



From Hope to Fear & Loathing

The Oil Presidency tumbles into a depressing crisis of confidence

By **BRIAN A. HOWEY**

INDIANAPOLIS - On Oct. 30, 1929, people didn't wake up and start talking about the "Great Depression." People had no idea on that date and for months afterwards the magnitude of what had happened on Wall Street.

This week, Americans began to learn the depth of the disaster that will become known as the Bush-Cheney Oil presidency. The nation's economy is in shambles; credit is drying up. On Wednesday, President Bush addressed the nation, saying, "Without immediate action by Congress, America could slip into a financial panic, and a distressing scenario would unfold."

It was 180 degrees away from President Franklin Delano Roosevelt who told the nation that "the only thing we have to fear is fear itself." Of course, those words came at the depth of the Great Depression. As I listened to Bush, I kept thinking, "Why should I believe this guy?" I can still remember his



The gonzo author Hunter S. Thompson (left) exploding after his suicide. The U.S. economy seems to be following in his footsteps.

2002 pronouncements on the mortal dangers Iraq's weapons of mass destruction posed to us here in the American homeland.

This troubling scenario really sunk in on Tuesday, when NBC Nightly News themed that day's broadcast, "fear and loathing," a theme made famous by gonzo journalist Hunter S. Thompson who after an illustrious career of cunning, savage insight and Falstaffian excess, committed suicide. America this week

seemed to be following his steps.

With the Challenger explosion, the Clinton im-

See Page 3

Ignorance & turmoil

By **MORTON J. MARCUS**

INDIANAPOLIS - What we don't know does hurt us. Many builders constructed houses assuming there was a continuing strong market of qualified home buyers. Some mortgage brokers and some bankers gleefully ignored or misrepresented the abilities of home buyers to sustain home ownership.



Morton Marcus
Column

Too many home buyers did not bother to learn what their obligations as home owners would be. They didn't know about paying property taxes or how adjustable mortgage rates could escalate beyond their capabilities to meet their monthly payments. The companies that bought the mortgages



"The plan that has been submitted to Congress by the Bush administration is flawed, but the effort to protect the American economy must not fail."

- Barack Obama & John McCain



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from the banks or brokers often did not bother to get into the details of the packages they bought. After all, a bundle of mortgages on American homes cannot be a bad investment.

Soon these companies had billions of dollars of mortgages and no idea how many were delinquent or likely to default. They tell us that they had no way of knowing, no way of discovering and evaluating their mortgage holdings.

In the meantime, they kept selling those mortgage bundles to others and inventing new financial products that were not mortgage bundles but something else much more speculative. Often those who bought these "derivatives" did so without any understanding of how they worked. All they knew was that they could easily be sold because they were "insured" and somehow related to American homes.

American homes are sacred. They are subsidized by the federal government, state and local governments because of our shared mythology. We know home ownership reduces crime and promotes family values. Home prices will rise year-after-year. Second mortgages allow us to use growing equity to satisfy ever-growing consumer wants. Thus home ownership is the first basket into which we should put our eggs.

Now some of the firms that hold mortgages or mortgage derivatives are smelling the rot in the bundles they bought. Frightened, they persist in ignorance of the value of their holdings. Without any clear knowledge of reality, they spin into bankruptcy, conservatorship, or merge with others.

The U.S. government, anticipating chaos emerging out of fear in the financial markets, opens its supply of tranquilizers to calm the markets. Now you and I own a host of mortgages and mortgage derivatives. The government will sort through them, collect on the good one, and absorb the loss

on the bad ones. It may be that we won't lose a fortune when it turns out that many mortgages are actually going to pay off.

But don't worry. Although some of the assets we now own are not sound, we won't notice

our losses. All this will ultimately be covered by increased federal debt, a little more inflation, and a lot of self-congratulation for avoiding another great depression.

Ignorance is costly. Most of those MBAs on Wall Street and in financial firms in your town, probably never had a course in the economic history of the United States. They don't know what caused the Panic of 1873. They are without a clue as to why the Federal Reserve and the Securities & Exchange Commission were formed.

Of course, we have politicians willing to blame other politicians for the problems, but unwilling to blame the ignorance and arrogance of ordinary people, of home builders, home buyers, Realtors®, mortgage brokers, bankers, and investors. We will blame regulators even though our Congress and our national administration reduced the funding and powers of the regulatory agencies.

