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North Dakota Intelligencer: November 22, 1993

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Grand Forks Herald

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The
North
Dakota

Intelligence

An inside report on people, politics & power



Volume 2

November 22, 1993

Number 17

Schafer cooks himself a fine kettle of fish

Governor criticized for taking loans from Basin Electric

GOP operative **Ed Rollins** is taking heat for claiming to have spent \$500,000 in "walking around money" in the New Jersey gubernatorial campaign. As it happens, a half-million is the same amount a Basin Electric subsidiary extended to Gov. **Ed Schafer's** Fish 'N Dakota in a low-interest line of credit. Does that make it "swimming around money?"

Whatever the term, Fish 'N Dakota's financial problems finally hit the headlines this month. One aspect focused on all the missed payments, late taxes and start-up difficulties the company faced since operations began in Beulah. A second highlighted the \$500,000 line of credit, offered at a half-percent above prime the same day Fish 'N Dakota defaulted on lease payments to Cooperative Developments, an arm of Oliver-Mercer Rural Electric Cooperative.

Troublesome ethics

Ultimately, it's the second part, the ethical question, that may prove most politically troublesome for Schafer.

United Mine Workers officials contend the line of credit represents Basin's attempt to influence the governor. Former Democratic Senate leader **William Heigaard** encapsulated the argument, telling The Bismarck Tribune: "This is the largest political contribution that has ever been made to a candidate for a political party in the state of North Dakota. It was a loan that was made to the governor that probably would not have been made to an average business person."

Schafer responds that Basin's help in refinancing the project stems from its desire to develop the industrial park next to its Antelope Valley power

station. Fish 'N Dakota not only uses waste heat to warm its fish tanks, it's also a power customer. Furthermore, the fish-farming technology could benefit all rural electrical co-ops.

UMW research

The United Mine Workers uncovered the line of credit in research it was doing for its labor dispute with Basin. The union is angry at the closing of the Glenharold mine this summer, arguing that lignite reserves remained available to fuel the Leland Olds station. Instead, Basin is mining lignite it sold to Coteau Properties in 1990 at the non-union Freedom Mine; some 60 union members face unemployment when reclamation runs out at Glenharold three years from now.

Union officials contrast the layoffs of high-paying workers to the subsidized creation of 17 low-wage jobs at Fish 'N Dakota. They ask, what is economic development?

(Activists and members of Local 9702 handed out fliers and copies of news stories at Basin's annual meeting in Bismarck on Veterans Day. Schafer joked that it was the first time he'd ever had to cross a picket line to speak.)

Schafer: No influence

Schafer doubts his ability to influence anything in Basin's favor. "Really, it seems to me the governor's office and the things we can affect up here are pretty much sheltered as far as there being a conflict," he said.

Perhaps so. But what if the natural gas purchasers successfully sue their way out of supply contracts with the Great Plains Synfuels plant? That would send financial shock waves

through Basin and its 128 member rural cooperatives. Certainly, having a friendly governor helping with the lobbying efforts that followed would be helpful. And the Legislature might feel pressured to give Basin a break.

Schafer also notes that North Dakota law does not require a blind trust or any separation preventing a governor from undertaking legal, private business arrangements. Former Lt. Gov. **Lloyd Omdahl** says the state lacks an official code of ethics because its citizens by and large follow an understood, informal code. Well, except for a certain Housing Finance Agency official and a Wahpeton developer.

Court date set

The United Mine Workers will try to keep the story alive, especially since they are suing Basin over the "successorship agreement" that they contend makes the Freedom Mine coal theirs to mine. A February date is set for federal district court in Bismarck. Look for anti-Basin radio ads to resume.

From a political standpoint, it's too touchy to try to exploit business difficulties — at least as long as you pay your taxes — because few can oppose economic development. But ethical problems, whether real or just in-nuendo, are fair game.

Democrats may feel restrained only by Basin's financial and political clout. Rural electric cooperatives form part of the traditional Democratic constituency, and Basin is a big backer of Sen. **Kent Conrad**, D-N.D.

Actually, that latter element argues against Basin trying to buy influence with the governor. Given their comparative political power, it's more likely Schafer would try to win Basin's favors, not the other way around.

