



8-16-1993

North Dakota Intelligencer: August 16, 1993

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Grand Forks Herald

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The
North
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Intelligence

An inside report on people, politics & power



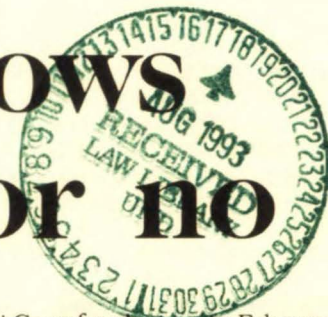
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Volume 2

August 16, 1993

Number 10

The PAC money flows all year, election or no



Politicians are busy during the off-year raising money for 1994

The health and insurance professions are gearing up for **President Clinton's** health care plan, along with NAFTA the next big political hurdle for the White House. The signs are evident, as witness Rep. **Earl Pomeroy's** campaign contribution report for the first six months of 1993.

Pomeroy, D-N.D., collected \$81,550, remarkable for a freshman representative from a state with a single district. After paying operating expenses and debts from his 1992 race, Pomeroy's campaign was left with \$25,449 in cash as of June 30, according to Federal Election Commission reports filed with the secretary of state's office.

PAC contributions accounted for \$72,200 — or 89 percent of his receipts. Of those, insurance-related PACs gave \$14,000, and other medical-related PACS another \$10,750 — in total, more than a third of his receipts. (We may have missed a few thousand here or there by failing to recognize every acronym.) The largest of the bunch was \$3,500 from the PAC of the American Hospital Assn. (Biggest overall was \$5,000 from the American Federation of Teachers-COPE.)

Pomeroy's 1992 opponent, Fargo Republican **John Korsmo**, tried and failed to make an issue of the insurance money, since Pomeroy was an insurance commissioner charged with regulating the companies. Now Pomeroy can point to that expertise as giving him an edge in understanding and influencing health care reform.

For better or worse, Pomeroy also has successfully established himself as a House Democrat on whom leaders can rely. Speaker **Tom Foley**, D-Wash., included him among 10 younger Dems at a news conference the day of the House vote on the budget bill; Pomeroy never spoke, but stood directly behind Foley the entire time. (Also in the bunch was deficit hawk Rep. **Tim Penny** of Minnesota, who announced his retirement the next day.)

Foley and others said they had won concessions from the president for future budget cutting efforts. Pomeroy's short, post-vote press statement reprised the comments: "I fought for additional cuts and spending controls — and won assurances that Congress will soon vote on further cuts and serious controls on spending increases." The administration has hemmed and hawed since then on the issue, however.

At any rate, a debt-free Pomeroy has a jump on 1994. (By March he had paid off a \$15,000 personal loan he made on Jan. 15, 1993.) Korsmo, by the way, has received one contribution of \$25 during 1993.

(An aside: **John Hoeven**, Bank of North Dakota President, was supported both by Attorney General **Heidi Heitkamp**, a Democrat, and by Gov. **Ed Schafer**, a Republican, leading to speculation about his political leanings. All we know is that Hoeven contributed \$50 on June 23 to Pomeroy. Minnesota Sen. **Roger Moe** of Erskine, the DFL majority leader, gave \$100.)

Sen. **Kent Conrad's** six-month contributions were reported earlier by The Associated Press. He started the year with \$132,102 in his treasury and raised \$388,232 through June, still having \$401,324 in the bank.

The big news was the \$170,000 he, Sen. **John Breaux** of Louisiana and **Bob Krueger** of Texas collected at a

Mardi Gras fundraiser in February. In April, Conrad donated \$1,000 to Krueger, who still went down in flames in the special Senate election to fill **Lloyd Bentsen's** seat. Another \$1,000 went from the Conrad campaign to the Friends of **Bill Heigaard**. Heigaard still is collecting money after losing the Democratic-NPL gubernatorial primary last year.

Both Conrad and Pomeroy enjoy strong support from agricultural PACs, with sugar interests leading the way.

On the other hand, a July 23 article in the Christian Science Monitor carried a report that the GOP considers North Dakota, Nevada and New Mexico as the Senate's "sleeper races" in 1994. It quoted a Republican insider: "Sen. Conrad built his career blaming every woe on **Ronald Reagan's** agricultural policies. That excuse now is gone."

Incidentally, a new name being mentioned as a Republican Senate candidate is **Kaye Braaten**, a former Richland County commissioner and past president of the National Association of Counties. We're also hearing the name of **Bob Spoelum**, the retired CEO of Melroe. Finally, Bismarck businessman **David Vanderscoff** is set to declare Aug. 23.

