

The Howey Political Report



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“QUOTE” OF THE WEEK

“I don’t play golf, but I know what a hole-in-one is. But once lawyers got done twisting it around, it’s something else...” - Linton Mayor Jimmie K. Wright, on having to pay \$10,000 for a mulligan at a fund-raiser, to the Bloomington Herald-Times.

Few are pushing GQE panic button

But McIntosh calls 17% a ‘crisis’

By **BRIAN A. HOWEY**

The Howey Political Report

INDIANAPOLIS - Is the Hoosier education glass of water 83 percent full? Or 17 percent empty?

The initial reaction across the state to figures released by the Department of Education that 83 percent of the Class of 2000 had passed the Graduation Qualifying Exam - with 17 percent getting one more try in March - was one of caution. Not many editorials greeted Indiana newspaper readers on Wednesday morning.

A number of newspapers, including the *Fort Wayne Journal Gazette*, and the Associated Press noted in their leads that 83 percent had passed. The *Louisville Courier-Journal's* Indiana editions accented the 17 percent failure. *Evansville Courier & Press* readers woke up to the headline, “It’s ISTEP crunch time for 10,000” in reference to the 10,900 seniors out of 64,000 across the state who still need to pass the test. Tim Starks of the *Courier-Press* wrote in his lead, “About one of every six Indiana high school students has yet to pass the GQE...”

Bloomington Herald-Times readers saw the headline, “Reed encouraged but not satisfied with ISTEP results” with the AP story bylined by Mike Smith. Indianapolis television stations WRTV and WTHR ran the story briefly after other segments on a homicide, the selection of a police chief, and in one case a feature on a Purdue student who won big bucks on the popular TV show “*Who Wants to be a Millionaire?*”

It was Indiana Republicans who focused on the 11,000 or 17 percent who have failed the test five times. Republican

Continued on page 2

INSIDE F E A T U R E S

- Ticker Tape: Villalpando retiring** p. 2
- HPR Interview: David McIntosh** p. 4
- Horse Race: Clapper the D’s go-to guy in 7th CD; Rock’s staff rolls; Samuel, Pence on radio;**
- Leising- Bischoff a tossup** p. 7-8
- Congress Watch: China & WTO** p. 9



TICKER T A P E

VILLALPANDO WON'T RUN: State Rep. Jesse Villalpando, D-Griffith, announced that he will not seek reelection in HD12. "It was a difficult decision because I've spent most of my adult life in the General Assembly," said the 40-year-old Democrat. "I'll miss this place a lot more than this place will miss me, but it's time to go home" (Times of Northwest Indiana). Villalpando was appointed to HD12 in 1983 as a 24-year-old Indiana University law student.

FIVE COMMISSIONERS? Lafayette area legislators ended up speculating on increasing the number of county commissioners from three to five at a League of Women Voters forum last

Continued on page 3

GQE, *from page 1*

gubernatorial candidate David McIntosh said at a Statehouse press conference that he was "disturbed" by the GQE results and that Indiana's educational system was in a state of crisis.

"These ISTEP scores serve as a benchmark of how well this administration is teaching our children - and these results are not acceptable," McIntosh said. "I believe the very foundation of Indiana's future is threatened when nearly 20 percent of our seniors cannot pass basic 9th grade math and English tests after five attempts and when nearly half of our sophomores cannot pass basic 9th-grade competency tests on the first attempt. Education in Indiana is in a state of crisis."

McIntosh told HPR Tuesday morning that he would be offering up a "bold education plan" by April. In previous comments, McIntosh said that students should be tested every year before moving on to higher grades.

Gubernatorial candidate John R. Price called for abolishing the ISTEP testing, favoring instead the Iowa Test.

State Rep. Mike Murphy, R-Indianapolis, noted that the Class of 2000

was "O'Bannon's kids," having entered the education system 12 years ago when O'Bannon became lieutenant governor.

Indiana Republican Chairman Mike McDaniel said, "We are looking at a whole generation of kids and Gov. O'Bannon has yet to support true education reform." McDaniel noted that legislative Republicans have pushed bills promoting phonics, establishing charter schools, 5-year-old kindergarten, and alternative teacher certification.

Republicans ignored

Yet, while McIntosh received some TV coverage on the early Tuesday newscasts and an inside story in the Indianapolis Star, he was virtually ignored by the major out-state newspapers in Wednesday's coverage. The Associated Press reported Price's opposition to ISTEP and McIntosh comments about "ISTEP is not working."

