on mortgage loan brokers, will come from licensing fees those brokers pay. "We are protecting Hoosiers' life savings," Secretary of State Sue Anne Gilroy said in announcing the move Wednesday.

**STEEL INDUSTRY ANALYSTS SAY BETHLEHEM IS DOOMED:** Steel industry analysts say the hurdles facing Bethlehem Steel are mounting, and they don't believe the bankrupt steel maker will survive (Lisa Shidler, Gary Post-Tribune). The tasks of reaching a contract with the union and cutting costs will be a challenge, and analysts say the company won't likely make it on its own. They also say it'll be nearly impossible for the company to lure partners while it has the burden of \$5 billion in pension and health care costs for retirees. "They're hope-

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less," analyst Charles Bradford said about Bethlehem. "Look at how much they lost. It's a sham. It's a total sham." Bethlehem reported it lost \$82.2 million in the second quarter, an improvement compared to the \$101 million the company lost in the first quarter.

**I-69 ROUTE WON'T GO 41/70:** The route most environmentalists favor for the Interstate 69 extension between Indianapolis and Evansville is not among those preferred by the Indiana Department of Transportation. That route would follow I-70 from Indianapolis to Terre Haute and use part of the existing four-lane U.S. 41 south to Evansville. But two of the five preferred options would bring the interstate through Monroe County.

**ALLEN COUNTY DEMOCRATIC CHAIRMAN RESIGNS:** Allen County Democrat Chairman Roger Miller has resigned. Miller originally said he could handle being a candidate for prosecutor, party chairman and professional engineer, but he opted last week to focus on his race against Republican Karen Richards (Fort Wayne Journal Gazette). Democrat insiders must elect a new leader through an Aug. 17 party caucus. That ballot so far is slim, with only Vice Chair

# Indiana 2002 Racing Form

**TRENDLINE:** Last Sunday on NBC's *Meet the Press*, columnist William Safire was asked to predict where the 2002 congressional elections would go. He predicted the House would go Democratic and the Senate will go Republican. "It's a wash, and it's a wash because it reflects where the country has been and is, which is neatly split," Safire said. "We like George Bush, we've come to like him, and a 70 percent personal approval rating is very high. That's Eisenhower stuff. That's remarkably high. And it's maintained itself for almost a year."

## Indiana Congressional Races

**Congressional District 2: Republican:** Chris Chocola. **Democrat:** Jill Long Thompson. **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. **Websites:** www.jilllongthompson.com; www.chocolaforcongress.com **2000 Result:** Roemer (D) 107,076, Chocola (R) 98,367. **2002 Forecast:** On the *Elkhart Truth* website, quotes attributed to Chocola in the fall of 2000 are these: "Bush's plan of individual investment of 2 percent of the money is a start.

Eventually, I'd like to see the entire system privatized. It's not a 'risky scheme.' There will be a series of investment options for people, professionally managed. If one isn't performing for you, you can change every year. We're not going to let people invest all of their money in Yahoo! People will be smart enough to understand their risk level. I believe people can make good decisions, and I know they ask really good questions before they make decisions. Will somebody screw it up? No question. But the government is screwing up the whole thing right now. The whole thing is optional, and it's good for a couple of reasons. One, it's your money and nobody can touch it. It doesn't end up being borrowed by the federal government to pay off other things. Two, it gives you a much better return than you'd ever get out of Social Security. Right now, younger people are getting a negative return on their money. The stock market has performed at 8 percent return over the past 70 years -- that's through wars and depression. If you give people the opportunity, they'll build their self-reliance and self-respect because they'll be making a direct impact on their lives." Long Thompson said Wednesday that recent plummeting of the stock market shows "how risky privatization of Social Security would have been" (Jack Colwell, *South Bend Tribune*). Chocola responded that Long Thompson was following "the Democratic handbook on how to frighten senior citizens with misinformation." Chocola said "privatization is not even a precise word for personal savings accounts of the type referred to by the President's Commission to Strengthen Social Security." Chocola denied that he ever supported privatization of the entire Social Security system. Chocola said, "My position on Social Security is clear: we must work to protect strengthen and preserve Social Security. Any reform to Social Security must meet the following principles - no cut in benefits, no raise in the retirement age, and no increase in payroll taxes." **Status:** *Tossup.*

**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. **Websites:** www.foxforcongress.com; mikepence.house.gov/ **2000 results:** Pence (R) 106,023, Rock (D) 80,885, Frazier (I) 19,070. **2002 Forecast:** Horse Race doesn't believe Pence is in serious trouble ... yet. But clearly this race looks like it could tighten up and is beginning to get some national recognition. Pence's "pin back in the hand grenade" could come back and haunt him, particularly if a large number of corporations report bogus earning