Pomeroy can forget White House favors

By upping the political and the rhetorical stakes, President **Clinton** pulled out a win on the North American Free Trade Agreement and substantially improved his own political standing worldwide.

Rep. **Earl Pomeroy** upped the stakes himself, but it's hard to see how he can be considered a winner. In the week before the House's 234-200 vote Nov. 17 for NAFTA, the first-term Democrat lambasted the White House and all the deals it was making to win passage.

He compared the administration to Monty Hall and "Let's Make a Deal," and reminded observers he had joined other congressmen in asking President Clinton to postpone NAFTA and make health care a priority. "Obviously the president didn't follow that advice and now he's in a world of hurt," Pomeroy said the previous Saturday. Later, he said he refused to become a "toady" for the president.

These sorts of hot comments do not pass unnoticed in the White House, and Pomeroy can forget future favors. He certainly passed up some blandishments, such as a long-awaited bridge over the Missouri River near Linton, or a seat at the table when it comes time to haggle over wheat with the Canadians.

Various farm groups also tried to give him political cover the day before the vote, holding a news conference to announce their support. (Gov. **Ed Schafer** was the first speaker, and he's a big winner by dint of his early backing of NAFTA.) But, from a purely political standpoint, it's unreasonable to expect a freshman Democrat to buck the state's two senior senators and his political mentors.

You can say legitimately that Pomeroy took a principled stance and would not budge. Finally, someone refused to play those political games that cheapen political discourse. "This type of Washington horse trading, irrespective of the merits of NAFTA, I think is a classic case of what's been so wrong with Washington."

On his TV show, Rush Limbaugh gave the conservative take on those arguments about vote buying. He showed several NAFTA opponents, then displayed the amounts labor had contributed to their campaigns. On a segment highlighting first-termers, he led off with Pomeroy, who had received \$114,650. One suspects Limbaugh remembered his radio talk with Pomeroy's conservative nephew, and so moved the North Dakotan to the top of the list.

The odd case of Kevin Kolbo

By announcing his bid for re-election, former Rep. **Kevin Kolbo**, D-Mo-hall, ended his political career. It's probably all for the best.

Contrary to Kolbo's early assertions, politics did not engender the stories about his lewd phone calls to women lawmakers and others. Rather, when Kolbo — the state's first blind lawmaker — announced he was running for the seat he lost in 1990, The Associated Press's Capitol reporter simply decided to write about the gossip first heard during the 1993 Legislature. No Republican or Democrat had to plant the idea.

The first article opened the floodgates, apparently freeing women to talk about the calls, in which Kolbo generally talked about being photographed naked. Now the topic makes the rounds of state government, and we hear more and more stories, a few no doubt apocryphal. Jokes abound.

Kolbo's defense followed a traditional rhetorical path: 1. I can't imagine I did anything to offend someone. 2. It's political. 3. I apologize for any offense I might have given colleagues and friends. He also told Prairie Public Radio he decided against running because he was tired of fighting the battles he had fought for 15 years. (That argument sounded like the victimization line that's so popular now.)

Many people express puzzlement at the late unveiling of the behavior, given how widespread it was. Loyalty played a role for Democrats and other supporters; despite the stories, he was endorsed by the Capital City Women's Political Caucus in 1990. Apprecia-

Hall talk

tion for the difficulties of being blind complicated honest discussion, as did general discomfort with an embarrassing issue. And, compared with a few years ago, the post-Anita Hill era provides a heightened awareness of sexual harassment.

By all accounts, recipients of the phone calls also worried about a backlash against women legislators. Still, it seems odd that not even one would acknowledge getting an offensive phone call. That at least would end speculation about the recipients, and perhaps remove any doubt about the reality of the calls.

We imagine most lawmakers and North Dakotans hope the story has run its course. However, The Associated Press moved articles on its national wire, sparking interest by the tabloid TV shows. "Inside Edition" is nosing around. Can **Oprah** be far behind?

The delegation and the NRA

No politician with any self-respect or wisdom will concede the influence of a special interest group or lobbyist. To do so would, in many people's eyes, admit a lack of independence or worse.