There appeared to be a Reaganesque "stay the course" reaction from across the state. The talk of mass dropouts by failing students has not occurred.

The "stay the course" message was a stance that O'Bannon and other leading voices on education were taking.

O'Bannon told WRTV on Wednesday morning, "This is no time to change the course." His spokeswoman, Cheryl Reed, added, "He has said he is pleased more students have been able to meet the standard and expressed the need to maintain the standards. These students need to be able to master skills that will help them in later life. We need to be confident that when they graduate, they need to have a full set of skills. He said we need to make sure the students who have not passed get the help they need."

O'Bannon campaign manager Tom New characterized the McIntosh criticism as a publicity stunt and election ploy in the *Indianapolis Star*. State Sen. Tom Weatherwax, R-Logansport, told AP, "The General Assembly really believes ... that we have to stay the course and we have to do better. This is a starting point."

Supt. Reed and Republicans

Supt. Suellen Reed said at a news conference, "I really feel with the GQE that it's finally going to hit home that this is for real, the people are serious about it and our expectations are exactly what they are. What we have to realize is that never before have we held them accountable to this degree."

Terry Spradlin, Reed's legislative liaison, noted that graduation rates have been steadily increasing in Indiana since the 1920s, when they stood at about 20 percent, to the '50s (about 50 percent) and beyond. In 1987, the graduation rate was 76.6 percent. In 1991, it stood at 81.1 percent and in 1999 - the final class to get diplomas without passing the GQE - the rate was 88.6 percent.

"We are at a crossroads," said Spradlin, who asked the rhetorical question, "What level of passage is satisfactory?" It was a question that HPR began asking last December.

Reed, Price and McIntosh

What the GQE issue has exposed is

a potential rift on the Republican state ticket. Spradlin said, "Dr. Reed is holding the line and staying the course. She doesn't want to do anything drastic - that would be foolhardy. To repeal the program would be very poor public policy. The Education Commission and the Indiana General Assembly would lose credibility." But Price is already calling for a repeal of ISTEP and McIntosh appears to be headed in that direction.

There have been rumblings in GOP ranks that Reed could face a convention fight similar to the one she fended off against David Lohr in 1996. Former Hudson Institute researcher Carol D'Amico and former Indianapolis Public School Supt. Esperanza Zendejas are said to be pondering a challenge.

With Reed and the party's gubernatorial candidates apparently on different pages, HPR asked Spradlin about the rapport between his boss and McIntosh. Will she help put together the McIntosh plan?

"We hope so," said Spradlin. "We had discussions last week. There is a dialogue there that will increase in the coming weeks."

McIntosh campaign manager Jim Huston told HPR Wednesday afternoon, "The biggest thing that needs to be the focal point is that the Class of 2000, which came into office when Frank O'Bannon became lieutenant governor, now has 11,000 kids who have been in public education and won't be able to graduate. That is a calamity.

"Any kind of education reform is always initiated by the governor. David is going to be unveiling a major education reform that will be very up front and candid. It will be a stark contrast from the last four years where Frank O'Bannon has exhibited very little leadership."

Asked if Reed would help develop the McIntosh plan, Huston responded, "David will be getting input from a lot of different sectors." ❖

TICKER T A P E

week. "Five would be a little more fair. We ought to look at it, even though it might be a little more costly," said Rep. Sheila Klinker, D-Lafayette (*Journal & Courier*). State Sen. Joe Harrison said that to tell some counties to switch to five commissioners "would be tantamount to suicide."

RECORD LOBBY SPENDING: Lobbyists spent \$16.9 million in 1999 on the Indiana General Assembly and are on pace to spend \$16 million this year. Lobbyists spent \$13 million during the last short session in 1998. Conesco spent \$466,033 and American United Life spent \$257,030 to lead corporate spending. The Associated Press reported that gambling interests spent \$1,033,811 on lobbying in 1999 - led by Horseshoe Casinos at \$274,057. Horseshoe owns the Empress Casino in Hammond.

