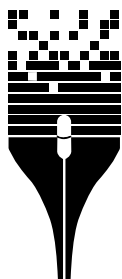


The Howey Political Report



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“QUOTE” OF THE WEEK

“We all do our work and take our medicine...”

- U.S. Sen. Richard Lugar, who was taking Cipro along with his staff after the Hart Senate Office Building was targeted by bioterrorism

Kernan tax plan showing big promise

Republicans, business ‘surprised’

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

Lt. Gov. Joe Kernan launched his long-awaited tax restructuring plan on Thursday, an event that will reshape Indiana’s political landscape for at least the next two election cycles. Its initial reviews were promising.

"This is just phase one of the process," Kernan said as he unveiled the 21st Century Tax Plan. "Now we're ready to move on to the review and comment phase." Gov. Frank O'Bannon added, "This is comprehensive, meaningful and fair. We can't do this alone. This effort will take bipartisan support and I'm confident that, once everyone gets a look at our plan, they'll agree that it moves Indiana in the right direction."

The initial Republican reaction was one of near shock. "I was surprised that we really got a credible plan as a starting point for discussion," said House Minority Leader Brian Bosma. "Pleasantly surprised. I really expected some kind of bogus list of options and confetti approach to the situation. The governor and lieutenant governor have put together a plan that is at least worthy of looking at and discussing. It includes many of the proposals that we've talked about for the past six years - the inventory tax, the corporate gross tax, taking schools and welfare off the property tax rolls."

"It was more thorough than I anticipated," Bosma continued. "I just didn't think they'd have the guts to put something out that was substantive. The question now is will the public be willing to take this kind of shift through individuals with income and sales tax."

While Indiana Republicans said they were prepared to
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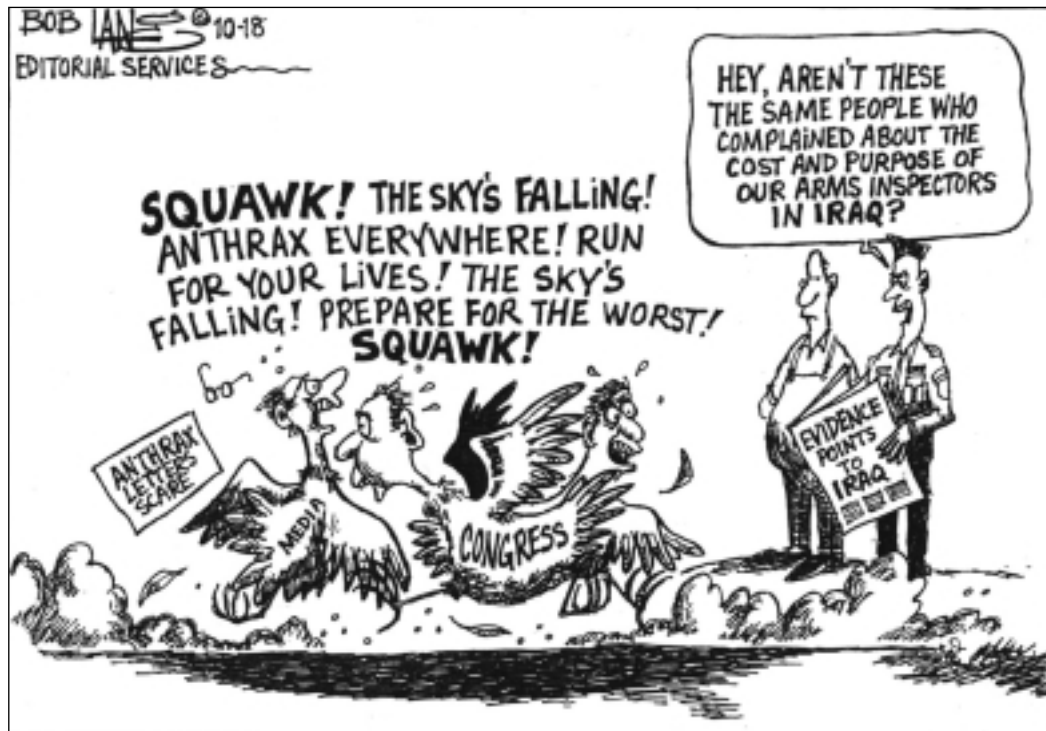
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LUGAR OFFERS FARM BILL: U.S. Sen. Richard Lugar introduced a farm bill that would end agricultural subsidies while providing a broad-based safety net for U.S. agriculture that encompasses all commodities. Under the Lugar legislation, farmers and ranchers could purchase federal insurance that would guarantee up to 80 percent of their average income over the previous five years. The measure, which would cost \$25 billion over five years and has Bush administration support, offers a menu of risk-management options to producers whose annual revenue is at least \$20,000. It would end the annual, fixed payments farmers receive under the current Freedom to Farm Act but would maintain the planting flexibility ushered in by the law. Lugar said his new bill would broaden the agriculture debate by including every commodity in the income-insurance program, not just row crops like corn, wheat and soybeans. "It provides a strong base of political support in which senators from all states have a stake," he said at a Capitol Hill press conference. Lugar, the ranking member of the Senate Agriculture Committee, felt compelled to offer his bill because the House passed a 10-year \$173 billion farm bill earlier this month that