That said, during recent stops in Bismarck, Sen. **Byron Dorgan** and Rep. **Earl Pomeroy**, both D-N.D., were asked how they viewed the National

Rifle Association. Conventional wisdom holds that the NRA has lost its clout on Capitol Hill, as witness the passage of the Brady bill. North Dakota's delegation prefers the idea of a national registry of felons rather than a five-day waiting period.

Dorgan: "I think there are all kinds of powerful forces, from senior citizens to farmers groups to manufacturing groups to rifle groups. I don't know how to rate them. Obviously they have a lot of members and they're very vocal."

Pomeroy: "An NRA representative had scheduled a meeting with me before the crime bill came up. They canceled the meeting, so I did not have any discussions with them. There are a lot of sportsmen in North Dakota. They therefore take a great interest in legislative issues that they perceive will ultimately impact their ability to buy sports firearms, so I hear from them on a regular basis. That is a matter of individual North Dakota constituents and not lobbyists coming down from the NRA in Washington."

On a related matter, Dorgan and Sen. **Kent Conrad**, D-N.D., split their votes on Oct. 21 during debate on the Department of Defense appropriation. The motion was on abolishing a \$2.4 million appropriation for the civilian marksmanship program, a pet issue for the NRA.

Dorgan said he, like most people, did not know the program existed. "I viewed it simply a matter of government waste. There was no demonstration that it does anything for anybody."

Hall talk

It spent public money for shooting contests and various things. I didn't view it as a gun issue. I just viewed it as a question of is that why we should spend \$2.4 million dollars, and I came up with the answer of no."

Conrad views the program as cost-effective training that has introduced hundreds of thousands of young people to the proper handling of firearms, according to a spokeswoman. He joined the prevailing side in a 67-30 vote.

Schafer clears up ambiguities on wilderness

Gov. **Ed Schafer's** news conference at which he announced a technical study of the Badlands sections in a proposed wilderness area left attendees a little confused. Is he supportive, open-minded, opposed, playing both sides of the barbed-wire fence? Just what is his position?

The subsequent Capitol for a Day in Watford City cleared up the ambiguities. Schafer's staff organized an impromptu meeting with ranchers, officials and others worried about the effects of protecting 151,000 acres of Western North Dakota. The governor's position that emerged was the same held by the congressional delegation, that consensus is necessary for action. No consensus, no wilderness bill.

A clarification: The Intelligencer inadvertently mischaracterized U.S. Regional Forester **David Jolly's** understanding of the wilderness proposal. He reached a conclusion that the proposal was designed to halt oil and gas exploration and drilling in the affected areas, not all of North Dakota. If that's the case, proponents are bound to fail, he told them.

Schafer scores a coup on juvenile justice

Democratic Attorney General **Heidi Heitkamp** was not pleased that Schafer announced his juvenile justice review commission, given all the groundwork she had already put into a similar effort.

The timing seemed a little suspect, given that she had informed the administration of the project just a week or so before Schafer announced the panel. His appointments did not specify many of the representatives by name, an omission that suggests the announcement was rushed to steal someone's thunder.

Schafer responds that it's a matter of who's stealing what. The state's attorneys organization and the Minot City Council asked him specifically to appoint a study commission. It's his responsibility.

The Republican said he would consider Heitkamp's desire to expand membership of the 14-member panel, although he is skeptical of too big a group. Heitkamp wants more input from the public, school administrators, and the students who frequently become the victims of crime.

The commission's review starts with a wealth of anecdotes but few hard statistics about juvenile crime. However, Heitkamp has asked Assistant Attorney General **Jim Vukelic** to include applicable records in a Consensus-Council-assisted project to collect crime data.

Falling prey to the same fast and loose terminology that has blown some of the state's youth crimes out of proportion, we confused one of those anecdotes in a recent piece about youth gangs. The Mandan teen arrested for drive-by shootings after the posting of the community reward should be distinguished from young people involved in pellet gun shootings earlier in the year. This miscreant was **Bradley E. Gunwall**, 19, who was sentenced to five years in prison on Nov. 8 for firing a .22 at three vehicles and a house. One bullet came perilously close to the head of a Mandan resident.