Conrad's 1992 opponent, state Rep. **Jack Dalrymple**, R-Casselton, did not file a 1993 contribution report with the secretary of state's office.

Sen. **Byron Dorgan**, D-N.D., has throttled back on his fundraising, a luxury permitted by his six-year term. In 1992, he raised \$891,643, including \$694,694 from PACs — 77 percent. This year, he's raised \$6,218 over six months. Dorgan's 1992 opponent, Fargo businessman and city commissioner **Steve Sydness**, has collected \$2,005 this year.

School finance: No clues from the court

Trying to read North Dakota's Supreme Court by watching oral arguments is an exercise in futility. The justices' questioning often is so aggressive of all the lawyers that it appears both sides will lose.

The "Crossfire" approach to interrogation was in full form on Aug. 11 during oral arguments on the school finance lawsuit. Lawyers' explanations were cut short within seconds.

If one thing came through in the questioning, it's that several justices are leery of overstepping their judicial authority by taking over the state's schools or rewriting a new finance system.

Justice **Beryl Levine** made the most memorable observations, wondering whether the real solution wasn't to throw the bums out, i.e., get a new Legislature that would deal

with the issue. Levine suggested that the alternative was to rename the court the Appropriations Committee.

(Best aside of the day followed Levine's comparison of North Dakota's schools, particularly Surrey, to impoverished ghetto institutions, infested with rats. "They're field mice," Chief Justice **Gerald Vande Walle** said.)

Vande Walle made several observations about an issue that, although not widely discussed in the briefs, must be puzzling to the public. How is it, he wondered, that it's Bismarck and Grand Forks that are the "poor districts" and Crosby is rich. (Vande Walle graduated from Noonan High School, 15 miles from Crosby).

And, questioning the plaintiff's lawyer, he observed: "Assuming a finite amount of funding . . . the effect of the

argument is taking from Crosby and giving to Bismarck." Some rural legislators think the same thing, and some of them were in the courtroom that very moment. Eight Democratic lawmakers attended the arguments, all of them involved with interim education finance issues. No Republican lawmakers were in the packed room.

It appeared that Justice **Dale Sandstrom** had similar thoughts, as he asked whether students in Bismarck were getting a quality education. Well, yes they are, Bismarck lawyer **Cal Rolfson** eventually conceded.

Perhaps the most insightful comment came from **Laurie Loveland**, the solicitor general who argued the state's case: "I'm sure this is not the last education lawsuit to be brought about finance."

Putting pressure on Pomeroy

Word from Washington has it that the Republican National Committee will start running radio spots soon attacking Rep. **Earl Pomeroy** and his vote for the president's budget bill.

Bjerke's back in Bismarck

Keith Bjerke wore a five o'clock shadow at the recent afternoon news conference where Gov. **Ed Schafer** announced his appointment as adjutant general of the North Dakota National Guard. But there was good reason: Bjerke had arrived in Washington, D.C., at 2 a.m. that morning, returning from Mexico City.

Since losing his job at administrator of the U.S. Agricultural Stabilization and Conservation Service, Bjerke has been president of World Perspective Services, Inc., a Washington, D.C., consulting firm founded by several ex-ASCS officials. The project at hand was a contract with the Mexican government on internal agricultural policy.

(A reporter asked jokingly if he had seen Schafer's beach home in the Yucatan. Bjerke laughed: "No, but I'd like to.")

Bjerke says he'll continue the consulting work while heading the National Guard, which holds a possibility — slim, perhaps — of a conflict of interest. Remember, the North Dakota National Guard was active in the 1916 Mexican border conflict, protecting Texas from bandits. In light of rising animosity toward unchecked immigration, it's not out of the question that the guard could wind up serving temporary border-control duty.

Bjerke was a colonel with the Air National Guard, which sits poorly with some in the guard. Widespread sentiment held it was time for the Army National Guard to have its turn, since Gen. **Alexander Macdonald** also came from the air guard.

Cabinet is complete

Bjerke's appointment, effective Sept. 1, completed Schafer's cabinet. It's notable that the governor has named four defeated statewide candidates and a state GOP boss. The governor's office continues to study the possibility of declassifying some top posts, classified during Gov. **George Sinner's** time as a form of job protection. Those being eyed are heads of Corrections (**Elaine Little**), Information Services Division (**Jim Heck**), Intergovernmental Affairs (**Shirley Dykshoorn**), and **Sheila Peterson**, senior budget analyst in the Office of Management and Budget.

Hall talk

Here's a list of the cabinet and their previous job.