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Kernan, *from page 1*

negotiate with the O'Bannon administration, the two sides have sharply different views on the timetable for achieving tax restructuring. Unless reconciled, that timetable could play a decisive role in the 2002 and 2004 elections.

On Tuesday, a rarely united front of Senate and House Republicans seemed to launch a pre-emptory strike, with Senate President Pro Tempore Robert Garton stating, "We hope we can work together. We think there are issues that should be addressed." But for nearly 10 minutes, Senate Finance Chairman Larry Borst made a case that restructuring could not proceed until 2003, despite being warned by other Republicans that if the next day's headlines deemed the GOP obstinate, public opinion might quickly shift against them.

Borst explained, "2002 may not be the proper time. The legislature may not have enough information to do anything. In 2003, there is still time to do it. We have considered in the past one notice to go out (for May 2003) and make an

adjustment on the second notice (for November 2003)."

Borst said that utilities - or 10 percent of taxes - have yet to be promulgated or public hearings held. That, he said, represents about \$5 billion in taxation. "If there is to be a shift, nobody knows what that shift will be because the facts and figures aren't in yet ... and won't be before the 2002 session."

But Kernan's impressive team that included Bill Sheldrake of the Indiana Fiscal Policy Institute, CPA Mike Claytor, Jim Steel, who was Indianapolis Mayor Stephen Goldsmith's controller, and Purdue Prof. Larry DeBoer, were quick to shoot down any notions that 2002 was too soon. The utility rules are to be promulgated by Nov. 1, Kernan said, and Sheldrake said there were no wild shifts expected in utility tax burdens.

"I think we do so at our own peril," Kernan emphatically said of waiting beyond 2002 as Sheldrake and others nodded. "In March of 2003 there will be a train wreck. It would be like watching 200 people killed by a train and then saying, 'Now it's time to fix the crossing.'"

O'Bannon called the 2002 time

frame "essential," adding that it was vital "if we were to keep and attract the new and advanced manufacturing, information age jobs that are key elements of our economy. Restructuring Indiana's tax code must be a priority in the 2002 legislative session because time is running out for Indiana businesses and Indiana homeowners." The governor also pointed out that schools and municipalities would be developing budgets under the old rules. "If we wait until the next year and pass something until 2003, there probably wouldn't be enough time to redo their budgets."

O'Bannon extended his own olive branch to Republicans, saying, "I was pleased on Tuesday to have Republican leaders in the House and Senate say they would join us in this effort, as has Speaker Gregg, Minority Leader Richard Young, and Democrats in the House and Senate. The standards of success that the Republicans talked about - promoting economic recovery, protecting education, safeguarding Hoosier homeowners, and providing a tax system that is fair and balanced for all - are essentially the same goals we have talked about when we launched tax restructuring in May."