# HORSE RACE

figures by Aug. 15, which could trigger a free-fall on the Dow. Pence released this statement Friday night, saying he would support the Homeland Security Act. "Today, we have created a new department of the executive branch to confront the new threat of terrorism," said Pence. "This is an historic moment. The House has begun the process of creating a shield to defend innocent Americans. The Department of Homeland Security (DHS) will protect future generations from the threat of terrorism, both foreign and domestic. As chairman of the Security First Taskforce I am pleased that many of the provisions the taskforce identified as key ingredients of any Department of Homeland Security have been incorporated into the final bill. These include: 1) flexibility for the President to make personnel management decisions in the new department; 2) inclusion of the Coast Guard in DHS; 3) reduced liability for the federal government in class action lawsuits; 4) division of the Immigration and Naturalization Service into two branches; and 5) coordination of the intelligence services. The inclusion of these features will help make DHS successful in carrying out its duties to protect American citizens," said Pence. **Status:** *Leans Pence.*

**Congressional District 7: Republican:** Brose McVey. **Democrat:** U.S. Rep. Julia Carson. **Libertarian:** Andy Horning. **Geography:** Indianapolis. **Media Market:** Indianapolis. **Websites:** www.juliacarson.house.gov; www.broseforcongress.org **2000 Results:** Carson (D) 91,300, Scott (R) 61,818, Ali (L) 2,513. **2002 Forecast:** Bren Simon, a stalwart Democratic donor, made a \$1,000 campaign contribution to 7th CD Republican Brose McVey on June 11, Federal Election Commission records show. Simon also made a contribution to U.S. Rep. Julia Carson. A *Congressional Quarterly* article posted on the Washington Post website, says "McVey does not neatly fit into either the moderate or conservative camps of the GOP. He likens his views to those of Jack Kemp." McVey is quoted saying, "My attitudes and views are more like a Jack Kemp or a George W. Bush than a Ronald Reagan or a Tom DeLay." Carson as of June 30 had more than twice as much cash on hand as McVey, \$517,000 to \$239,000, because she had surplus campaign funds from her 2000 race. Carson noted she was outspent in her 1996 and 1998 campaigns, which she won with 53 percent and 58 percent respectively. "I have historically not relied on raising money to win elections," Carson said. "I rely on the people who make the difference in terms of the outcome. I will continue to do that. I will appeal to the people and not to the funders." **Status:** *Leans Carson.*

**Congressional District 8: Republican:** U.S. Rep. John Hostettler. **Democrat:** Bryan Hartke. **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. **Websites:** www.bryanhartke.com; www.house.gov/hostettler/ **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:** Hartke said Hostettler has not agreed to any of five proposed debates. Hartke said, "They said they didn't receive the first letter. I have a signed receipt for it. Starting a campaign off with lies is not the way it should be done" (Bloomington Herald-Times). Hostettler campaign spokesman Jim Banks said that Hartke "should have done more homework before proposing the debates since the first three proposed dates are days Hostettler will be in Washington for House sessions." **Status:** *Likely Hostettler.*

**Congressional District 9: Republican:** Mike Sodrel. **Democrat:** U.S. Rep. Baron Hill. **Geography:** Bloomington, Columbus, Lawrenceburg, Rising Sun, New Albany Jeffersonville, Madison, Nashville; Spencer, DuBois, Orange, Crawford, Perry, Harrison, Washington, Jackson, Brown, Jennings, Scott, Floyd, Clark, Jefferson, Switzerland, Ripley, Ohio, and parts of Dearborn and Monroe counties. **Media Market:** Evansville, Indianapolis, Louisville, Dayton, Cincinnati. **Websites:** www.house.gov/baronhill/, www.mikesodrel.com **1994 results:** Hamilton 91,459 (D), Leising (R) 84,315. **1996 Results:** Hamilton (D) 128,885, Leising (R) 97,747, Feeney (L) 2,315. **1998 Results:** Hill (D) 92,477, Leising (R) 87,278, Feeney (L) 2,397. **2000 Results:** Hill 125,978, Bailey (R) 101,790, Chambers (L) 4,634. **2002 Forecast:** Hill and U.S. Rep. Mike Pence successfully help lobby President Bush to keep a delay in truck engine pollution standards from occurring. **Status:** *Leans D.* ❖

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Ann Reyes Robbins saying she will seek the spot. Charles Redd, a former council member and vice president of the Fort Wayne chapter of the Indiana Democratic African American Caucus, said his group might put forward a candidate.

