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North Dakota Intelligencer: October 17, 1994

Mike Jacobs
Grand Forks Herald

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The
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Intelligencer

An inside report on people, politics & power

Reading Area



Volume 3

October 17, 1994

Number 14



Porter, polls and Pomeroy

Republican is getting money because his own poll shows him closing in on race

In the continuing saga of "Contract with America," Rep. **Earl Pomeroy's** campaign is spinning the Republican National Committee's decision to make a maximum contribution to **Gary Porter's** campaign, worth about \$60,000 — mostly in TV time — to the Minot businessman.

The Democratic line was that the RNC was rewarding Porter for signing onto the 10-point pledge.

Yet lots of Republican candidates took the pledge without gaining the national money, so something else prompts the RNC's backing of Porter. It was the same thing that's always behind these kinds of decisions: Promising poll results.

The telephone survey in question was done by Porter's consulting firm, The DCM Group, from Sept. 27-29. The poll of 400 voting-age North Dakotans produced a plus or minus 4 percent margin of error.

On the first query about the congressional race, 32 percent favored Porter, and 5 percent percent were leaning in his favor. For Pomeroy, 40 percent favored him, and 6 percent were leaning in his favor. Seventeen percent were undecided, and 1 percent refused to answer.

Bottom line: Pomeroy, 45 percent; Porter, 37 percent. Within shooting distance. (Hence the National Rifle Association's decision to advertise in North Dakota.)

DCM then did what's called a "push poll" in political parlance. In a series of questions, they reminded the respondents of votes the incumbent had taken, and asked them if each changed their minds about Pomeroy.

For example, they asked whether the respondent knew that Pomeroy voted to support **President Clinton** 76 percent of the time, and whether that would make the respondent more

Conrad's numbers still strong

Sen. **Kent Conrad** drew the first significant national attention the U.S. Senate race has gotten this year with a TV spot that claimed he voted more often with Sen. **Bob Dole** than **President Clinton**.

The spot was cited as an example of running away from Clinton by the USA Today, the national AP wire, the Wall Street Journal editorial page and **Rush Limbaugh**. Dr. **Ben Clayburgh** used Rush Limbaugh in a jarring TV spot.

It's hardly enough to make an impact. Consistent with a recent

UND poll, the DCM poll done for Republican U.S. House candidate **Gary Porter** had Conrad with a 59 to 31 percent edge over Clayburgh, with 9 percent undecided. Conrad got a 27 strong approval rating, with 44 somewhat approving. That's 71 percent!

The only really interesting question is how Conrad's campaign will welcome Dole to Fargo for a Clayburgh campaign appearance. A full-page attack ad in the Forum is traditional, but since Conrad votes with Dole all the time . . .

or less likely to vote for Pomeroy. Thirty-percent said more likely, 48 percent less likely, and 14 percent said it would have no effect.

On Pomeroy's vote for new energy taxes, 10 percent said it would make them more likely to vote for him, and a whopping 71 percent said less likely.

Pomeroy's vote against requiring prisoners to serve 85 percent of their sentences: 15 percent said more likely; 68 percent said less likely.

On his vote to increase social security taxes: 14 percent said more likely; 80 percent less likely.

How about Pomeroy's vote against a 5 percent budget cut? Not so big a problem, as 29 said it made them more likely to vote for Pomeroy and 50 percent said less likely.

Next question: Which party can best run the U.S. House? Twenty-seven percent said the Democrats, and 37 percent said the Republicans. A large 27 percent said no difference.

All these questions set the respondent up for a repeat of the first query. Whom do you support in the congressional race? Pomeroy got 42 percent, Porter got 40 percent, and 16 percent were undecided. A dead heat.

That's a lot more rewarding result for Porter than the 55 to 34 percent edge for Pomeroy in the UND Bureau of Governmental Affairs poll taken the very same days. Margin of error in that one was 4.5 percent.

Strangely enough, the DCM poll figures sound much like the supposed AFL-CIO poll numbers heard on the rumor winds a month ago.

Numerous problems afflict push polls. For example, Pomeroy's vote for an energy tax — the BTU tax, more precisely — and higher social security taxes on the wealthy were part of the Clinton budget. You could rewrite a question that asked about Pomeroy's support for the president's deficit-reduction package that cut federal spending. We wager most would say it makes them more likely to vote for Pomeroy.

David Broder, the dean of Washington columnists, took on push polls in a recent Post piece.