Legislative Democrats

House Speaker John Gregg vowed to do what he could to sell the plan, thundering in a speech reminiscent of Larry Conrad, "If not now, when? If not us, who?" Gregg echoed comments first reported in *HPR* last week: "We'd rather lose than be re-elected doing nothing."

State Sen. Vi Simpson, D-Bloomington, stated, "The Kernan plan is a comprehensive and bold plan that helps all Hoosiers by significantly reducing property taxes and encouraging economic investment in Indiana."

But conspicuously absent on Thursday was House Ways and Means Chairman B. Patrick Bauer, D-South Bend, who sources told *HPR* was "travel-

ing with his family" on what amounted to the most significant day in Hoosier taxation since 1973. Bauer has been openly critical of not only Gov. O'Bannon, but of Kernan in what he viewed as a secretive development of the plan.

Business reaction

Pat Kiely, president of the Indiana Manufacturer's Association, observed, "Lt. Gov. Kernan has stepped up to the plate on the tax issue. He has supplied a good starting point for discussion. We applaud him for that. The IMA staff will be working closely with our membership to judge the job impact of the administration's proposal. We are willing to support the Kernan plan if our members tell us they can continue to supply good-paying jobs to Hoosiers under the plan."

If there was anything that promised to send the O'Bannon-Kernan plan off kilter, it was the idea of the courts ruling the shelter allowance unconstitutional.

Kiely had been the most likely person to initiate a constitutional challenge. But he told *HPR*, "We have no current plans to challenge the shelter allowance. We have been waiting for three things to happen before we determine legal action. They are: real property rule (done), personal property tax rule (2-3 weeks), and the Kernan Plan (today). We received the plan this morning and will be asking for further clarification on several issues. We are encouraged about the tone and emphasis of the plan. It has several components that are positive to both job creation and retention and look forward to the ongoing discussions. We would only look to the courts as a last result."

Sue Swayzee of the Indianapolis Chamber of Commerce told the *Indianapolis Business Journal*, "There are parts that are exciting. What does it mean? It takes a little more analysis for us. The one thing we're sure of is we're optimistic that this will become the basis of negotiations. Something needs to be done, and at least a

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would continue annual fixed payments to farmers and would reestablish counter-cyclical subsidies when prices fall below certain levels. "The House bill is too costly and does not represent the better policy option for the future of American agriculture," Lugar said. Each Hoosier House member voted for the House farm bill. Lugar criticized the House for moving forward in the midst of the U.S. response to the Sept. 11 terrorist attacks. "Under the circumstances, it's difficult for many to concentrate on a farm bill. I would not have acted on one (now) if the House had not, in a precipitous fashion, brought one forward. This is a piece of legislation that is comprehensive, that has very solid support. If we must debate a farm bill, come hell or high water, despite war or tragedy, we have a constructive alternative."

BETHLEHEM STEEL FILES CHAPTER 11: Northwest Indiana's economy got a jolt of bad news Monday with the announcement that Bethlehem Steel Corp., the nation's third largest, filed for Chapter 11 bankruptcy protection (Associated Press). The company employs about 6,000 people at its Burns Harbor plant in Porter County. Robert Miller, chairman and CEO,

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said the company could not overcome economic damage caused by low-cost imports and the slowing economy. Miller, who has a reputation as a turnaround expert, joined Bethlehem Sept. 24. He led financial negotiations with bank lenders and the federal government that led to the Chrysler bailout package.

INDIANAPOLIS AIRPORT PLAYED ROLE IN SEPT. 11 HIJACK DETERMINATION: The New York Times had a riveting account of how air traffic controllers began to realize a systematic attack was underway on Sept. 11 involving airliners, including a role played at Indianapolis International Airport. The Times reported that at 8:53, after Flight 175 had screamed south over the Hudson Valley at about 500 miles per hour — more than double the legal speed — the reality was becoming clear to the controller on the ground on Long Island. "We may have a hijack," he said. "We have some problems over here right now." He knew just half of it. Moments after the first jet hit the World Trade Center, a controller in Indianapolis was trying to make contact with American Flight 77, which was flying from Dulles International Airport outside Washington to Los Angeles. The pilot had confirmed receiving directions to fly towards a navigation beacon at Falmouth, Ky.,

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Kernan, *from page 1*

plan is on the table."

