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## North Dakota Intelligencer: November 14, 1994

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*Grand Forks Herald*

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# Intelligencer

An inside report on people, politics & power

Volume 3

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Number 16

## The clouts dissipate

### Overnight, N.D. delegation is relegated to the minority

Democrats enjoyed one of their few bright spots nationally with the re-election victories of Sen. **Kent Conrad** and Rep. **Earl Pomeroy** on Nov. 8. But every silver lining in this election had a dark cloud for Democrats, and thunderstorms are building on the political horizon. North Dakota's fate in Congress sure seems cloudy, too.

Here's why: Conrad beat a relatively weak candidate in Dr. **Ben Clayburgh** by only 57 to 43 percent. In contrast, he polled 63 percent in his 1992 race special election race against state Rep. **Jack Dalrymple**, R-Casselton. Even spending \$1.2 million wasn't enough to put him over 60 percent this time.

Clayburgh won only in McIntosh, Sheridan and Billings counties, all heavily Republican.

Now Conrad goes to the Senate as a member of the Democratic minority. The consensus in Washington is that Sen. **Bob Dole**, R-Kansas, dislikes Conrad, a conflict that goes back to a mid-80s tiff over emergency wheat aid. Conrad has pulled no punches in criticizing Dole over farm programs, taking high-profile shots at him every time Dole campaigns in North Dakota. Dole will make Conrad's life tough.

The number of liberal Republicans with whom self-styled mainstream Democrats might collaborate has declined. Sen. **Dave Durenberger** is gone from Minnesota, with hard-core **Rod Grams** in his place. Missouri replaced Sen. **John Danforth** with arch-conservative **John Ashcroft**. Sen. **Phil Gramm**, R-Texas, mocks his party's "little ole bitty atrophied left wing."

Conrad does say he has a good working relationship with Sen. **Bob Packwood**, R-Oregon, who's likely to become chairman of the Senate Finance Committee. Packwood participated in Conrad's deficit reduction caucus.

Conrad, Pomeroy and Sen. **Byron Dorgan** reacted to the Republican congressional sweep by consistently knocking the "Contract with America." It could be disastrous to North Dakota, they said, especially if farm programs suffer.

Farm programs are going to suffer. Rep. **Bill Paxson**, R-N.Y., ran the House GOP campaign committee, and Rep. **Dick Arme**y, R-Texas, is climbing the ranks as a Republican thinker and operative. Neither likes ag subsidies. If you promise a balanced budget and less federal spending, farm programs are going to be a target.



Conrad



Pomeroy

Dorgan contends these are good reasons for Clinton to name Gov. **George Sinner** as secretary of agriculture. Perhaps, but Rep. **Tom Foley**, D-Wash., is looking for a job, and he once chaired the House Agriculture Committee. Rep. **Jill Long**, D-Ind., also got defeated. The current chairman, Rep. **Kika de la Garza**, D-Texas, might dislike being in the minority. Deputy Secretary **Richard Rominger** has already assumed many Espy duties. Odds are against Sinner.

Odds also look bad for Garrison. Infrastructure has fallen out of favor, and budget-cutting Republicans might be proud to pull the plug. Increases in defense spending help the Air Force bases, though.

Dorgan will have little or no influence for the foreseeable future. A junior minority party senator from a sparsely populated state carries next to no weight. Hmmm. Is violence on television still a viable issue?

Pomeroy also faces an unenviable situation as a relatively new minority member from a small state dependent on federal spending. True, he ran a pretty strong campaign against state Rep. **Gary Porter**, R-Minot, spending a solid \$700,000 to counter Porter's self-financing of \$460,000 or so.

Porter used his money to go positive in the final week or so, trying to reduce his negatives. But he changed his spots a little too frequently, and Gov. **Ed Schafer's** quality ad for him might have gotten lost in the advertising clutter. Porter won in Billings, Burleigh, Dickey, Emmons, Grant, Kidder, Logan, McIntosh, Mercer, Oliver, Sheridan and Wells counties. He came close in Cass.

As for the balanced budget, both Clayburgh and Porter knocked their Democratic opponents for saying they supported a constitutional amendment. The Republican "Contract with America" means the next vote will put the Democrats' rhetoric to the test.

Despite Pomeroy's denunciations, the GOP contract did nationalize congressional races to the Republicans' advantages. It did not seem to play in North Dakota, though.