"Initially, I'm told, it was simply a research tool," he wrote. "Campaigns always do opposition research, trying to learn all they can about the background of the opponent. Then in small surveys or focus groups — roundtable discussions with a dozen or so people — they test which items of 'information' cause voters to rethink their original preference."

Used that way, they're not really dirty politics, Broder continued.

"It was not long, however, before other uses crept in. 'Push polls,' I'm told, are now used frequently to change the results of a survey so that an underdog candidate can tell poten-

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Poll: Porter picks up some needed cash

Continued from Page 1

tial contributors than 'informed voters' give him or her an excellent chance of being the favorite. What isn't said is that the 'informed' voters have often been fed 'information' of the running-over-pet-cats-and-dogs-for-a-hobby variety."

DCM is a major league outfit, one that does Sen. **Bob Dole's** work, and its poll seems more like the first variety Broder discusses. Porter's television ads are going to hammer Pomeroy on the BTU tax and probably the social security vote. The poll showed those to be the most promising hot-button issues.

Pomeroy's camp worries about "soft numbers," that is,

folks who say they are leaning to Pomeroy but don't feel very strongly or are open to having their minds changed. First-term incumbents often suffer the problem, and the DCM figures suggest the incumbent has cause for worry.

Sixteen percent strongly approved of Pomeroy's job performance; a big 45 percent somewhat approved; 15 somewhat disapproved, and 12 strongly disapproved. Asked about their general opinion about Pomeroy, 54 were favorable, 30 percent unfavorable, 12 percent had only heard of him and 2 percent had not heard of him.

Porter's breakdown was 29 percent favorable, 22 percent unfavorable, 27 percent had only heard of him, and 20 percent had not heard of him.

Political pledge posturing

Although he did not mention him by name, House minority leader Rep. **Bill Oban** took some shots at the majority leader, Rep. **Bob Martinson**, at a news conference Democrats called before the Oct. 4 signing ceremony for the "Republican Pledge to the People of North Dakota."

"I'm just amazed, in all honesty, that the Republican majority leader in the House . . . campaigned during the (1992) election on getting more money thrown into (elementary and) secondary education and getting it earlier in the session. So what did the House majority leader do? With almost two-thirds control, they passed a bill with no money in it and sent it over to the Senate. None!

"He's the one who encouraged the governor to veto the higher education bill. Now all of a sudden during the campaign cycle, he is saying, boy, we're going to come in and support higher education. That kind of saying one thing during the campaign and doing another thing during the session is one reason people are so cynical."

Whether through coincidence or precognition, Oban's comments foreshadowed Martinson's address at the pledge ceremony that afternoon.

"I think we need to maintain our quality higher education system," Martinson told the Republican audience. "That may require a tad more money, but we don't want to lower the quality of our system so that our students want to go elsewhere. If we're going to attempt to keep our young kids in North Dakota, we're going to have to provide the highest possible education for them.

"I think we'll be willing to spend more money for secondary and elementary education, but it's going to have to be tied to fairness and equity.

"We support affordable and accessible health care, particularly for rural North Dakota.

"Of course we're interested in economic development and jobs creation, but not at a great cost to the state. I think we've got many wonderful selling points in North Dakota without giving away the farm.

"We don't ever want to forget our state employees, and the decent living wage for them, because they're the people who keep the whole system working.

"Republicans are totally committed to providing for the care of our elderly, for the care of our children and for all of those who cannot properly take care of themselves."

Sitting at the head table, Gov. **Ed Schafer** managed to keep a poker face despite the implicit challenge on taxes and leadership.

Interestingly enough, the platitudinous pledge avoided any "no new taxes" promises. Instead, it proclaimed: "We believe people, not government, know best how to spend their money. Government must practice fiscal responsibility and allow individuals to keep more of the money they earn."

Along with the olive branch to higher education, Martinson's comments give comfort to the Republicans' Senate candidate in District 49: **Ed Kringstad**, longtime athletic director at Bismarck State College. Still, Rep. **Audrey Cleary**, D-Bismarck, seems in a good position for a Democratic gain of the seat now held by Sen. **Barb Evanson**, R-Bismarck. (Ideologically, that's almost a wash.)

Martinson also touches base with state employee constituents whom he offended during the 1993 session. Although he later apologized, Martinson suggested skipping a \$50 a month pay raise, since the figure "is hardly enough to take a friend out for dinner." The phrase could turn up in radio ads. District 49 Democrats have at least one strong candidate in **Carrol Burchinal**, who used to run voca-

tional education programs for the state and is well known as a foster dad.