Politics of restructuring

There was wide agreement that Kernan's plan was a good, if not fascinating, starting point. The fact that he gathered some of the top fiscal minds in the state impressed many.

Some seasoned observers told *HPR*, "It seems like a Republican plan." The fact that it included many objectives the GOP had wanted over the years brought about grudging respect from across the aisle, or at least from people like Kiely and Swayzee.

There are some uncomfortable parts of this complex mission for Kernan. Asked if he could guarantee that all homeowners would see a property tax decrease, Kernan said, "There is no way to guarantee that all homeowners are going to see their taxes stay at exactly the same level or not go up. What we have done is what we believe we could do responsibly to make sure that burden statewide was driven from 33 percent down to zero. There is no way that you can go through and have everyone receive a property tax cut. But I'll tell you, there are a lot fewer folks than there was before we began this process."

Whether Kernan and his staff of experts did better homework than David McIntosh did during his 2000 gubernatorial challenge remains to be seen. Aggressive Statehouse reporters might want to walk through a dozen or so hypothetical families from different income stratas and geographical regions to determine how inclusive the plan is. At this point, there is little data that exists there, and Kernan's legislative and political fate could rise or ebb as those scenarios are played out.

Ultimately, this all comes down to execution. The Statehouse has seen a lot of ham-handedness in this department from both sides of the aisle and in both

relevant branches of government lately. The Republicans revealed a streak of maturity on Tuesday by expressing a real desire to come to the table. While it took Republican Chairman Mike McDaniel some real arm twisting to get the House and Senate leadership on the same page, the vibes might have been good enough for them to try and make it a habit.

Bauer could be the sullen maverick for the House Democrats. He is bitter ... and powerful. In the past he has shown little reservation about pulling the plug on things near and dear to Gov. O'Bannon's heart. How far will House Democrats go to wrestle away power if it looks like Bauer single-handedly tries to destroy this plan (and Kernan's political future) is a critical question. Gregg's declaration that he would rather lose on principle and action than do nothing could either be Kernan's rallying cry, or a facade. With a potential spot on the 2004 ticket, we are inclined to believe it's the former.

There is deep danger in Senate Republicans becoming obstinate and doing whatever they can to sabotage the plan (if Bauer won't do it for them). Here is their dilemma: If the Kernan plan goes through, he becomes the only Hoosier heavyweight heading into 2004. You could almost feel it when O'Bannon spoke with shaky syntax, followed by the steady, confident style Kernan exhibited. Kernan is pugnacious, witty and commanding. The Senate Republicans know it; feel it and may not resist trying to seize this opportunity to derail what may become a runaway train by 2004.

That strategy is fraught with peril. Since the Senate Republicans have no plan of their own, even if they could hang a defeat on Kernan, he would be able to hit the campaign trail in 2002 and 2004 waving his tax plan, saying he tried his damndest to get the thing through, leaving the Republicans enmeshed in befuddling, complex minutia.

Secretly, you had to wonder if some of these Republicans are reading the plan, and muttering, "Say it ain't so, Joe." ❖

PERHAPS... WE WANDER

By Brian Howey

The strangest week (ever) on Capitol Hill

WASHINGTON - The House of Representatives closed down. U.S. Sen. Richard Lugar and his staff were tested for anthrax. And U.S. Rep. Steve Buyer talked openly about using nuclear weapons in Afghanistan.

No, it was not a normal week in the nation's capital. Perhaps it was the strangest week since April 1861 when the nation came unraveled.

On Thursday, U.S. Rep. Steve Buyer told WTHR-TV's Rhory Johnson, "I would support the use of a limited precision tactical nuclear device. What does that mean? It means that when there are these hardened caves that go back almost a half a mile in Afghanistan, don't send special forces in there to sweep. We'd be naive to think biotoxins are not in there. Put in tactical nuclear devices and close these caves for a thousand years."