Bottom line: Porter failed to offer enough of a contrast to justify switching from an incumbent. Still, it was a credible campaign, and if he wanted to run again in 1996, Republicans would have a hard time saying no.

But just how fat is his checkbook?

# GOP makes big legislative gains

It's true GOP Chairman **John Korsmo** was predicting 28 seats more than a half-year ago, saying Republicans had more and better candidates than the Democrats. But Sen. **Dan Wogsland**, D-Hannaford, was talking about picking up one or two.

So the legislative outcome truly surprised. At 29-20, Republicans have the most Senate seats since 1985. Even more impressive is the House margin at 75-23, a pickup of ten seats. That's a higher percentage control than even 1973, when Republicans held 76 of the House's 102 seats. You have to go back 26 years, to 1969, when the GOP had 80 seats, to find a more Republican House.

Several factors contributed to the sweep. Korsmo's simple explanation probably accounts for a lot, especially since Republican candidates may have worked harder.

**Randy Christman** of Beulah in District 33 campaigned fervently to knock off Sen. **Joe Keller**. Sen. **Duane Mutch**, R-Larimore, worked for re-election in District 19. Democrats thought County Commissioner **William "Spud" Murphy** might win if Mutch stayed passive.

The national trend played out here, too. Clearly, this was a Republican year from the top on down. Along with the North Dakota Senate, Republicans took away from the Democrats control of the Illinois House, South Dakota Senate, Wisconsin Assembly, Indiana House, North Carolina House, Oregon Senate and Alaska House. They also took over three bodies previously split evenly with Democrats: the Michigan House, Florida Senate and Alaska Senate.

If you're angry at Washington and President Clinton, you can take it out on your local lawmaker. Republicans adroitly exploited the connection with a radio campaign hitting the state Senate Democrats for voting for a single-payer health-care plan, supposedly just like Clinton's. In District 33, Keller got done in by another partyline vote, this one when Democrats voted against a resolution opposing a national energy tax. The GOP characterized it as a vote for a Clinton BTU tax. Fast and loose, but effective.

Lots of new Republican legislators, senators especially, are also beholden to Gov. **Ed Schafer**. As we've written, Schafer was tireless in his campaigning on behalf of GOP candidates. It should make it easier for Schafer to govern.

Biggest surprise: The Republican gains in Minot. **Randy Schobinger**, 24, handily defeated County Commissioner **Kari Conrad** by 2,397 to 1,800 in District 3. (Previously

held by Democratic Sen. **Jim Maxson**.) **Darlene Watne** edged Rep. **Woody Thorpe** in District 5, by 2,748 to 2,660, replacing Democratic Sen. **Larry Schoenwald**.

Their victories came even as labor and other Democratic supporters turned out in force in Ward County. U.S. Rep. **Earl Pomeroy**, D-N.D., beat hometown state Rep. **Gary Porter** in Ward County with 52 percent of the vote. For labor commissioner, Democrat **Gary Holm** outpolled Republican **Craig Hagen** 56 percent to 43 percent in the county.

Biggest winner: Rep. **Cathy Rydell**, R-Bismarck. Granted, District 47 is hard-core Republican, but Rydell was the only House candidate to gain more than 4,000 votes statewide (4,406). She and Rep. **George Keiser**, R-Bismarck, returned despite credible opponents in former Rep. **August Ritter** and former workers comp chief **Helen Tracy**. Rydell thought she was doomed by a Democratic letter attacking her for conflict of interest since she's also executive director of the North Dakota Medical Association. Her victory improves her chances of becoming House speaker.

Imperial Cass is now Republican Cass: Of the 21 House and Senate seats up for election Tuesday, the GOP won 18. The 15 Republican House seats make a good base from which Rep. **John Dorso** can start his bid for majority leader. Biggest victory for the Republicans occurred in District 13, where West

Fargo real estate agent **Judy Lee** defeated Rep. **Barbara Pyle** for the Senate seat being left by **Jay Lindgren**. Lots of Republicans had written off that seat.

The aggressive campaigning was buttressed by an unprecedented windfall of PAC money, which went overwhelmingly to Republican candidates.

Democrats save one: Sen. **Jim Yockim**, D-Williston, withstood a strong challenge from former Mayor **Larry Hanson** in District 1. The final unofficial vote was 2,415 to 2,357. This was one place where Schafer's contributions could not pull it out.