MAYOR TO PAY FOR MULLIGAN: The Indiana Court of Appeals has ruled that Linton Mayor Jimmie K. Wright must pay golfer Joe Spinks \$10,000 for a shot he made during a re-election fund-raising golf tournament. Spinks purchased a mulligan (or do over) and then sank a hole-in-one on a par-3 hole at the Aug. 10, 1997, event. The *Bloomington Herald-Times* reported that when Spinks attempted

continued on page 4

TICKER

T A P E

to collect, he was told the offer was void if he purchased a mulligan. Wright said, "A mulligan is a second shot from the tee and a hole-in-one is, well, pretty self-explanatory."

Just when numerous newspapers reported that dockside gambling legislation was dead, it's back! Tim Starks of the Evansville Courier & Press reported that the "latest opportunity for reincarnation" was a "cleverly crafted" agriculture, minority hiring, gambling ownership bill that passed the Senate last Tuesday by a 33-17 vote. The legislation brought this exchange between Sens. Larry Borst and Earline Rogers: "Senator Rogers, can you absolutely promise me that dockside will not work its way into this bill?" Rogers replied, "Senator Borst, I will never put myself in a position to prevent dockside gambling."

INMATE SUES THE DONALD: A Florida inmate is suing Donald Trump and the Trump Casino in Gary for \$2.1 million (Times of Northwest Indiana). Mark Merrill alleges that the casino did not honor his request in 1996 to be evicted from the premises while he was battling a gambling addiction. That addiction, Merrill contends, prompted him to rob two Illinois banks.

continued on page 5

McIntosh talks water and taxes

INDIANAPOLIS - U.S. Rep. David McIntosh sat down with HPR Publisher Brian Howey and *NUVO Newseekly's* Harrison Ullmann last Tuesday at LePeep's in downtown Indianapolis. The scheduled 45-minute talk went almost double the time.

Ullmann: With regard to the White River fish kill and IDEM, that agency's unpreparedness is not only numbers of the staffing levels, but the quality of the staff.

McIntosh: What you'd like is a model where you're paying a little under the market but the quality is so high that they serve four or five years, get a great experience there and then go out and they're the ones the community hires, so we'll get the very brightest, they'll get the credentials in government and then they go out and serve toward the same ends. I would hope we could bring in a cadre of people who understand the economics as well so that the scientists could say, "This is the standard, here's how you engineer the system to get to that standard" and somebody who understands the economic and business incentives can say, "All right, we could write a rule together to get us there, but if you put this incentive in place, we'll get everybody there working toward that goal." That is my fondest hope of what to do in the environmental area. Because I preached that out in Washington and people were a little skeptical. "Oh, you're just trying to lower the standards and let people off."

Ullmann: The way IDEM works now, once a company is found in violation, they are assessed a fine, but they can credit that fine against remedial efforts, and at the end of that process, the company is actually rewarded by IDEM for meeting environmental standards with another cash grant. If those kinds of options were available to me, I could run crosswise with the IRS, they would let me use my arrearage to buy a computer and hire H&R Block in exchange for a pledge

I wouldn't do it anymore.

McIntosh: Yeah, yeah. What you've got to do is set the expectations in a way so that if you get crosswise with where you're supposed to be, do it in a way where they can make money but also achieve good things for the environment. I was talking to a guy who designs a lot of sewage systems in Indiana. He said the problem we've got in the water area is

HPR

INTERVIEW

that we've set a lot of very high standards and there's no plan to get from here to there. Nobody's willing to say, "Let's take our first step here" because then it sounds like you're moving off that high standard. He said that if you could identify most of the reduction in waste to the water system first at the least cost, build those and then go on. I said could you get me the data of all the things that are out there that could be done? I'm willing in a political realm to say, "Here's a plan, here's the priorities of how to do it." I have some credibility with the business side of it because they know I've been fighting unnecessary regulations. I don't have credibility with the environmental community because they think I'm anti-environment. So I need to go to them and say, "I am quite sincere we're going to reach this level. We've got a problem here now because the mountain is too high and help me out." I don't know that community in Indiana. I know in Washington there are some folks who would say that immediately makes sense. There are others whose goal is to push for the most costly because the least costly follows behind, so they disagree with my approach.

Howey: You've got an obvious constituency with the IMA and the Chamber. In light of the White River crisis, as governor how would you balance

the concerns over environmental situations with business needs?