Buyer added, "There is a huge difference, though, between a strategic nuclear device and a tactical munition that is limited in its size and used for a specific purpose."

U.S. Rep. Mike Pence agreed with a five-day closure of the U.S. House of Representatives on Wednesday, but told *HPR*, "I'm concerned this move today will contribute to a growing level of anxiety in this country."

Pence added that the move was necessary to "establish a protocol for a safe environment." As for whether the United States would declare war on a rogue state like Iraq if it were linked the the outbreak of anthrax cases in Florida, New York, Nevada and now the nation's capitol, Pence said, "While the use of force resolution we adopted about a month ago could be stretched to include military force against a nation state, we could expect the President to come to the

Hill and ask for additional authority."

Meanwhile, anthrax tests on Sen. Richard Lugar's staff were released on Thursday with no "positive" results. There have been 34 exposure cases in Lugar's Hart Senate Office Building involving the staffs of U.S. Sens. Tom Daschle and Russ Feingold as well as Capitol Police.

Lugar's press conference to introduce his farm bill symbolized part of the senior senator's approach to battling terrorism -- stay focused on business.

Lugar made his farm policy statement in a Dirksen building room located a few hundred feet down the hall from the Hart building, where Lugar's office was among those closed Tuesday and Wednesday so that authorities could test a section of the facility for anthrax contamination. Lugar did not dwell on terrorist attacks at the farm bill event.

"Americans are deeply concerned about the outlines of a new era," he said. But terrorists will score a victory if they succeed in shutting down Capitol Hill. "We're doing the people's business."

The terrorist attacks hit close to home for Lugar, who has been warning of the dangers of new forms of terrorism for many years. "I wish this had not happened," Lugar said. "Our staff has approached this situation professionally and calmly. We have done our jobs, albeit in different locations." Many on Lugar's Hart office staff have been relocated to agriculture committee offices. Lugar is working from his office in the U.S. Capitol.

"**As conscientious people**, we all do our work and take our medicine." Lugar said that his office continues to function. "I'm fully able to prepare for meetings, votes, caucuses, and whatever comes along. It's a regular day. Even this form of terrorism, wherever it comes from, will not stop the work of America."

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TICKER TAPE

but then failed to respond to calls from the ground. "American 77, Indy," the controller said, over and over. "American 77, Indy, radio check. How do you read?" By 8:56 a.m., it was evident that Flight 77 was lost. The Federal Aviation Administration, already in contact with the Pentagon about the hijackings out of Boston, notified the North American Aerospace Defense Command, or Norad, of American 77 at 9:24, 28 minutes later. Fighters scrambled immediately. It crashed into the west side of the Pentagon at 9:38 a.m.

DOCKSIDE GAMBLING BACK ON AGENDA: Riverboat casinos spent \$2 million lobbying state lawmakers last session, and lost to John Wolf, coordinator of the Indiana Coalition Against Legalized Gambling, who spent \$420. Wolf won (Mike Smith, Associated Press). With Indiana suffering budget woes, it's a certainty gambling promoters will be back in force when the Legislature convenes in January. Proponents argue dockside gambling is needed to keep the state's gambling industry competitive with Illinois and elsewhere. Rep. Scott Pelath, D-Michigan City, said dockside gambling and a 5 percent increase in the wagering tax could net the state \$240 million a year in

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additional revenue.

BUSH POPULARITY STILL A RECORD HIGH: An ABC News/Washington Post poll of 509 adults, conducted on October 15 (+/- 4.5%), shows: 92% approve "of the way George W. Bush is handling the US campaign against terrorism"; 5% disapprove; 3% had no opinion; 77% were concerned "about the possibility there will be more major terrorist attacks in the US"; 23% were not concerned.