A point of discussion: Andrews for Senate

Consider it just talk, but some Republicans are interested in having former Sen. **Mark Andrews** take on Sen. **Kent Conrad**, D-N.D., in the 1994 election. Andrews, who runs an international consulting firm in Washington, would benefit from strong political alliances, good name recognition, and the ability to raise money. He's a heavyweight who might like a rematch with the man who beat him in 1986.

Of course, all these theories were bandied about in September 1992 after the death of Sen. **Quentin Burdick**, D-N.D., and Conrad's decision to unretire. Andrews eventually said no.

His candidacy seems unlikely, but there are still a lot of Republicans out there who want a choice come the April convention. Meanwhile, Bismarck businessman **David Vandercoff** spent more time in Washington this month, meeting with Republican national operatives. He's taking his work seriously.

Fortnightly update

The Dakota Growers Pasta Company began producing pasta. Although most of the company's pasta will be sold on the industrial and wholesale markets, company managers said they responded to popular demand and will sell under its own label in stores in the Dakotas and surrounding states. . . . NDSU and the North Dakota State College of Science in Wahpeton are forming an alliance. It will include a joint two-year program in pharmacy tech, along with general education classes operated by NDSU on the Wahpeton campus. . . . Police reported that Minot Alderman **Paul Horn** slugged lawyer **Jan Seby** in a hotel room just hours after Horn's son-in-law was acquitted on charges of killing Horn's grandson. No charges were pressed. . . . Four Fargo North High School student athletes were suspended from athletics for six weeks after they admitted mugging two 11-year-old boys and stealing their Halloween candy. . . . **David Strauss**, former chief of staff for the late Sen. **Quentin Burdick**, was named assistant chief of staff for Vice President **Al Gore**. . . . **Ervin Schumacher**, 96, of Drayton, a founding member of the Production Credit Association in North Dakota, died in Grand Forks. . . . North Dakotans planted 139,000 acres of potatoes this year, but harvested only 111,000. The shortage of spuds for potato chips, however, is driving up the price. . . . Canadian traffic into North Dakota was down 11.5 percent for the year ended Sept. 30. . . . In 1988, **Mike McNamee** of Grand Forks threw a message in a bottle overboard in the Caribbean and, months later, got a reply from Ireland. In 1991, his son, **Paul**, did the same thing and, this fall, got an answer from England. . . . The Standing Rock Sioux casino under construction in Cannon Ball will employ 390 people, but an estimated 200 of them will be non-Indian. . . . Judge **Lawrence Leclerc** of Fargo declared a mistrial in a case against protesters who picketed the Fargo Women's Health Clinic, the only place in North Dakota that performs abortions. Leclerc said antics and accusations of bias by the defendants' lawyers had made it impossible to continue. . . . **Dennis Falk**, 58, the general manager of Prairie Public Television in Fargo, died of cancer. Falk came up with the station's name.

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Economist: farmers are in good shape

Sung Won Sohn isn't given to wild predictions. Norwest Bank's chief economist is better known for his coolly rational and mostly accurate assessments of regional macro- and microeconomic trends.

So it may surprise some people that Sohn says Midwestern farmers are now better positioned financially than they were a decade ago. The improvement is due largely to lower interest rates, sharply reduced levels of indebtedness, increasingly diverse

Business beat

farming operations and more off-farm income.

That, says Sohn, signals a healthy recovery from last summer's flood. He predicts producers will ride out the flood's economic consequences by spring 1995. Still, Sohn warns, some fraction of producers — he figures about 6 percent for Minnesota alone — are on the edge financially and may not survive the flood's economic squeeze.

Sohn bases his projections on a survey of 1,000 Norwest bankers throughout the Midwest, including North Dakota and Minnesota.

Longer term, producers in the region are likely to benefit from the North American Free Trade Agreement, or NAFTA, OK'd last week by the House of Representatives over the solid "No" vote of North Dakota's legislative team and the objections of the state's ag commissioner. According to **C. Ford Runge**, a widely quoted University of Minnesota agricultural economist, NAFTA heralds new profit opportunities for the Upper Midwest's farm sector.