McIntosh: My sense is the business community would agree to a fair amount of expenditures to reduce environmental pollution if they think the money is well spent. If they think they're going to have somebody come in who doesn't understand their business and doesn't appear to understand the real problem on the environment, and say "You have to spend a lot of money on this problem" and they don't agree when they see another one right next door that is leaching into the water. That's what I hear. What really ticks these guys off is the arrogance of somebody from the government coming in and saying, "We detected an old tank here and though we can't demonstrate there is a problem with it, we're going to shut you down until you do something about this tank." If they went in and said, "Here's the fear we have; it's going to get into the Muncie water supply, and here's the plan on how we can remediate the situation, how does that work in with your business so we can get it done?" So I think you're right, it would be a paradigm shift. We have to acknowledge it's going to require an investment to clean up the water in our rivers. Gov. Bayh set a very high standard. Now the next administration has the responsibility to set a plan on how to achieve that starting with the areas where you get the most benefit for the least cost. I would hope I could sit down with the folks on the environmental side, kind of like a Nixon going to China approach.

Ullmann: Indiana is virtually last among the states in the amount of per capita expenditures for regulatory and protective legislation. In the end, you get what you pay for.

McIntosh: You can have a different model that says rather than a command regulatory approach, you can achieve those same things on an incentive basis.

Ullmann: I'm dubious about that, because we have firms who say they'll fine me \$1,000 a day if I get caught, but

I'll save \$10,000 a day until I don't.

McIntosh: But laws can only take people so far and at some point that morality breaks down because someone will say, "I can't meet that standard, so why even try?" You add to that, in the case of a lot of these regulatory agencies an appearance by the regulatory community that it is arbitrary. So why not do whatever I need to do in my business when there's no morality behind the law because it's arbitrary.

Ullmann: Let's talk about property taxes. Al Hubbard says property taxes have doubled since 1989. I looked at the figures from the state and I don't get 100 percent. But collections from sales and personal income taxes have increased and greater than the increases in property taxes during the same period. Why are property taxes so much more important?

McIntosh: Ultimately, the property tax is the one in the system that ends up having the potential from being disconnected from economic gain. The sales tax is a classic consumption tax, therefore as people prosper they pay more. Income tax is related to the success of businesses. The property tax is a tax on a fixed asset, whether or not you're gaining money. So part of the taxpayers - the homeowner - sees a steady increase and that may not be related to any increases in their income. For businesses, the same problem. You pay the same amount of property taxes whether you're having a good year or bad year. So it's an onerous tax. So even with a less aggregate increase to the government, the pain is felt. One of the biggest problems is that other states have gotten away from that. Therefore in a competitive environment, Indiana has become a high tax state in that area....

Ullmann: Before you leave that thought, it's awfully hard to compare jurisdictional taxes. Indiana's property taxes are really pretty low compared to other industrial states.

continued on page 7

TICKER T A P E

POLICE-FIRE DEBT:

Revelations that the new administration of Indianapolis Mayor Bart Peterson will find \$10 million in unexpected police and fire pension costs in 2001 has prompted speculation that the Democrat may find help in the legislature. Throughout the 1999 campaign between Peterson and Sue Anne Gilroy, there was much speculation that potential debt and liabilities from the Goldsmith administration would create a fiscal minefield for the next mayor. New Controller Kathy Davis discovered not only the police and fire pensions that will cost anywhere from \$10 million to \$30 million in the next few years, but also a \$30 million loan due in August to pay off a loan taken out in 1999 to pay for a 10-year-old loan from the state on the Circle Centre Mall. Davis reaffirmed Peterson's stance that he would not raise taxes, but added that the mayor's call for 200 new police officers in the next four years could be in jeopardy.

DEMOCRATIC STRAW

POLL: The first-ever Indianapolis Presidential Straw Poll will take place at 4:30 p.m. Feb. 14 at the Pioneer Pavilion at the Indiana State Fairgrounds.

POOR PAY PROMPTING

RETIREMENTS: Several for-

continued on page 6

TICKER

T A P E

mer legislators including Thomas Alevizos and current Sen. Cleo Washington say they are leaving the General Assembly because of poor pay (Susan Dillman, South Bend Tribune). Alevizos said he lost about \$20,000 a year in potential income. State Rep. Bill Ruppel said that his eight years in the House have shaved about \$400 a month off his teachers pension. Washington announced he would not seek re-election because he couldn't afford to. Said State Rep. David Wolkins, "We're going to end up with the fat cats and the political junkies and that's it." The last time salaries were raised came in 1984. State Rep. Richard Mangus said he has authored a bill giving legislators who live more than 50 miles away an extra \$10 a day per diem instead of a large amount. "An old farmer once told me fat hogs get slaughtered," Mangus said.