**WEATHERWAX LAUDS TAX REFORM:** State Sen. Tom Weatherwax, R-Logansport, told a Cass County economic development board last week how the rules of the game have changed. A fiscal conservative, Weatherwax often criticized the state's inventory and property taxes and called the system an "alligator" he wrestled with for eight years (Bryan Harris, Logansport Pharos-Tribune). He listed a reduction in school taxes on property owners, a reduction in the average residential property tax by 23 percent, elimination of the inventory tax for businesses by 2007, and a new method of distributing tax money from the state's gambling boats that will yield \$258,000 for Cass County in 2004.

**JORDAN ANNOUNCES FOR MAYOR OF INDIANAPOLIS:** The Republican effort to dethrone Indianapolis Mayor Bart Peterson formally began Wednesday when Marion County Treasurer Greg Jordan kicked off his mayoral campaign (Indianapolis

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Star). "It's a difficult task, any time you run against an incumbent," Jordan said. "But I believe it's definitely doable." State Rep. Phil Hinkle is also weighing a challenge to Peterson.

## GARY MINISTERS

### 'STEAMED' AT MAYOR

**KING:** Last week, four Gary ministers requested a meeting with Mayor Scott King, asking that he explain his veto of a request to deliver \$5 million to the National Civil Rights Hall of Fame foundation. King, preparing for a four-day conference in Boston, asked Deputy Mayor Suzette Raggs to start the meeting without him. He also arranged for City Council finance chairman Mary Brown, plan committee chairman Robert White and adviser Jewell Harris to be there. Surprisingly, 17 ministers, lay people and union representatives showed up instead. They insist that a majority of the city wants King to deliver \$5 million to the foundation, without strings attached. (Steve Patterson, Post-Tribune).

## LEGISLATIVE WEBCASTS

### TO CONTINUE; MAY

**EXPAND TO VIDEO:** The Indiana Legislative Council agreed last week to continue audio Internet broadcasts of action on the House and Senate floors (Niki Kelly, Fort Wayne Journal Gazette). According to statistics, about 4,000 people logged on to listen to the Senate compared to

# COLUMNISTS ON INDIANA

## Jack Colwell, *South Bend Tribune* -

Social Security change has long been referred to as the deadly third rail of politics. Touch it and your fate is political electrocution, not election. That's the theory. In the 2000 campaign, George W. Bush dared to touch the issue of Social Security change. And so did Chris Chocola, the Republican congressional nominee in what then was the 3rd District of Indiana. Bush survived to become president. He won praise, particularly among Republicans, for daring to suggest Social Security reform, regarded by the advocates as long needed. Al Gore and most Democrats warned back in the 2000 campaign, however, that his proposal for permitting Americans to invest part of their Social Security money in private investment accounts was "a risky scheme." Privatization of Social Security, as the concept was termed back then, was a big issue -- in the 3rd District congressional contest as well as in the presidential race. Although Chocola didn't win, he came close after starting with zilch name recognition. He certainly didn't self-destruct on that third rail. Now, in what is redrawn as the 2nd Congressional District, Social Security again is an issue. So is the contention that Chocola, who is again the Republican congressional nominee, had sought to go much farther than Bush in privatization. ❖

## Sylvia Smith, *Fort Wayne Journal*

*Gazette* -- President Bush has made it abundantly clear, and the country agrees with him, that deterring acts of terrorism is his administration's No. 1 task. Tough job, but who would argue against this priority? Thus, the Bush administration and Congress are rushing to spend billions to deter terrorists from crossing our borders, to detect their plots, to strengthen U.S. installations worldwide, to augment security and intelligence operations. The coun-

try supports this effort because we've seen what a few people can do when they are bent on causing maximum damage to U.S. citizens, our institutions and our psyche. All they had were box cutters and a fevered sense of martyrdom. Perish the thought of like-minded people getting their hands on nuclear material, nerve gas, massive amounts of the bubonic plague bacteria. So why are the Bush administration and some House Republicans lukewarm, if not outright hostile, to programs that either destroy this stuff or secure it behind something a tad more difficult to penetrate than a door sealed with a plop of wax? Sen. Richard Lugar thinks it's residual Cold War feelings. Despite President Bush's deep look into Russian President Vladimir Putin's eyes last fall and finding reasons to trust, there remains within the administration suspicion. Lugar doesn't dispute that there maybe reasons for skepticism. But he says that's not the point. The point is to get rid of the gunk. Former Hoosier Rep. Lee Hamilton also shakes his head over the Bush administration's approach. "If we funded it more," he said of Nunn-Lugar, "pushed it more, we would accomplish more. But these doubts linger, largely among the more conservative, hardline people in the Bush administration."