Finally, we will not learn from this economic disaster. We will teach our children about September 11, 2001, but what will we teach them about September 2008? They will learn to fear foreigners, but will they learn to fear financial ignorance? ❖





Fear, from page 1

peachment and Sept. 11, Americans could at least fathom the outcomes. With the Meltdown of '08, I couldn't find anybody who really had an understanding of how this all might end up. It's as if we're heading down a dark rabbit hole and the best case scenario is Wonderland.

Tuesday was the cathartic day. The Dow was down 161 points, on top of Monday's 500 point disaster. There was the Senate Banking Committee hearing, where the guys who watched over this meltdown were now proposing the solution. Federal Reserve Chairman Ben Bernanke ominously told us that if the \$700 billion bailout didn't pass, "Jobs will be lost, unemployment will rise, more houses will be foreclosed. GDP will contract."

On the other hand, U.S. Rep.

Mike Pence was rallying House Republicans to oppose the deal, saying, "This is going way too fast. The American people don't want Congress to make haste with the financial recovery legislation; they want us to make sense." The New York Times reported that when Pence met with Hoosier constituents this past weekend, they were "flabbergasted" at the size of the bailout. In capitalism, people should be allowed to fail, Pence reasons. But this was capitalism run amok. U.S. Rep. Mark Souder evolved over the week, noting that essential lines of credit had dried up in Northeastern Indiana, a region already hit hard by layoffs in the RV and auto industry. Souder also called for a bailout of the Big Three automakers which, over the past decade, produced bigger, fuel inefficient vehicles.

Senators were balking out of fear. U.S. Sen. Evan Bayh, who sits on the Senate Banking Committee, talked of a "systemic failure" and said, "We have to act to prevent a calamity."

How could this happen? "There were problems up and down the system," Bayh explained almost in a stream of consciousness: "Houses being appraised above market values. Loans being given to people who weren't credit worthy; incentives for loan officers to just get them out of the door. How did the rating agencies rate this AAA - good as gold - instead they were junk? They were packaged by banks and investment houses to take on so much debt they were at risk of going under. Problems in accounting system. Off balance sheet items they didn't have to reveal to the public or the market place."

Bayh explained, "There is no good alternative," and added, "We are only choosing the best of bad alternatives. My deepest concern is there is literally not one line - not one line - that will do anything to keep this from happening

again."

NBC then took it to Main Street. Fear. Anxiety. All expressed by middle class people who have taken it on the chin and who are appalled that we're about to spend \$700 billion to bailout the fat cats. There was family guy in Detroit who was about to lose his neat little home. That story ended with he and his family sitting on their tidy porch.

There was the Midwestern guy who lost his house and was working 60 hours a week laying brick to keep food on the table. He's living in a fleabag motel on the edge of town.

Back to the Senate: Senators were railing at CEO "fatcats" for getting tens of millions of dollars in Golden Parachutes while "driving their companies in the ground." The Treasury Secretary Paulsen said he would "welcome" a little oversight. The next story was about gas lines in Nashville, Tennessee. Demand is out-pacing supply. This is thanks to Ike, the hurricane that destroyed another American

city in a story that has slipped off the front pages.

Now, turn to the campaign trail '08. Sen. Joe Biden, made another gaffe, talking about how President Roosevelt addressed the nation on "television" right after Oct. 29, 1929 stock market crash.

A day later, John McCain, who only a week before told us that the nation's economy was "fundamentally strong," was now suspending his presidential campaign, attempting to call off Friday's first presidential debate due to the crisis. Series of polls showed his campaign tanking on the issue of the economy. Barack Obama, who sought a joint statement with McCain, appeared blindsided and insisted Friday's debate go on, saying that presidents "need to deal with more than one issue at a time."

This is America, late September 2008.

To tell you the truth, I don't know what to believe, or who to believe. I can't believe President Bush. I'm not sure about writing a \$700 billion taxpayer check to the very people who allowed this mess to happen. There is no scale in which to understand the magnitude of what has happened. The vice presidential candidates are either talking too much or not at all. McCain is acting erratic. Obama appears understated, which, when you come to think of it was the way FDR acted. NBC's Mad Money guy Jim Kramer says the bailout is about "keeping people in their homes." If the plan doesn't pass, we face a Depression greater than the Great Depression.

Through all the smoke, all the mirrors, the Meltdown of '08 is about confidence where the demand is obviously out-pacing the supply.