HARDER HEADS HOME: Heather Harder, the Crown Point Democrat seeking the presidential nomination, polled 171 votes in New Hampshire. She has headed back home, telling the Times of Northwest Indiana that she could support either Vice President Gore or Bill Bradley. "But of the candidates, I still like me best."

BAYH IN THE NEWS: U.S.

Interview, from page 5

McIntosh: I talk to plant managers at Central Soya and I talk to plant managers up in Lake County, Amoco, and Caterpillar, and they consistently have the same message: You can't compete in capital investment here in Indiana.

Howey: But with Amoco, Ipsat Inland and USX, isn't that more due to Lake County's own tax burden?

McIntosh: Yes. Theirs is the worst. But if it were only folks up there in Lake County, it would be different. This is in Fort Wayne. Consistently Indiana managers said it happens routinely.

Ullmann: But one state may have low property taxes and high income taxes. Corporations are doing tax shopping.

McIntosh: But the problem is there can be serious consequences if you don't pay attention to that. Chances are we're going to lose further jobs in Lake County where the economic pressure is already on heavy manufacturing.

Ullmann: It's the position of the corporate community to relieve corporations' property tax burdens, but not raise corporate burdens elsewhere. So the argument that there are more equitable ways to tax corporations other than property taxes, which is a very plausible argument, was rejected by industry.

McIntosh: I guess I reject the argument that is coming straight from the governor's folks that anytime you reduce the property tax burden one place you've got to raise the tax somewhere else. In this case they're saying they are protecting homeowners. I think the answer to that is to have some kind of across the board tax cut. Move reassessment to fair market value. But you're effectively protecting people who are getting the increases in there by having an overall tax cut. That's what we're working on right now. I'll have a very detailed plan in April.

Ullmann: Do you think there is really room for substantial cuts to cost of Indiana government?

Howey: And how do you see \$1 billion to \$2 billion budget surpluses as opposed to taking care of business? Isn't the \$685 million Rainy Day Fund enough? Should the surplus be used for existing problems or returned to the taxpayers? Or both? How's that for a load?

McIntosh: A surplus just for the sake of a surplus is not responsible government. You need to keep a certain amount of the surplus and they call it the Rainy Day Fund. We also have what they call a structural surplus in which we're paying more in taxes each year than it takes to run the government. Once you determine what you need to run government services correctly - if you're collecting too much revenue then you need to have a tax cut. Now within the amount we're using for government, it's increasing at a rate of about 6 or 7 percent. Those are real increases because inflation is at 1, 2 or 3 percent. What we found in Washington from '94 on, you look at the 30 years prior to that and every additional dollar of revenue that came in, spending increased by about \$1.50. From '94 on we held the rate of growth. We still increased government. With each extra dollar, we only spent 60 cents of that. That's what turned us around from a deficit to a surplus. Which then lets us decide, do we have tax cuts? Are there spending needs that are unmet? I don't think there are problems with excess personnel. In fact in some cases we have underfunded personnel - Muscatatuck, State Police. And that's going to cost some money. In some of those areas, we have to ask whether we're running an antiquated system. In the mental health area I think we are. In some cases, it's not just a money problem, it's how we are spending our money and are we getting the right services? I'm convinced by having those updated management practices, shortfalls that we have in Indiana can be addressed. Some things will need to go up, I acknowledge that. Some things we can find a lot of savings just by bringing better management practices. ❖

Indiana 2000 Racing Form

gubernatorial, congressional races

Governor: Republican: U.S. Rep. David McIntosh, John R. Price. **Democrat:** Gov. Frank O'Bannon. **1996 results:** O'Bannon 1,107,342, Goldsmith 997,505, Dillon 35,261. **2000 Forecast:** In 1996, Stephen Goldsmith allowed Frank O'Bannon to go up with his TV for three weeks in August without a return volley. He lost. In 1999, Sue Anne Gilroy allowed Bart Peterson to go up on the air in May and June without a return volley. She lost. In 2000, Frank O'Bannon has allowed David McIntosh to go up with his bio TV ads for the past two weeks and has yet to return the volley. Price challenged McIntosh to 10 debates. WTHR did an expose on O'Bannon, saying he'd received campaign donations from proponents of I-69. *What a shocker!* McIntosh-Sandi Patti concert tour returns this weekend. Don't bogart those emery boards! **General Status:** *Leans O'Bannon.*