And another: Sen. **Aaron Krauter**, D-Regent, won with the largest margin either he or his father ever achieved. **Ted Ueker** of Henniger ran an extremely aggressive campaign, and both Schafer and Sen. **Gary Nelson**, R-Casselton, worked in the district. Both Yockim and Krauter's victories improve their leadership chances. Wogsland plans to seek re-election as Democratic leader, but his margin of victory over **Curtis Twete** was tiny.

Biggest winners, part 2: Korsmo promised GOP headquarters staff **Jennifer Dick** and **Dave Austin** he'd take them to Jamaica if the Republicans won 28 seats in the Senate. Bon voyage.

## STATEWIDE RESULTS

### U.S. Senate

(634 of 740 precincts reporting)

- \* Kent Conrad (D) 111,746 59%  
 Ben Clayburgh (R) 77,538 41%

### U.S. House

(636 of 740 precincts reporting)

- \* Earl Pomeroy (D) 100,382 53%  
 Gary Porter (R) 83,040 44%

### Public Service Commission, 2-year term

(602 of 740 precincts reporting)

- \* Susan Wefald (R) 91,801 54%  
 Julie Hill (D) 77,820 46%

### Public Service Commission, 6-year term

(602 of 740 precincts reporting)

- \* Bruce Hagen (D) 98,348 57%  
 Ward Johnson (R) 72,849 43%

### Labor Commissioner

(602 of 740 precincts reporting)

- \* Craig Hagen (R) 91,454 56%  
 Gary Holm (D) 72,397 44%

### N.D. Measure No. 1

#### School fund amendment

(556 of 740 precincts reporting)

- Yes 109,858 75%  
 No 36,519 25%

### N.D. Measure No. 2

#### Student member amendment

(556 of 740 precincts reporting)

- Yes 95,508 65%  
 No 51,118 35%

### N.D. Measure No. 3

#### Newspaper minutes initiative

(556 of 740 precincts reporting)

- Yes 98,283 66%  
 No 50,055 34%

### N.D. Measure No. 4

#### Seat belt repeal initiative

(556 of 740 precincts reporting)

- Yes 75,472 47%  
 No 85,607 53%

\* Denotes incumbent

# Hagen limps away from '94 election

Labor Commissioner **Craig Hagen** says he's still pursuing the idea of cooperation among, if not a merging of, the Labor Department, Workers Compensation and Job Service.

Well, one cannot give up, but there's little chance Hagen will be able to accomplish much, if anything, during the 1995 session. He'll be lucky to prevent the Legislature from turning his office into an appointive one, especially if a recall drive picks up much steam.

Hagen emerged from the race against **Gary Holm** severely damaged, a rising star turned meteorite. Democrats say they wish they would have had a stronger candidate. Republicans say Hagen better get used to being labor commissioner, because he isn't going anywhere soon.

Even considering personal animosities, the GOP wrath is startling. Many people resent Hagen's implication that these kinds of double billings and other screw-ups are typical. Others see him as unchivalrous, since he blamed many of the problems on his administrative aide, **Beth Jensen**.

And, some ask, why was it necessary to drop the bomb on Holm by bringing up his divorce record and tax problems? (A TV ad was in the can to create the same explosion, but Hagen put his own fingerprints on the nastiness by making the charges at a Fargo news conference. The ad never showed.)

Jensen's father, part of the Williston Republican circle, used a private investigator to find the divorce documents. A little revenge for Holm splashing her personal life on the front pages.

To give Hagen his due, many of these mistakes happened during the first part of his time in office. One can learn. And he does seem modestly chastened.

## Third-party disruption

Security was tight at the Democratic wake at the Bismarck Ramada Inn on election night, with both uniformed and undercover cops keeping an eye out.

**James Germalic**, the Cleveland, Ohio, anti-abortion fanatic, was the reason. He caused a disturbance at a Valley City political event, and Sen. **Kent Conrad** says he had to escort Germalic from the room. The ruckus included threats, and the Bureau of Criminal Investigation has been

## Hall talk

looking for him.

Germalic bought a quarter-page ad in the Nov. 6 Bismarck Tribune referring to the incident:

"The only satisfaction I got was when the Lord delivered Conrad into my hands — he, too, tried to exclude me from what I understand to be a public meeting and I rebuked him for dooming you and your children to perpetual abortion and God's wrath by voting for Breyer, the 6th Supreme Court judge who won't overturn *Roe v. Wade*."