SCALIA CRITICIZES THOSE WITH NO FAITH: U.S. Supreme Court Justice Antonin Scalia criticized people who have no faith and extolled traditional Christianity on Sunday at a brunch honoring the legal profession (Liz Vivanco, Fort Wayne Journal Gazette). Scalia shared his immovable Catholic faith with Fort Wayne public figures after the annual Red Mass, a votive Mass of the Holy Spirit celebrated in red vestments asking for God's guidance in administering justice. He sarcastically called non-believers "intelligent" for not having faith in Christ's teachings or manifestations. "The wise will not have anything to do with miracles," Scalia said. "The wise do not investigate silliness." Several hundred lawyers, judges and elected officials attended the Mass at the Cathedral of the

Indiana 2002, 2004 Racing Form

Governor 2004: Republican: David McIntosh, Sen. Murray Clark, Sen. Luke Kenley, Randall Tobias, Paul Helmke, Eric Miller, George Witwer. **Democrat:** Lt. Gov. Joe Kernan. **1996 Results:** O'Bannon (D) 1,075,342, Goldsmith (R) 997,505, Dillon (L) 35,261. **2000 Results:** O'Bannon (D) 1,230,345, McIntosh (R) 906,492, Horning (L) 38,686. **2004 Forecast:** Clark gets good marks for breaking the GOP ice on coming to the tax table. But Kernan may have set the standard. **Status:** *Leans D.*

Secretary of State 2002: Republican: Mike Delph, Deputy Secretary of State Todd Rokita, Richard Mourdock, Dr. John McGoff, Paul Helmke. **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:** McGoff had a reception in Mishawaka earlier this week that was co-chaired by former Gov. Otis Bowen, Mishawaka Mayor Bob Beutter, State Rep. Richard Mangus, and State Sen. Joe Zakas. **Status:** *Tossup.*

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:** U.S. Rep. Tim Roemer has confirmed that he will retire at the end of his current term in 2003. The normally demanding life of a congressman has become even more hectic for Roemer since the Sept. 11 terrorists attacks. As a member of the House Select Committee on Intelligence and a special subcommittee on terrorism and homeland protection, Roemer has played a key role in the U.S. response. In addition, he continues to work on an education bill that is in a House-Senate conference committee. In the midst of long days and working weekends, what resonates with Roemer is a plaintive cry from his four-year-old, who asked that Dad make time to go on a bike ride. "Things like that reaffirm the decision I made in January to step away," Roemer said in an HPR interview. "The events of Sept. 11 make you think a lot about the important things in your life." He said that he wants to spend more quality time with his family, coaching baseball teams and being a regular presence at the dinner table. "These kind of values come through even more when we come through difficult times. I hope to serve the country for another year without (the distraction) of fundraising." He is not sure what he will do next in his professional life, but it may involve education, national security or international relations." With Roemer out, we still see JLT as the frontrunner on the Democratic side. **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:** The *Indianapolis Star's Behind Closed Doors* column casts doubt on Kerns's claim that he saw Flight 77 hit the Pentagon. The column reported on Sunday, "It was one of the more dramatic stories anyone from Indiana had to tell on Sept. 11. U.S. Rep. Brian Kerns, R-Ind., was on his way to Capitol Hill that morning when, he told reporters later, he saw one of the hijacked planes just before it crashed into the Pentagon. While driving in on the 14th Street Bridge (across the Potomac River), we saw a low-flying commercial plane. It banked hard to the left. We raced to the Capitol. We could see the smoke," Kerns told the *Martinsville Reporter Times*. The *Lebanon Reporter* called Kerns "an eyewitness to terror." Kerns said that as he crossed the 14th Street Bridge, the plane came directly over his car, banked left, then banked right toward the Pentagon." The *Star* observed, "Dramatic stuff,