Congressional District 2: Republican: Mike Pence, State Rep. Jeff Linder, Andrew Phipps, Brad Steele, Bill Fraizer, Luke Messer. **Democrat:** Ron Guyre, Bob Rock Jr., Troy Liggett. **Geography:** Muncie, Anderson, Richmond, Shelbyville, Columbus and East Central Indiana. **1994 results:** McIntosh 93,592, Hogsett 78,241. **1996 Results:** McIntosh 122,288, Carmichael (D) 83,478, Zimmerman (L) 4,662. **1998 Results:** McIntosh (R) 99,584, Boles (D) 62,426, Federle (L) 2,236. **2000 Forecast:** Rock announced campaign team, with former IU football player Jeff Marx coming on as campaign manager; Tim Westerfield as research adviser; Rebecca Fuller as communications director; and a kitchen cabinet of Scott Reske, Melina Fox, Patrick Cunningham, Rolland Webber, Martha Carmichael and Tom Ashley. The Rock campaign can be reached at 765-649-9811. Linder's website is up and running at: www.jefflinder.org. Pence began his radio campaign in five markets and will announce his candidacy on Feb. 16 in Muncie, Richmond, Anderson, Columbus and Indianapolis. **Primary Status:** *Leans Pence (R); Tossup (D).*

Congressional District 3: Republican: Chris Chocola. **Democrat:** U.S. Rep. Tim Roemer, Steven W. Osborn. **Geography:** South Bend, Mishawaka, Elkhart, Northern Indiana. **1994 results:** Roemer 72,497, Burkett 58,787. **1996 Results:** Roemer 114,381, Zakas (R) 80,748, Taylor (L) 2,331. **1998 Results:** Roemer 84,625, Holtz 61,041. **2000 Forecast:** Osborn, an assassination conspiracy theorist from LaPorte, will challenge Roemer in the Democratic primary. Osborn told the *South Bend Tribune* that he believes that James Earl Ray was involved in the JFK and RFK murders. "I would like to raise his awareness, raise his eyebrows," Osborn said. Roemer will win this primary with his eyes closed. **Status:** *LIKELY D.*

Congressional District 7: Republican: Brian Kerns, Bob Griffiths, Doug Hess. **Democrat:** Jeff Clapper. **Geography:** Terre Haute, Lafayette and Western Indiana. **1994 results:** Myers 104,359, Harmless 55,941. **1996 Results:** Pease 130,010, Hellmann (D) 72,705, Bourland (L) 7,125. **1998 Results:** Pease (R) 109,553, Hillenburg (D) 44,749. **2000 Forecast:** Clapper has emerged as the consensus Democrat. Kerns endorsed marriage penalty tax relief and issued his 10-point "Blueprint for a Better America." **Republican Primary Status:** *TOSSUP.*

Congressional District 8: Republican: U.S. Rep. John Hostettler. **Democrat:** John Hamilton, Dr. Paul Perry. **Geography:** Evansville, Bloomington, Vincennes and SW Indiana. **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 Forecast:** Hamilton officially announced. The *Bloomington Herald-Times* noted that Hamilton "didn't take sides in one of the most divisive issues in the district - where to build I-69." Hamilton said, "I believe it's a road that needs to be completed. The question of the route, I think, is one we need to look at." Perry responded to

TICKER

T A P E

Sen. Evan Bayh is still on everyone's vice presidential short lists and getting a spate of news coverage throughout Indiana. Feature stories on the senator have run in the Gary Post-Tribune and the Fort Wayne News-Sentinel lately. A recent story by Gannett's Ellyn Ferguson that ran in the Lafayette Journal and Courier quoted University of Nevada political science department chairman Ted Jelen as saying, "In Bayh's case, the goal is not to be a senator, but to be president. I think Bayh is cultivating an image of competence and moderation." The story also quoted U.S. Sen. Richard Lugar as saying the two Senate staffs can work together and share resources "without causing anxiety among his supporters, my supporters and the two parties." As for Bayh making People Magazine's "Fifty Most Beautiful People" List, the senator said, "It's either a case of mistaken identity or the editors at People are near-sighted."