Although most attention is being paid to the contest over the state Senate, the House does offer some interest. Oban says the Democrats can pick up 10 seats, but holds out the possibility of winning a majority. Martinson talks about staying close to the current 64-33 advantage. (The seat of the late Manvel Republican, Rep. **Dagne Olsen**, is vacant.)

Democrats went from 27 to 55 seats after the 1982 elections to take control of the House — Republicans had 51 — midway through Gov. **Allen Olson's** first and only term. But that election followed redistricting, which shuffled the deck. Also, Schafer is far more popular than Olson was, and he's using that popularity in the campaigns. Best guess: A five seat gain for the Democrats.

As for the Senate, here was Sen. **Dan Wogsland's** take on pledge-o-mania: "The business of developing good public policy is much more than publicity, polls and pledges 35 days before the election."

And: "Democrats do not need to sign a pledge at election time. As legislators, our pledge was made to citizens when we raised our hands and took the oath of office."

So it was amusing to see the District 23 Democratic-NPL ad in the Oct. 10 Steel County Press touting Wogsland, Rep. **Bruce Laughlin** and **Odell Flaagan**.

Under the headline, "Leadership you can trust," it says:

"Dem-NPL Candidates pledged to support: Senior citizens issues; state aid to city and county government; welfare reform; elementary, secondary and higher education; meaningful health-care reform; and agricultural and other rural issues."

That's a pledge even Bob Martinson could sign.

For Labor: None of the above

The general consensus has emerged among politicians on the labor commissioner's race between **Craig Hagen**, the incumbent Republican, and **Gary Holm**, the Democratic challenger: A pox on both their houses.

GOP distaste for Holm grew immensely after a news conference at which he mentioned the absence of documentation for a maternity leave taken by a Hagen aide. Since particulars were highly personal, Holm's publicizing of her private life caused an incredible uproar in the governor's office and elsewhere. People were really mad, including some Democrats.

Lots of Republicans were content to sit on their hands in this race, letting Hagen take the shots they felt he deserved as an untrustworthy upstart. After Holm's news conference, Hagen will get the GOP votes and contributions he might not have otherwise. Indeed, Hagen's presumed fundraising advantage will give him an edge in TV time.

It's traditional to posture about debates, but it does look like Holm's ducking them. (A letter went out last week from Prairie Public Radio offering a non-partisan format. No response as of this writing.) At least the Democrat honestly attributes some of his reluctance to the Republican's speechifying skills.

But Holm's complaining about Hagen violating the Corrupt Practices Act fell flat. Hagen's representation that Holm supports a \$7 minimum wage falls within the realm of legally protected word twisting.

Here's what Holm said in declaring his candidacy:

"The minimum wage to me should be at least at the poverty or above the poverty level, OK? Now, if we were to use that criteria, we'd be around \$7. That's probably not realistic at this point in time. But undoubtedly the minimum wage should be increased, and there was public sentiment during the hearings across the state to do just that."

So what's realistic?

"Realistic in my mind would be to raise the minimum wage 50 cents immediately and probably 50 cents within six to 12 months," Holm responded.

Hagen notes that as long as the labor commissioner follows the process, he has full authority to change

the wage. That's why the issue is so important.

Some Democrats think Holm may have peaked too soon, and unless he comes up with hard and provable wrongdoing, the race is over. That is, unless Robert Hoy, the special prosecutor, recommends prosecution on the travel records.

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Dorgan takes on derivative market

Fortnightly update

Sen. **Byron Dorgan**, D-N.D., is after Wall Street again, throwing in a little knock on the Federal Reserve while he's at it.

In a cover issue for the October "Washington Monthly," Dorgan warns about the dangers of derivatives, a complex form of risk hedging that has lost lots of people money.

Dorgan rides in full populist form in the piece: "Derivatives have become much more than managing risk. They have begun, in some cases, to look like a financial casino where the decisions are wagering decisions, not business ones. Derivatives may well be the most complicated financial device ever — contracts based on mathematical formulas, involving multiple and interwoven bets on currency and interest rates in an ever-expanding galaxy of permutation.

"Of course, what individual investors knowingly do with their own money is their own business. But when financial institutions are setting up what amount to keno pits in their lobbies, it's something that should concern all of us."

Or, as the Wall Street Journal summarized: "Derivatives are financial products whose returns rise and fall — sometimes very suddenly — in response to changes in some specific interest rate, currency, stock or other variable."