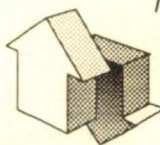
"With or without NAFTA," Runge says, "economic integration is likely to continue." In fact, Runge says, NAFTA merely underlines policies already being pursued by the United States, Canada and Mexico.

Among those expected to reap early rewards are feed grain producers, including corn, barley and malting barley, dairy farmers and livestock farmers. Special sectors, such as sugar, were protected by special arrangements with Mexico as a condition for signing on with NAFTA.

N.D. spring wheat, 14%	Oct. 93	Sep. 93	Oct. 92
<i>One bushel, spot price, average of several N.D. elevators at end of month</i>	\$4.08	\$3.75	\$3.16

N.D. oil prices	Sep. 93	Aug. 93	Sep. 92
	\$14.83	\$15.40	\$20.31

Unemployment rate	Sep. 93	Aug. 93	Sep. 92
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North Dakota	3.6%	3.8%	4.2%
Grand Forks	3.3%	4.1%	3.5%
Fargo	2.9%	2.8%	2.9%
Bismarck	3.2%	3.2%	3.8%
Minot	3.8%	4.1%	4.7%

Canadian dollar	Sep. 93	Aug. 93	Sep. 92
Exchange rate / U.S. cents	.7575	.7577	.8015

Airport boardings	Sep. 93	Aug. 93	Sep. 92	YTD 93	YTD 92
North Dakota	44,894	51,588	46,712	410,562	425,432
Grand Forks	7,728	8,456	8,123	70,982	74,328
Fargo	17,203	21,116	17,893	161,541	168,985
Bismarck	11,648	12,738	11,285	104,679	100,977
Minot	6,959	8,082	8,574	64,168	73,014



N.D. oil production	Aug. 93	July 93	Aug. 92	YTD 93	YTD 92
Millions of barrels	2.59	2.63	2.77	20.8	22.2

N.D. coal production	Aug. 93	July 93	Aug. 92	YTD 93	YTD 92
Millions of tons	2.90	2.24	2.69	20.9	20.7

N.D. business	Sep. 93	Aug. 93	Sep. 92	YTD 93	YTD 92
Bankruptcies	88	110	88	852	940
Incorporations	73	73	74	718	695

N.D. construction*	Sep. 93	Aug. 93	Sep. 92	YTD 93	YTD 92
	\$72.4	\$46.9	\$50.8	\$503.6	\$478.2

Taxable sales	2nd QT 93	1st QT 93	2nd QT 92	YTD 93	YTD 92
North Dakota**	1.23	.987	1.14	2.217	2.07
Grand Forks*	136.8	108.9	128.6	245.7	233.6
Fargo*	244.0	200.7	235.1	444.7	426.4
Bismarck*	145.7	119.6	136.5	265.3	247.3
Minot*	102.0	79.9	98.2	181.9	179.2

N.D. auto registrations	Sep. 93	Aug. 93	Sep. 92	YTD 93	YTD 92
	1,914	1,804	1,662	15,820	13,695

N.D. truck registrations	Sep. 93	Aug. 93	Sep. 92	YTD 93	YTD 92
	1,180	837	783	8,474	7,321

N.A. indicates not available YTD: Year-to-date
*Millions of dollars **Billions of dollars

Sources: North Dakota Tax Department; Miller-Campbell Co. in Bismarck; McGraw-Hill Information Systems Co.; New York Foreign Exchange Market; U.S. Bankruptcy Courts in Fargo; North Dakota Secretary of State Offices; Amoco Production Co.; Job Service North Dakota; N.D. Aeronautics Commission.

Notes: Unemployment rates are civilian unemployment rates. Grand Forks auto registrations are new cars and trucks. Canadian Dollar exchange rate is the rate on the final trading day of the month. Business bankruptcies include all chapter cases filed. Business incorporations include only for-profit businesses. Oil prices are the average monthly Amoco Production Co. posted price for crude oil purchases. Dollar amounts and certain other numbers in the Business Data Bank are rounded.

The INTELLIGENCER
DATA BANK