JOB RATE A 30-YEAR LOW: The United States unemployment rate slipped to 4 percent, the lowest level in 30 years, the Department of Labor announced last Friday. Meanwhile, Indiana unemployment claims rose by 3,694 to 48,121 during the week of Jan. 29. During the same week of 1999, there

continued on page 8

TICKER T A P E

were 52,500 claims.

ROLL CALL NOTES
HOSTETTLER OUTRAISED:
 Roll Call newspaper noted that U.S. Rep. John Hostettler is one of six Republicans to be out-raised by Democratic challengers. The other five districts where that has happened come in California, Arkansas, Florida, Kentucky and Texas. Roll Call reported, "With just six seats standing between them and the House majority, the DCCC has posted record fundraising totals and its success is trickling down to several of its candidates."

ISTA ENDORSES GOOD-NIGHT: The Indiana State Teachers Association has endorsed 5th CD Democrat Greg Goodnight, who will challenge U.S. Rep. Steve Buyer. Goodnight received the AFL-CIO endorsement in December.

NEXT HPR WEEKLY will be published during the week of Feb. 21 following the filing deadline of Feb. 18. You'll get your HPR Daily Wire via the Internet throughout next week.



Hamilton's announcement, saying "To make meaningful changes in health care, we need someone to represent us with a health-care background, not someone trained in politics."

Democratic Primary Status: *TOSSUP.*

Congressional District 10: **Republican:** Tony Samuel, Marvin Scott. **Democrat:** U.S. Rep. Julia Carson. **Geography:** Indianapolis. **1994 results:** Jacobs (D) 58,573, Scott 50,998. **1996 Results:** Carson (D) 90,869, Blankenbaker (R) 69,248, St. Angelo (L) 3,505. **1998 Results:** Carson 69,673, Hofmeister (R) 46,892, Peterson (L) 3,009. **2000 Forecast:** Samuel kicked off a radio ad campaign announcing his "mission statement." He said, "My mission is to help parents and local school districts to provide educational reforms needed to create a stronger and smarter workforce." The Republican said he will remain on the air through the primary campaign. **Status:** *Likely D.*

2000 Indiana house races

House District 80: **Republican:** Open. **Democrat:** Rep. Ben GiaQuinta. **Geography:** Southern Fort Wayne. **1994 Results:** Becker 5,206, GiaQuinta 5,199. **1996 Results:** GiaQuinta 7,707, Becker 6,365. **1998 Results:** GiaQuinta 6,066, Becker 3,540. **2000 Forecast:** Debbie Helmke declined to run. For now GiaQuinta looks to be in good shape. **Status:** *LIKELY D.*

House District 68: **Republican:** Jean Leising. **Democrat:** Rep. Bob Bischoff. **Geography:** Lawrenceburg, Franklin, Dearborn and Ohio counties. **1994 results:** Bischoff 9,427, Ketcham (R) 8,993. **1996 Results:** Bischoff (D) 12,088, Fehrman (R) 8,968. **1998 Results:** Bischoff 11,881, Kristoff (L) 1,742. **2000 Forecast:** Sources tell HPR that Bischoff is going to have a real battle on his hands next fall from Leising. The three-time 9th CD nominee out-pollled Lee Hamilton throughout Bischoff's district from '94 through '98. **Status:** *TOSSUP.*

HORSE R A C E

2000 Indiana STATEhouse races

Attorney General: **Republican:** Steven Carter. **Democrat:** Karen Freeman-Wilson. **2000 Forecast:** Gov. O'Bannon's selection of Freeman-Wilson, a Harvard-educated judge from Gary, has elated Lake County Democratic constituency. O'Bannon said the addition of the African-American judge will make the Democratic ticket look "more like the face of Indiana." She will not only help the ticket in volatile Lake County, but also possibly in Indianapolis where Jeff Modisett's departure could have hurt the Democrats. On the Republican side, Carter may have opposition from Clerk of Courts Brian Bishop. **Status:** *TOSSUP.*

- Brian A. Howey ❖

Indiana delegation topsy-turvy over China

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

WASHINGTON - Although elections will dominate the year 2000, at least one piece of controversial trade legislation will come up in Washington. It is already splitting the Indiana delegation - but not along party lines.