It all reminded me of a William S. Gilbert verse: "Things are seldom what they seem, skim milk masquerades as cream." ❖





Government reform surfaces in Jasper gubernatorial debate

By **BRIAN A. HOWEY**

INDIANAPOLIS - The battle lines over government reform finally came out into the open during the Tuesday gubernatorial debate in Jasper. Last week, Gov. Mitch Daniels said that while he supports the Kernan-Shepard recommendations, he didn't want to "politicize" them during his campaign with Democrat Jill Long Thompson.

"My opponent is just against it so we don't have a contrast," Daniels said of the campaign. "I have tried to discipline myself to stay with the original concept, which was to not make this a partisan proposal, but to make it a non-partisan or bipartisan commission report to the people. I would hope we would arrive at the end of this year with consensus around many of these ideas. I've tried not to partisanize this debate."

During the debate, the candidates were asked about eliminating township government. "I actually disagree with his approach. I do support township government," Thompson said, adding that she likes "decentralized" government.

Daniels responded that Thompson has a "very backward point of view" and noted that she disagreed with former Democratic Gov. Joe Kernan, who chaired the Kernan-Shepard Commission that advised the elimination of township government. He described her as "isolated" on the issue. Daniels said that township government doesn't even exist in most of the U.S. He said that with 11,000 elected officials, Indiana has more government than almost anywhere else. "There's more duplication, more overlap, there's waste everywhere. This is not my opinion. This is from people in both political parties."

The politically safer position might be Thompson's. In the Aug. 29-30 Howey-Gauge Poll, we asked: The Kernan-Shepard Commission made recommendations to reform and restructure local government in Indiana in order to increase the efficiency and effectiveness of its operations and reduce its costs to Hoosier taxpayers. Which proposal, if any, of the Kernan-Shepard Commission do you support the most: Establish a single-person elected county chief executive, eliminate township government, reorganize school

districts to achieve a minimum student population of 2,000, require all library and special district budgets be approved by a county fiscal body, or do you not support the Kernan-Shepard Commission?

The response that leaped out at us was the 40 percent who said they were "uncertain" about the Kernan-Shepard reforms. In the other categories, support was generally minuscule. On one that appears to have bipartisan support at the Statehouse - moving from the three county commissioners to an elected county chief executive - only 7 percent approved. Gov. Mitch Daniels is likely to support such a move and last Spring, House Speaker B. Patrick Bauer told Howey Politics Indiana that he would like to see

that particular issue on the "frontburner."

Only 14 percent favored elimination of township government. This comes after the Indiana General Assembly passed legislation that eliminated all but 44 township assessor positions. There have also been a spate of township fire department consolidations around the state. Both stories received a moderate amount of press, particularly when 964 township

assessors were folded into county assessor offices on July 1. For the most part, this transition generated little controversy. Had there been much consternation and opposition, this would have generated more headlines.

Voters had much greater awareness on the issue of privatization, an issue that Thompson tries to work into just about every speech, every debate. On Tuesday, she vowed to end the "privatization madness." Yet, in the August Howey/Gauge Poll on the question "Do you favor privatizing some functions?" 45 percent were in favor and 39 percent were opposed. Of those in favor, 67 percent favor Daniels' re-election while 58 percent who responded "elect someone else" opposed. In a gender breakdown, 50 percent of males and 40 percent of females favored some privatization.

Daniels said he intends in the next legislative session to "move out of the 19th Century and into the 21st Century" by seeking to pass 24 of the 27 Kernan-Shepard Commission recommendations. Three were passed in 2008 by the legislature, including the assessor bill. Of the remaining recommendations, about 10 need legislative ac-





tion.

Over the past couple of years, Gov. Daniels has asked local governments to "reform yourselves" before the state steps in. It's ironic that two of the most Democratic counties - Lake and St. Joseph - have actually taken reform steps. Both have separated executive and legislative roles from their county commissioners and councils. Obviously St. Joseph is Speaker Bauer's home turf, so he's had a front row seat to this particular reform and it hasn't been an acrimonious one.

Ditto for the moving of township assessor functions to the counties. There was a great deal of coverage across the state in newspapers regarding the conversion. While there were sporadic controversies, for the most part this change went smoothly. The key will be how future uniform assessing is conducted, as opposed to the independent assessing that had been performed by a patchwork of assessors in every county.