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right? Except there are a few problems. The plane that hit the Pentagon never flew over the bridge or the parkway, both east of the Pentagon. According to the radar-tracked route the plane took -- as shown by a map published in The Washington Post on Sept. 21 -- the jet came from the west, looped south of the Pentagon, then roared into the building from the southwest. At the time, other planes were still in the air. The FAA stopped flights from taking off at 9:26 a.m. EDT but didn't order all planes to land until 9:45 a.m. -- after American Airlines Flight 77 hit the Pentagon. That happened just before 9:40 a.m. -- with the news first reported on CNN at 9:42 a.m. And at that moment, Kerns was in his office with Paul Allen, the national finance director for the American Legion." The *Star* concluded: Asked if he might have been mistaken about the plane he saw, Kerns now says: "Who knows?" Buyer voted for H.R. 3108, "The Patriot Act of 2001," a bill to combat terrorism, which passed the House by a vote of 337-79 on Friday. "We are engaged in a great struggle to combat the forces of terrorism that attacked our nation on Sept. 11. For this struggle, we have called forth the strong arm of our military. But, as never before, this struggle will be fought by law enforcement here at home," Buyer said. "Our law enforcement officers need the best tools available to win this war on terrorism. This is not the case today and it is this deficiency that this bill seeks to remedy. As technology has advanced, we have neglected to equip our law enforcement with the necessary tools they need to do their jobs. This bill will permit wiretaps to be leveled against suspected terrorists the same as we do for drug lords and organized crime syndicates. With existing court protections in place, law enforcement will now be able to follow suspected terrorists when they use the Internet, a land line phone or numerous cell phones. Nor will law enforcement have to go back to various courts when suspects move from location to location to location." **Status:**

Leans Buyer.

Congressional District 6: Republican: U.S. Rep. Mike Pence. **Democrat:**

Melina Ann Fox. **Geography:** Anderson, Muncie, Richmond; Wells, Adams, Blackford, Jay, Madison, Delaware, Randolph, Henry, Wayne, Rush, Fayette, Union, Decatur, Franklin, and parts of Bartholomew, Shelby, Johnson and Allen counties. **Media Market:** Indianapolis, Fort Wayne, Dayton, Cincinnati. **2000 results:** Pence (R) 106,023, Rock (D) 80,885, Frazier (I) 19,07. **2002 Forecast:** Pence voted for the Patriot Act, saying, "As we send this anti-terrorism package to the Senate, it is absolutely essential that Americans know that updated wire-tapping laws and enhanced information sharing laws are not the real threat to our Constitution. With the passage of this bill, America begins to arise so her enemies will be scattered." Ken de la Bastide of the *Anderson Herald-Bulletin* filed a Sunday story saying that "Pence has moved out of the shadows in just nine months" and recounted his elevation to that of assistant majority whip and the only freshman to chair a subcommittee. Said Speaker Dennis Hastert, "It is rare to have a freshman member rise to such heights so soon after entering Congress." Fox is resuming her campaign following Sept. 11. She spoke to 150 Democrats in Adams County this week and will be meeting with women's groups in Washington next week. **Status:** *Leans R.*

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

Paul Perry, Hal Johnston, Brian 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. **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:** If it weren't for war, terror and taxes (and not necessarily in that order), this could have the top story. For here we have a district created for a Democrat, and no real Democratic heavyweight has stepped up. Perry has disappeared. Former nominee Mike Vanderveer's name has been bandied around, but we hear he's backing Hartke. As for Hartke, powerful D's we've talked to aren't impressed and he hasn't even touched base here (duh!). Given Hostettler's legendary ground organization, the national climate (which could change), and the big names refusing to step forward, we move this race into (*gasp ... could it really be ...*) **Status:** *LIKELY HOSTETTLER.*



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Immaculate Conception and the brunch at Grand Wayne Center. "Those who adhere to all or most of Christian beliefs are regarded in educated circles as simple-minded," said Scalia, who is renowned for his conservative opinions on the high court. "We are fools for Christ's sake. One can be sophisticated and believe in God."

KERNAN, ONG TO HEAD INDIANA COUNTER-TERRORISM OFFICE: One month to the day after terrorists attacked the World Trade Center and the Pentagon, Gov. Frank O'Bannon created the Indiana Counter-Terrorism and Security Council. Lt. Gov. Joe Kernan will serve as chairman of the council, which is made up of law enforcement and public health officials. Clifford Ong, who has been chairman of the Indiana Alcohol and Tobacco Commission since February 2000, will be the council director.