- Department of Banking and Financial Institutions: **Gary Preszler**, commissioner. Held same post under Sinner.
- Department of Corrections: **Elaine Little**, director. Held same post under Sinner, and claims classified status.
- Department of Game and Fish: **K.L. Cool**. Former director of Montana Department of Fish, Wildlife and Parks.
- Department of Health and Consolidated Laboratories: Dr. **Jon Rice**, health officer. Physician in Grand Forks.
- Highway Patrol: **Jim Hughes**, superintendent. District commander, Williston.
- Department of Human Services: **H.C. "Bud" Wessman**. Chairman of UND Department of Physical Therapy. (Wessman sought GOP nomination for U.S. Senate in 1982.)
- Indian Affairs Commission: **Deborah Painte**, director. Painte held same position under Sinner, but job was not in Sinner's cabinet.
- Job Service North Dakota: **Gerald Balzer**. Former Job Service administrator of unemployment compensation.
- National Guard: **Keith Bjerke**, adjutant general. Administrator of U.S. Agricultural Stabilization and Conservation Service under President **Bush**. GOP candidate for agriculture commissioner. 1988.
- Office of Management and Budget: **Rod Backman**, director. Certified public accountant and financial planner. Candidate for tax commissioner. 1992.
- Department of Parks and Recreation: **Doug Eiken**, director. Held same post under Sinner.
- Securities Commission: **Cal Hoovestol**, commissioner. Lawyer and college professor.
- Department of Transportation: **Marshall Moore**, director. State director of U.S. Farmers Home Administration, appointed by President **Bush**. Ran for tax commissioner in 1988.
- Department of Tourism: **Kevin Cramer**, director. Chairman of the state Republican Party. Department split from parks as of Aug. 1.
- Workers' Compensation Bureau: **Diane Alm**. Lawyer with insurance background. Ran for insurance commissioner in 1984.

On air with Fuglie

Former Tourism Director **Jim Fuglie**, now a Theodore Roosevelt Medora Foundation promotions and fund-raising exec, filled in recently as the host on KFYR radio's "What's On Your Mind Show." The congressional budget vote was the major topic of discussion, as callers growled about the gas tax and taxes in general. As the former state Democratic-NPL executive director, Fuglie capably defended the deficit reduction aspects of the budget package. He's due back on the show Aug. 17.

Hall talk: Fuglie's back in the spotlight

Best call came from a gentleman who thinks North Dakota could benefit from developing a UFO landing site on the Plains. "All you really need are landing lights on a grand scale, and not much more than that. Above and beyond being a tourism attraction, of course, the real attraction would be to attract travelers from other worlds and galaxies."

After a few polite questions, Fuglie found a way out, mentioning the fact that the new tourism director is Kevin Cramer. "His number is 224-2525. Why don't you give him a call?"

Also this month, Fuglie renewed his arguments for pushing back the start of the school year until after Labor Day, saying it's necessary to lengthen North Dakota's short vacation season. This water-logged year is a prime case for the change.

Cramer tends to agree, but, citing his Republican philosophy, shies away from saying the later start should be imposed on local school districts.

Meanwhile, taping has begun for next year's TV spots touting North Dakota tourism to neighboring population centers. The campaign highlights the Old West Trail, including the Badlands, Medora, Theodore Roosevelt's cabin, Ft. Abraham Lincoln, etc. The Red River Valley has been left out of the mix, which probably will sit poorly with local tourism promoters.

The Q: In memoriam

The anniversary of Sen. **Quentin Burdick's** death comes Sept. 8, and it should prove interesting to see how much of a tribute he receives one year after his demise. His name has been absent from political discussions this year, with no one evoking his memory in public forums.

The brand new 1994 Almanac of American Politics mentions Burdick, of course, in discussing last year's election shuffle. It described him as: "A fellow Democrat but no political friend of either Conrad or Dorgan."

Hmmm. Despite its reputation as the Bible of American politics, the book continues to be fraught with error. (Although the authors did clean up past references to **Ted Schaefer**.) The book carries the results of the 1988 gubernatorial election, saying that Gov. **George Sinner** (D) defeated **Art Link** (R) by a 20 percent margin.

Another mistake comes when describing last year's intra-Democratic conflicts: "(**Bill Heigaard**, pro-choice and well wired into the party, won the state convention in April, but (**Nick Spaeth**, anti-abortion and a backer of state investment in economic development (the "Growing North Dakota" plan), waged a tough campaign and won the June primary 65-35 percent."

And have you ever heard this analogy? "North Dakota is sort of Ireland in America — well-educated but economically behind, geographically remote from great booming metropolises." And we have potatoes, too.

A Dakotan at REA?