Congress is grappling with how to proceed on a bill that would grant China permanent normal trade relations as part of U.S. approval for China's entry into the

World Trade Organization (WTO). U.S. and Chinese negotiators concluded a pact last year that would lower Chinese tariff

CONGRESS W A T C H

and non-tariff trade barriers and allow the country to qualify for WTO membership. Renewing normal trading status for China each year has caused congress

continued on page 9

China, *from page 8*

sional brawls in the past. Among Hoosier members of Congress, Republican Sen. Richard Lugar and Reps. Tim Roemer (D-CD 3), Ed Pease (R-CD 7), and Baron Hill (D-CD 9) would vote in favor of granting China normal trade status. Rep. Mark Souder (R-CD 4) would vote against.

Sen. Evan Bayh (D) and Reps. Steve Buyer (R-CD 5), Dan Burton (R-CD 6), and John Hostettler are undecided. Bayh and Buyer are waiting to see the language of a China-WTO bill. Members have limited access to the written U.S.-China WTO agreement. Burton and Hostettler have traditionally opposed China trade measures. Reps. David McIntosh (R-CD 2), Pete Visclosky (D-CD 1) and Julia Carson (D-CD 10) did not respond to HPR queries.

"This is going to be an issue that will be divisive on both sides of the aisle," Roemer said.

He supports the China trade agreement because it promises to increase market penetration for automobiles, an industry that is vital to his district's many auto parts producers. Car tariffs would drop from 100 percent to below 20 percent. The agreement also would allow American car financing, said Roemer, who has been working with the Clinton administration on auto trade.

Roemer opposed NAFTA and voted against giving the president fast-track trade authority. Fast track would prevent Congress from amending trade deals submitted by the president. It could only vote up or down. "I come at trade issues not as a free trader, but as a fair trader," said Roemer, who is cofounder of the New Democrats, a coalition of about 60 moderate House Democrats. "I look at how a trade agreement affects Indiana and its workers and judge it on its merits." He said the United States must remain

vigilant in monitoring trade agreements and punish countries that violate them. "I will continue to criticize (administrations) for not using tools of enforcement and implementation enough."

Fellow Democrat Hill is supporting China-WTO based on the interests of an important CD 9 constituency. "It's a win-win for our farmers," said Hill, who is a member of the Agriculture Committee. "It opens that market, and it's a huge market."

Lugar, chairman of the Senate Agriculture Committee and one of the most ardent trade advocates in Congress, argues that increasing

CONGRESS WATCH

exports is the best strategy for boosting farm income. He also sees the China-WTO deal as a way for the U.S. to exert broader global influence. "The vote ought to come very soon," he said. "This is not just a trade issue with China, but a strategic one. Can we influence war and peace in that region? We need to be part of the decision-making process."

Souder wants to increase trade with China but is leery of China's behavior. "To send China a signal that it can illegally finance our elections and steal our nuclear secrets in the same year we offer a trade agreement screws up your international priorities," he said. China has been accused of making illegal 1996 presidential campaign contributions and conducting espionage at a U.S. nuclear lab. Souder also said China fails to protect human rights and religious freedom. "There is a moral component and a national interest component to trade policy."

China-WTO supporters are not ignoring human rights concerns,

Roemer said. The United States will be able to advocate individual and religious liberty in China through diplomacy. For instance, Roemer brought up those issues in a January meeting with Chinese President Jiang Zemin during a congressional mission to China. He said he told Jiang: "You make it exceedingly difficult for members (of Congress) to vote in favor of economic trade in the future if you don't make more progress on human rights."

Even though he's undecided on the China-WTO bill, Buyer said constituents are focusing on the high level of Chinese imports they're seeing at stores. "People are expressing a real concern," he said. "This is an important issue to Indiana. The goal is to bring China into the modern world economy and do it with fairness and equity in trade."

Indiana businesses support China-WTO. Labor unions oppose it because of workers' rights concerns. Ann Tutwiler, director of government relations for Central Soya and Cerestar USA, which have operations in Fort Wayne and northwest Indiana, said, "We're not giving up anything in exchange for significantly better market access, particularly in oil seeds."

Jim Morill, vice president of federal government relations at Lincoln National Corp., said the China-WTO agreement would enable his company to obtain a license to sell insurance in China. But Lincoln, which has a large office in Fort Wayne, will not make campaign-spending decisions based solely on this issue. "I don't get into mixing dollars and votes," he said.

Souder, who sponsors local trade conferences, recommends that companies spend more time in their home areas promoting trade than on Capitol Hill. "Rather than targeting a member of Congress, they should educate voters in the district." ❖