Minneapolis-based Piper Jaffray made the most news when it lost \$700 million on behalf of small city governments and the local symphony association. The investment firm bet that interest rates would not go up, but the formula proved wrong.

If more than one thing goes wrong with these more exotic derivatives, a domino effect can result, spreading from one financial institution to another. Exacerbating the danger is the concentration of derivatives in 15 major over-the-counter dealers. Dorgan compares the prospects to the savings and loan debacle.

Although Moorhead, Minn., got hurt, North Dakota seems to have escaped the deleterious effects of the exotic derivatives. The North Dakota Investment Board has strict investment guidelines that limit derivatives to 5 percent of the portfolio, and then only the very modest derivatives such as stock index futures and treasury bond futures. No collateralized mortgage obligations, the kind that got

Business beat

Piper Jaffray and PaineWebber in trouble.

"Coupled with the fact we deal with very conservative managers, it's no accident you haven't heard anything," said **Karen Kellerman**, state investment officer.

The board oversees \$1.2 billion in total pension fund assets for teachers, the Public Employee Retirement System, some Job Service funds and Bismarck police and city employees. The board handles another \$276 million in non-pension assets, such as workers comp funds.

But the risk also spreads to those who have money in a money market fund or mutual fund, Dorgan warned in the "Washington Monthly." "It's entirely possible — in fact, it's all too likely — that you wouldn't know whether your fund had money at risk. Two-thirds of the assets held by tax-exempt U.S. money market funds, which were created to give the small investor access to high rates of return, are now covered by derivatives."

Dorgan notes the assurances offered by **Alan Greenspan**, the chairman of the Federal Reserve Board, and asks, "Why would Greenspan, in light of the mounting evidence, soft-peddle the problem?" It's because Greenspan and the Federal Reserve think more like bankers than the public, Dorgan opines.

Dorgan's solution? He has introduced a bill to prohibit banks and other federally insured institutions from "playing roulette" in the derivatives market. That is, if you're insured by the feds, no exotic derivatives that might cost taxpayers if they fail.

Other investors could do as they see fit, perhaps by forming outside pools of non-insured money, he says. But dealers must tell their customers when derivatives are involved.

"The classic purpose of deposit insurance, one of the enduring legacies of the New Deal, is to encourage saving and create a pool of capital to build homes and businesses and jobs," Dorgan concludes. "Deposit insurance is not supposed to underwrite airy speculation on Wall Street, and my bill will stop that."

Nine members of a Devils Lake family died when a pan, apparently left on the stove overnight, melted and started the kitchen on fire. . . . Former Devils Lake City Attorney **Ronald Dosch** was indicted on two charges of income tax fraud. Dosch already had been suspended from law practice following charges that he used client funds to gamble. . . . Three Turtle Mountain-area businesses won contracts from the U.S. government that, altogether, could bring as many as 450 new jobs to the area. The largest is a \$24 million Immigration and Naturalization Service contract for data processing to keep track of temporary visitors to the U.S. . . . **David MacDonald**, a former Minot doctor who lost his license after admitting to having sex with some patients, now wants to open a treatment center near Watford City to treat other professionals who have crossed ethical boundaries. . . . Two Pennsylvanians accused of kidnapping and murdering **Donna Martz** of Rock Lake went on trial in Pennsylvania for the torture murder of a retired florist there. North Dakota officials are awaiting the outcome of that trial before deciding how to proceed. . . . Former North Dakota Gov. **George Sinner** has been mentioned as a possible successor to USDA Secretary **Mike Espy**, who resigned after being accused of accepting favors from companies he regulates. . . . Hundreds of children on state Indian reservations will benefit from private grants, administered through UND, for science education programs. The \$2 million grant is from the Howard Hughes Medical Institute. . . . North Dakota ranks at the bottom of the list of states on pay to elementary and secondary teachers, when cost of living is considered. Average teacher pay in the state is \$25,506, compared with the national average of \$35,813. . . . The state Supreme Court ruled that drivers arrested on suspicion of drunken driving must be allowed to call a lawyer before being required to take a blood or breath test. . . . A committee will recommend that North Dakota drop a provision from the Growing North Dakota economic development program that requires companies using the fund to pay a so-called "living wage," currently about \$7.12 per hour. **Chuck Stroup**, economic development director, says the provision is keeping some companies from using the fund. . . . **Brian Revie**, 19, of Minot, was killed by police when he attacked a highway patrolman with a machete following a car chase. The chase began near Washburn and ended at Coleharbor.