Some Democratic sources are convinced **Wally Beyer** is THE top candidate for administrator of the Rural Electrification Administration. Beyer is the general manager of Vendrye Electric Cooperative in Velva, N.D., and long active in Democratic circles. A Washington observer of the agency tells us that Beyer, 62, is well respected nationally in cooperative circles.

Correction

Whether through misinformation or miscalculation, we gave **Glenn Statler** a raise in a July 5 listing of state employee salaries. Statler is chairman of NDSU's plant pathology department, and does not make \$133,760 as we stated; his salary is approximately \$69,000.

Lifestyles of the rich . . .

The class-warfare angle pursued by Democrats against Ed Schafer in the 1992 gubernatorial campaign was arguably a failure, but the governor's actions must make it tempting to try again in 1994. Latest example is the nationally distributed photo of a grinning Schafer fishing for shark off the coast of Portland, Maine. He was there with several other Republican governors, some of them well-monied.

Potential ad: "While North Dakota's farmers were struggling with their drowned fields, Ed Schafer was busy with water, too — big-game fishing with his rich Republican buddies just down the coast from Kennebunkport."

On the other hand, North Dakotans may not hold a fishing trip against anyone.

Health insurance flop

The 1991 Legislature thought it could accomplish some good in health care by allowing insurers to sell "bare-bones" plans to small businesses or people who had been without health care. The low-cost plans lacked many of the state mandates, such as coverage for mental health or mammograms.

More than two years later, only two such plans have been sold, a poor result that is reflected nationwide. A recent study by Families USA surveyed 20 states; in 11 of the 16 where policies had been available for at last six months, it found fewer than 300 people covered. Iowa and Kansas covered none, Nevada seven, Rhode Island 200, Kentucky 275 and Virginia 289. Oregon showed the most success, covering 18,345.

Insurance Commissioner **Glenn Pomeroy** says the results show that stripped-down plans just aren't that attractive. By the end of August, he will have appointed a committee to design a basic and standard plan that small group insurers must offer. The Health Care Task Force continues its efforts as well.

Searching for a consensus

The North Dakota Consensus Council escaped charges of lobbying illegally, as Burleigh County State's Attorney **Patricia Burke** declined to prosecute. "They came close to the line," she said during a news conference last month.

The non-profit corporation may be in for some REAL trouble now. Operatives for **Lyndon LaRouche's** political movement, representing themselves as the Executive Intelligence Review, have been nosing around about the Consensus Council.

But attacks from the LaRouchies might actually insulate the council from further criticism from free-enterprise Bismarck businessman **Curly Haugland**. Haugland made the charges about lobbying on the "Tool Chest" bill, the voluminous piece of legislation that he regards as the efforts of a private group to rewrite North Dakota's government to their own ends.

If LaRouchite criticisms are similar, Haugland's points might be marginalized as conspiratorialist nonsense. Which they're not.

The Intelligencer

Published by the
Grand Forks Herald

Editor: Mike Jacobs

The Intelligencer (USPS 009525) is published biweekly by the Grand Forks Herald, 120 N. Fourth St., Grand Forks, N.D., 58203. Subscriptions are \$44 a year. Second-class postage paid at the Grand Forks post office. POSTMASTER: Send address changes to The Intelligencer, Box 6008, Grand Forks, N.D., 58206-6008. To subscribe, send payment to Box 6008, Grand Forks, N.D., 58206-6008. For assistance, call: (701) 780-1200. Toll-free: (800) 477-6572. Editorial staff: In Grand Forks, Randy Bradbury (701) 780-1138. Fax: (701) 780-1123. In Bismarck, Carter Wood, Press Room, State Capitol, Bismarck, N.D., 58505. (701) 258-2612. Fax: (701) 258-2612. Contents may not be reproduced without permission. Copyright 1992, Grand Forks Herald.

Crop disease, flood damage will be felt in the N.D. economy

The wheat crop damage reports rolled in like a thunderstorm across the prairie last week.

■ "I think you're looking at 20 to 25 percent yield loss, statewide," — **Ray Grabanski** of Progressive Ag in Fargo.

■ "Farmers are going to be very disappointed this year because farmers were hoping for a bumper crop," — **Marcia McMullen**, plant pathologist at North Dakota State University in Fargo. She estimated yield losses of five to 90 percent in fields in the eastern third of the state.

The culprit: Scab, a disease that infects the wheat plant during flowering. It struck like lightning, aided by cool, wet conditions. Many farmers were shocked.

"I thought I had a 70- to 80-bushel-per-acre crop, despite all the rain and cool temperatures this season," said Hamilton, N.D., area farmer **Jeff Cull**. Now he'll be fortunate to harvest 25 bushels per acre of marketable wheat.