## Leslie Stedman, *Louisville Courier-*

*Journal* - Indiana is one of 16 states in which lawmakers already have raised taxes. Along with nine other states, Indiana also raised fees. Twelve states, including Indiana, tapped rainy day funds. Twenty-three states, including Indiana, tapped other state funds to make ends meet. After seven years of net cuts in state taxes across the country, the 47 states responding to the survey imposed \$6.7 billion in tax increases in 2002. That's a 1.2 percent increase in taxes over 2001, according to the report. ❖



# PERHAPS... WE WANDER

By Brian Howey

## Initial reaction to a constitutional convention

Hey, folks, I'm not wandering on this one. A number of Hoosier leaders liked parts of *HPR's Political Agenda of the '00s* that we published on July 16.

Take State Sen. Murray Clark, a 2004 gubernatorial contender. "I love the idea of a Constitutional Convention. You might look at the historical approach set forth in the first St. John's opinion. As I recall, several quotes from speeches from the 1851 Constitutional Convention are cited. They are great. Our system of government is in need of an overhaul. Furthermore, a constitutional convention would put us on the political map and perhaps motivate, energize and get Hoosiers interested again in state government."

**Former Fort Wayne** Mayor Paul Helmke observed, "I have spent a lot of years talking about the importance of re-examining how we structure our government and how what made sense in the 1850s doesn't necessarily work now with the advent of such modern inventions as the automobile and telephone (much less television and the computer). How can we deliver services efficiently or pay for them equitably when we refuse to recognize the changes in our world over the last 150 years?"

His comments come just as Indianapolis Mayor Bart Peterson has suggested expanding the Marion County sheriff taxing district to the entire city, which ultimately begs this question: "Why is there a need for a sheriff and an IPD?"

Former Lt. Gov. Robert Rock suggested that the lieutenant governor "be released from presiding over the Senate," saying it would "be better to donate all of his time to the executive branch."

Economist Bill Styring also favors a constitutional convention. "I'll never forget the day in the early 70s when Jack New strolled into my cubicle in what was

then the Legislative Council," Styring said. "Incumbent state treasurer. Wow. Being in my 20s, I was impressed. In the course of a rambling conversation, he explained why his office ought to be abolished!"

**Fountain County** Prosecutor Mark McGrady asked HPR, "How does the legislature's new budget bill, which will eliminate the inventory tax over time, pass constitutional muster? Article 10, Section 1, of the Indiana Constitution basically says all property must be taxed, with certain exceptions (and inventory is clearly not one of the exceptions). There is even an Indiana Court of Appeals case that seems to say exactly that."

In the case of *State Board of Tax Commissioners v. Key Motors Corp.*, the opinion reads, "Thus, the Legislature does not have the authority at all to exempt so-called inventory personal property."

McGrady said, "Either I am missing something, or the legislature just passed a tax increase that was largely justified by the elimination of the inventory tax, and that elimination is unconstitutional." Styring noted, "There is a constitutional problem with doing anything with the property tax on inventories by a mere statute. The problem is that Article 10, Section 1, is pretty damn specific. You can't exempt or partially exempt any type of property except by constitutional amendment."

**Styring added**, "The upside is that I'm pretty sure we're going to have to revisit this whole tax/budget issue pretty soon (I don't think it hangs together), and that would be well before any court would get around to zapping this provision."

HPR has sought comments from other leading Hoosier office holders and potential gubernatorial candidates on the constitution, as well as nominating governor candidates via party convention.

Stay tuned. ❖

## TICKER T A P E

about 4,900 visiting the House.

**CLARK WATCHING KERNAN'S COMMERCE DEPARTMENT:** State Sen. Murray Clark, a 2004 gubernatorial candidate, wrote of Lt. Gov. Joe Kernan's plan to create 12 regional Commerce offices, "I've read with interest Lieutenant Governor Kernan's proposal to decentralize the Indiana Department of Commerce into 12 regional centers. As a conservative, I instinctively agree with the impulse to disperse power and bring government closer to the people it serves. But in light of their previous record, I believe we must examine any and all economic development proposals made by this administration with a wary eye. After all, this is the team that has presided over the loss of over 100,000 Hoosier jobs over the last two years, and the plunge of personal income growth toward the bottom of the national rankings. Overall, we have seen Indiana slip from 6th to 46th in job growth. Now, 5 ½ years into his tenure at the department, the lieutenant governor wants to try something new."

**RANDOLPH EYES CHALLENGE TO PASTRICK:** East Chicago City Judge Lonnie Randolph is rumored to be polling to see what his chances might be if he decides to run against East Chicago Mayor Robert Pastrick next year (Rich James, *Post-Tribune*). Councilman George Pabel already has announced his candidacy for mayor. ❖