UNITED AIRLINES SAYS IT MAY 'PERISH': United Airlines' chief executive James Goodwin says the carrier "will perish" sometime next year if it cannot soon stem huge losses that have worsened dramatically since Sept. 11 (Associated Press). His comments came in a letter to employees, obtained Tuesday as United continues to slash its sched-

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ule and work force to cope with the drastic decline in air travel caused by last month's terrorist attacks. "Before September 11 we were not in a comfortable financial state, with costs exceeding our revenue on a daily basis," Goodwin wrote. "Today, the situation is exacerbated with costs exceeding revenues at four times the pre-September 11 rate. Today, we are literally hemorrhaging money. "Clearly this bleeding has to be stopped — and soon — or United will perish sometime next year."

DANIELS PREDICTING BUDGET DEFICITS: Mitchell E. Daniels Jr., the White House budget director, warned that permanent budget deficits may emerge again if lawmakers do not trim back parts of the government not dedicated to the military, law enforcement and intelligence-gathering (Glenn Kessler, Washington Post). "Many lesser priorities will have to yield while we ensure that the essential functions of government are provided for," Daniels told a business group in New York, according to a draft of the speech released by the White House. "The alternative is to discard discipline totally and imperil our long-term economic health."



COLUMNISTS ON INDIANA

Sylvia Smith, Fort Wayne Journal Gazette - During World War II, people were asked to do their patriotic duty by scrimping - they saved aluminum foil, painted lines up their bare calves to mimic the seams of nylon stockings - and by paying more taxes. In this war-like-no-other we're asked to spend to support the country and get tax cuts to bolster the economy and make the nation strong. The war effort, President Bush said Thursday evening, involves the government "doing everything we can to recover from these attacks and to try to prevent others. We're acting to make planes and airports safer, rebuild New York and the Pentagon. We must act to stimulate a slow economy, to help laid-off workers. And we must fund our military." All of that, of course, means money. Although budget director Mitch Daniels put on a brave face last week and said the 2002 fiscal year might not gobble up the federal surplus and then some, he also said it's "just not knowable." The consensus in Washington is that running a deficit in the 2002 fiscal year that began Oct. 1 is inevitable, so arguing about whether that ought to happen is wasted air. What has people's attention is how much and who cashes in. ❖

Jack Colwell, South Bend Tribune - What ever happened to "W"? Well, it's a letter between "V" and "X." Also, it's the middle initial for President George W. Bush, no longer laughed off as a single letter late in the alphabet. ❖

Robert Novak, Chicago Sun-Times - Federal security experts are pressing Congress to adjourn for the year in the interests of security, but the lawmakers won't be hurried and may be in session another six weeks. The FBI, the Secret Service and the Capitol Police have told congressional leaders in secret briefings that since Sept. 11, the Capitol building

has become a prime target. Consequently, they are urged to wrap up business for the year and get out of town. Congress has refused. It cannot adjourn until money for the government is appropriated, and none of the 13 appropriations bills has been sent to President Bush's desk. ❖

Mary Beth Schneider,

Indianapolis Star - Forget about men being from Mars and women from Venus. The true orbital gap is between politicians and the rest of us. They are from a galaxy far, far away. We live on planet Earth. Last week, Indiana's lawmakers defended using taxpayer money to mail newsletters outside their current districts. Earlier this year, the legislature completed its decennial task of drawing new legislative and congressional boundaries to reflect the 2000 census. The first election that will be held with the new maps is in November 2002. But those hurryin' Hoosiers in the legislature are acting as if they already represent those new areas. They're sending out newsletters touting their achievements to the people in the districts they hope -- and expect -- will elect them in 2002. Legislators, with absolutely straight faces, say they have to start sending mail to their new districts now so voters can get acquainted with them. We here on Earth thought that was what campaigns were for. Last year, Republicans -- including some legislators who now don't see what the big deal is -- were outraged when then-Attorney General Karen Freeman-Wilson used about 10,000 taxpayer dollars to buy shopping bags printed with her name and campaign slogan. Her Republican opponent, Steve Carter, who went on to win in a close election, said at the time: "If the intent is to boost her name recognition, it would clearly be inappropriate." Clearly. And in politics, boosting name ID is the name of the game. ❖