Phase II of the Assessor Reforms

Phase II of the township assessor sequence comes between now and the Nov. 4 election when the remaining 44 township assessors face ballot referendums in counties such as Marion, St. Joseph, Vanderburgh, Lake, Porter and Allen counties. Several of these assessors are actively campaigning for a "No" vote on the referendum. In the Sept. 15 edition of the Indianapolis Star, Washington Township Assessor Joline Ohmart explained, "Assessors are the only elected officials required to be certified by the state. They must take additional classes to maintain their certification. Most of the people on the township assessors' staffs have their certification, also. Our work has always been done according to state guidelines. When you vote this November on 'Should the assessing duties of the township assessor in the township be transferred to the Marion County assessor?' ask yourself whether you want your assessments to be done by experienced township assessors, or a county assessor with no assessing experience. We think you will vote 'No.'"

Mark Lawrence, senior vice president for the Indiana Chamber of Commerce, is part of a consortium that includes the Indiana Association of REALTORS and the Central Indiana Corporate Partnership that is pushing a "yes" vote on the referendum. He said that coalition will have limited resources, though he expects some direct mail campaigns in the coming weeks. He called the assessor referendum "a bump on the road on the way to Kernan-Shepard." The fact that the referendums come in each township, as opposed to countywide, means the "deck is stacked against us," Lawrence said. The problem is that

poor assessing in one township can impact property taxes for the entire county.

"We hope there will be enough interest in having fair assessments," Lawrence said, noting that the Meridian-Kessler area was "ground zero" in the property tax crisis of 2007. "You want to make sure your house is assessed fairly as well as the neighbor's down the street," he said of what he called the current "fragmented system."

"If people understand it under those terms, they'll see it impacts their pocketbooks," Lawrence said.

An influencing factor may be the recent Washington and Warren township fire mergers with Indianapolis. "That went very smoothly," Lawrence said. "It is saving millions of dollars. There has been no decrease in services."

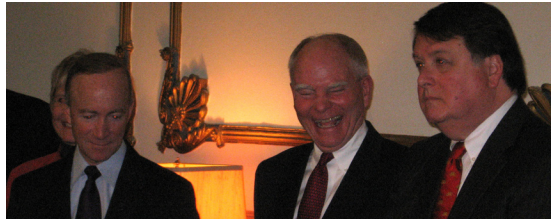
Township officials as well as Jill Long Thompson repeatedly cite government "closer to the people." This reveals a lack of historical understanding of why townships were created in the 19th Century: to provide schools, cemeterys, fire protection and poor relief in close proximity. Since Indiana began its township system - designed to be a close walk or horse ride from home to public office - there has been a steady progression of ways in which government became closer to the people: telegraph, railroads, telephones, automobiles, public transit and now computers.

Gov. Daniels likes to say that most Hoosiers have no idea who their township trustee or assessor is.

"I do believe it's a good idea to move certain functions from township trustees to an elected county executive who is accountable,"

Daniels said in response to a question from Thomas Estabrook, the

Vigo Township trustee in Knox County on Tuesday. "Today, it is hard for taxpayers to know who to give credit to and who to assign blame."



2009 Legislature

Last week, Daniels told HPI he will talk with legislative leaders about how to proceed on the 10 or 12 Kernan-Shepard recommendations that either need legislative approval or would fare better with legislative imprimatur.

As for whether he would prefer a package or piecemeal approach, Daniels said, "I don't have a fixed view on that. My experience at this point tells me that packages are better because people can bring themselves to vote for a whole that has parts that they get weak in the knee on if it were all by itself."

Lawrence said he would prefer the package approach should Daniels win re-election. "Besides budget, this is going to be a big issue," Lawrence predicted. "This will be a very interesting legislative session. We hope Hoosiers look beyond the here and now and look to the future." ❖



Cloudy polling: The Star/13 anomaly

By **BRIAN A. HOWEY**

INDIANAPOLIS - Newspapers get into the political polling business essentially to generate readership and stimulate interest. The Indianapolis Star certainly achieved that Friday morning with the release of Selzer's gubernatorial poll that had Gov. Mitch Daniels with a scant 46-42 percent lead over Democrat Jill Long Thompson. It had the political community buzzing, and not just because of the within-the-margin-of-error status. It stood as an anomaly to just about everything else out there.

Before the Star/WTHR-TV poll, Howey/Gauge (Aug. 29-30) had Daniels leading 53-35 percent; SurveyUSA (Aug. 16-18) had Daniels leading 52-38 percent. And during the same time frame of the Star/13 poll (Sept. 14-16) Bellwether (Sept. 11-16) had Daniels up 52-31 percent in a poll his re-elect campaign commissioned, and Rasmussen Tracking (Sept. 17-18) had Daniels leading 56-40 percent.