Jim Jost of the state ASCS office in Fargo says the department has estimated crop losses at \$420 million so far this year, due mainly to flooding and disease. More than 10,000,000 acres have been affected.

The fallout will affect more than just farmers' pocketbooks.

Agriculture still is North Dakota's primary economic sector, says NDSU economic professor **Larry Leistritz**,

Business beat

making up about 40 percent of the state's economic base.

Using an input/output economic model that quantifies the multiplying effect of a dollar, Leistritz can rattle off some heavy-hitting statistics. Each dollar in ag sales (exports), will generate a gross income of 81 cents in retail sales and 96 cents in household income (including any profits of the ag crop sector but consisting mostly of personal income in the form of wages and salaries, rents, and profits of others in the state who are involved, directly or indirectly, in the selling of commodities).

In all, Leistritz says, a change of \$1 in ag sales means an additional \$3.69 of impact on other sectors of the state's economy. That means each dollar of income from the export of crops from North Dakota "turns over" about 3.7 times in the state.

The bottom line (\$420 million crop loss X 3.7): A near \$1.6 billion loss to North Dakota's economy, or \$2,505 for each person in the state.

The words of a farmer in the Red River Valley — who was talking about scab cutting his wheat yields in half — apply to the entire state.

"It's a shocker."

Fortnightly update

Late blight is threatening the Red River Valley potato crop, and wheat and other small grains will not produce the bumper crops they were expected to earlier in the summer. Blame the cool, wet weather. . . . Also, wheat protein premiums crashed, dropping 93 cents per bushel in one day, from \$4.53 to \$3.60. Analysts said they expect prices to rebound somewhat, however. . . . An interim legislative committee will look at the State Development School in Grafton and the North Dakota State Hospital in Jamestown as potential locations for a new women's prison. . . . Convicted murderer **Richard McNair** is back at the North Dakota State Penitentiary. He escaped last October and was on the loose for nearly 10 months. . . . Labor groups missed the deadline to refer a new law that will reduce unemployment compensation payments for some seasonal workers. . . . The U.S. Forest Service approved a second road through a proposed wilderness area in the North Dakota Badlands. Environmental groups already were fighting the service over the first road. . . . Dozens of people showed up to get help with flood damage when the Federal Emergency Management Agency opened temporary offices at various locations across North Dakota. A total of 33 North Dakota counties have been declared disaster areas. . . . **Keith Bjerke** was named by Gov. **Ed Schafer** to head the North Dakota National Guard. . . . Bars across North Dakota were open Sunday, Aug. 2, when a new law went into effect allowing local option on Sunday liquor sales. . . . North Dakota State Fair attendance equaled last year, despite wet weather. In all, 244,298 people passed through the gates, up 12 from 1992. . . . **Phil Harmeson** resigned from the UND Bureau of Governmental Affairs, following former Lt. Gov. **Lloyd Omdahl** out the door. Harmeson will continue to operate his private polling business. . . . **Larry Dobesh**, chairman of the UND Department of Economics and a well-known analyst of North Dakota economic trends, died. He was 50. . . . **Robert Melland**, a former Republican state senator from Jamestown and former state budget director, died. He was 63. . . . The Sawyer landfill operated by Municipal Systems Corp. was granted a permit to dispose of incinerator ash. The permit had been in dispute for two years. . . . Devils Lake Sioux tribal Chairman **Peter Belgarde** survived an attempt to oust him through a recall election.

Bernabucci: N.D. is a high-tax state

Former Republican National Committeeman **Jack Bernabucci** of Jamestown takes issue with the Intelligencer's report about North Dakota taxes ("Numbers are in: Local taxes are up," July 19).

Says Bernabucci, "I would suggest . . . that the people of North Dakota already bear a greater burden of taxation than their economy and their geography can effectively bear, and that taxes are a bigger reason than climate causing North Dakota to be the only state among the 50 to have a lower population in 1990 than it had in 1930."

He sent along figures from Paine-Webber, Inc. to bolster his point. The investment firm found that, under the Clinton tax plan, well-to-do North Dakotans — those making more than

\$115,000 — would pay as large a percentage of their income in state and local income taxes as residents of Massachusetts (7.5 percent for those earning between \$115,000 and \$250,000 and 7.2 percent for those earning \$250,000 or more). That's the highest rate in the nation.

North Dakotans making between \$53,500 and \$115,000 would pay 6.9 percent of their incomes in state and local income taxes — less than the 8.4 percent that Massachusetts residents pay but still enough to rank fourth in the nation, behind New York City and California, but tied with the District of Columbia.

Minnesotans, by contrast, are in the middle of the pack, and South Dakotans are at the bottom — because the state doesn't have an income tax.