The ad also mentions the convicted murderer of an abortion clinic doctor and escort in Florida.

"I watched the prosecutor in the **Paul Hill** case and I saw (sic) the devil. If these worthless pro-life people would have supported me then people like Paul Hill wouldn't need to commit an act of violence."

Whoa. Clearly the cause for concern was real. Oh yes, Germalic got about 6,200 votes for House. His ad asked people to write his name in for Senate.

## Session coverage

The Bismarck Tribune is looking for a Capitol reporter to replace **Deneen Gilmour**, who is moving to Fargo. Already scheduled to cover the 1995 legislative session are **Fred Smith** and **Janel Cole**, who were there in 1993. The third reporter that year, **Kristine Donatelle**, now works for Montana Sen. **Max Baucus** as a press assistant.

The Minot Daily News is sending **Grant Gross**, assistant city editor, down to Bismarck for the Legislature. Longtime session reporter **Jill Schramm** is staying home.

## Armey is a Cando man

A North Dakota native as vice president? Well, maybe. **Jack Kemp**, the former House member and HUD secretary, has talked to Rep. **Dick Armey** about being his running mate if Kemp gets the Republican nomination for president in 1996. Armey is a native of Cando, N.D., who graduated from Jametown College in 1963.

## Sparks in ag

The 1995 session is going to be hard for Agriculture Commissioner **Sarah Vogel**. Two hard-core Republican conservatives, Sen. **Ken Solberg** of Rugby and Sen. **Bill Bowman** of Bowman, scored strong victories on election day. Either one of them could be the next chairman of the Senate Agriculture Committee.

Bowman lost to Vogel in 1992, and Vogel helped recruit his District 39 opponent this year, **Don Link**. No love lost. But Rep. **Gene Nicholas**, R-Cando, generally keeps a level head on the House side.

## Disunited they stand

**Ross Perot** made a splash during the just-completed campaigns, but United We Stand America (USWA) failed to live up to its advance billing about influencing elections.

That's certainly the case in North Dakota. **Daryl Hanson**, the Fargo-based executive director of the state chapter, sent out a release saying that some 90 percent of members surveyed supported Dr. **Ben Clayburgh** over Sen. **Kent Conrad**.

**Nick Hemmesch**, state chairman, responded with a news release of his own on Nov. 2 calling Hanson's comments unbelievable. Hemmesch said Hanson did not know how many survey cards were returned, or even if they came from United We Stand members. Beside, USWA newspapers included survey cards. At one location where there had been a pile of the copies, all the cards had been removed.

"It is my belief that the information shared in Mr. Hanson's press release is neither accurate nor representative and should not be reported as released," Hemmesch wrote.

## GOP reorganization?

The state Republican Party probably will reorganize sometime in January, a half-year ahead of plan, and GOP Chairman **John Kormso** could well choose not to run again. Speculation about replacement touches on **Steve Easton**, the former U.S. Attorney who is now practicing law in Bismarck. Schafer first offered to appoint Easton to the South Central District judgeship vacancy, before **Warren H. "Duke" Albrecht** got the job. Albrecht lost Tuesday to **Bruce Haskell**, assistant Burleigh County state's attorney.

## The Intelligencer

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# Where's the beef profits? Not with state's ranchers

Labor Secretary **Robert Reich** is fond of one particular statistic that underscores a key problem in today's America: the top 5 percent of this country's earners collect roughly half of the national income. We might quibble with his statistics, but as executive compensation critics **Graef Crystal** and **Derek Bok** have chronicled over the last decade, Reich's got the right idea.

Nowhere does Reich's point come home as much as it does in western North Dakota, where beef producers have seen income tumble even as packing company profits soar. Moreover, even with low on-the-hoof prices and plentiful meat supplies, it's clear that those companies aren't passing cheaper prices along to consumers.

Let's start at the top. At the beginning of the year, 1,200-pound North Dakota slaughter steers were going for 70 cents per pound on the hoof at the auction yard in West Fargo. Last week, they were trading under 50 cents a pound—down about 30 percent.

Meanwhile, according to Knight-Ridder's survey of newspaper ads in nine major U.S. metropolitan centers, beef prices at the retail counter in January averaged \$2.50 per pound. This week they're averaging \$2.35 per pound—down about 7 percent.

Even accounting for a nice profit margin throughout the ranch-to-roast distribution chain, retail beef prices should be averaging closer to \$1.75 a pound, figuring what packers are now paying farmers for their steers.

The truth is, somewhere along that marketing chain, someone is collecting a hefty premium even as producers take the licking.

Similar disparities are evident in the pork and poultry markets.

Granting fixed costs—transportation, energy for the fridges, butchers' salaries, etc.—there's still little reason why meat prices aren't at least 20 to 30 cents a pound lower.

So where is that extra 30 to 60 cents per pound we're paying for fresh meat going?

Very little is going to your friendly local grocer.

On the beef side, it's ending up mostly in the pockets of the country's top three beef packers—Cargill's Excel, ConAgra's Montfort, and IBP—which together account for 80 percent of the country's beef slaughter, according to researchers at the University of Wisconsin

## Business beat

sin at Madison.

In a landmark study released this year on concentration in the beef business, Wisconsin economists concluded that the five packers controlled close to 90 percent of the U.S. slaughter beef market.

That's awesome power controlled by essentially five men—the five CEOs of those packing companies.

"We found evidence to suggest that the packers' monopoly power allowed them to reduce the amount of money that they paid for their cattle," says **Frederick Geithman**, one of the Wisconsin researchers. "What has happened is a redistribution of income from feedlot owners to the packing industry."

What that adds up to for states such as North Dakota, where livestock is a key part of the economy, is sharp reductions in income. What that adds up to for consumers is relatively high retail meat prices compared with the cost of the raw product.

The spread between wholesale and retail prices has widened considerably over the last decade as the Big Three have concentrated their marketing powers.

With this year's price action, "packers showed they have market power and can use it to drastically reduce what ranchers get paid for raising cattle without significant benefit to the consumer," says **John Smillie**, editor of the Farm to Market Review, which is published by the Western Organization of Resource Councils in Billings, Mont.

Retailers are taking their cut, too, Smillie says.

"Packers had little incentive to bargain hard with them."

From May to September, Smillie figures, packer margins averaged \$30 per head higher than the first three months of the year. That works out to an extra \$2.9 million per day for the top five packers, every day for five months, on their slaughter operations. That's around \$300 million and counting.

Meanwhile, we're all stuck paying a lot more for our meat than we should given what the packers are paying our local livestock producers for their animals.

## Fortnightly update

Two Grand Forks residents cashed in \$100,000 on the same Powerball drawing. They both matched five numbers, but not the sixth, "powerball," number. . . . Four Bismarck residents were killed when their small airplane crashed on a mountain ridge near Rawlins, Wyo. . . . The State Board of Chiropractic Examiners suspended the license of Grand Forks chiropractor Dr. **Jeffrey Vendsel** after he was accused of sexually abusing and having sex with some of his female patients. Vendsel denied the suspension but did not fight the suspension. . . . The Supreme Court's disciplinary board recommended that Devils Lake lawyer **Ronald Dosch**, who is accused of illegally spending clients' money at a casino, be disbarred for at least five years. . . . Former longtime state Rep. **Brynhild Haugland** will be awarded the Theodore Roosevelt Rough Rider Award in March by Gov. **Ed Schafer**. Haugland served in the state House for 52 years. . . . **Chad Yale**, 17, of Burlington, who was severely burned in February when a railroad tank derailed just outside his home, will return home after months of recovery at the St. Paul Ramsey Medical Center. . . . North Dakota housing starts were up 9 percent through the first nine months of 1994. That contrasts with a 4.8 percent decrease nationally. . . . Bismarck Catholic Diocese Bishop **John Kinney** said he has, during his 12 years as bishop, had to remove or reassign priests after they were accused of sexually abusing members of their congregations. But Kinney did not provide details. . . . The Corps of Engineers, at the state's request, agreed to postpone a planned major release of water from Garrison Dam. The 'big flush' had been set for this spring to enable the Corps to study the effects of larger releases. . . . Fargo lawyer **Timothy Davies** was arrested and charged with shooting his son-in-law in the foot. Davies' lawyer later said Davies was trying to fire into the ground to stop his son-in-law from advancing. . . . A hearing panel for the North Dakota Judicial Conduct Commission recommended that County Judge **Donavin Grenz** be removed from office for improper dealings in surplus property as a member of the Linton Airport Authority. . . . North Dakota received a \$265,000 federal grant to help set up a statewide law enforcement information system. . . . Ground was broken for a planned new \$24 million gaming casino in Hankinson, to be operated by the Sisseton-Wahpeton Dakota Nation.