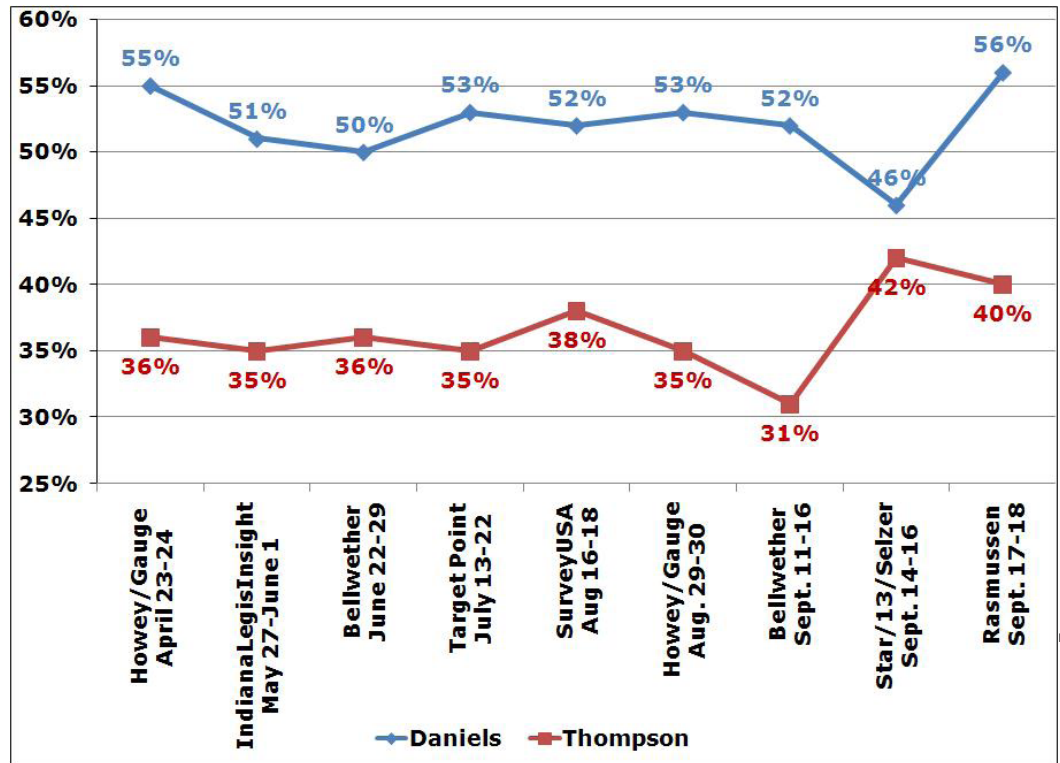
HPI has commissioned a number of polls over the years and we know all too well they tend to become targets for people and campaigns who don't like the results. So we don't relish the idea of taking potshots at the Star, WTHR-TV or Selzer. But it's worth walking through this particular sequence because it could have an impact on the gubernatorial race.

First, not only did the state's highest circulation newspaper and most-watched TV station publish/broadcast this poll, it was picked up by Gannett newspapers in Muncie and Lafayette. The Associated Press also moved the story. So this particular poll received more exposure than any other. Essentially, it gave the Thompson campaign a huge break because preceding its publication, the campaign had been off the air for about two weeks. The campaign was experiencing a money shortage. Within hours, Thompson campaign manager Travis Lowe was sending out an internet appeal for funds based on the Star/13 poll. While other

media polls become part of the story, this particular survey, because it was so different in recasting the state of the race, had become an even bigger part of the narrative. It has, in fact, the potential of changing the dynamic of the race if it creates the scenario where Thompson can start raising money.

Unlike HPI and other sources, Star/13 do not regularly cover other independent polls. Thus, it maintains essentially a tunnel vision and its readers do not get a full picture.

Unlike Howey/Gauge, which publishes toplines (including the exact wording of the questions and their rotation), and includes key demographic information like



the party, race and gender breakouts, Star/13 failed to report much of this information. An example of why this is important came in the Star's print edition on whether people favored or disapproved of the lease of the Indiana Toll Road by a "foreign entity." How was this question precisely asked? Did it include the "foreign entity" phrase? Did that question appear before the head-to-head question on the governor's race? The foreign entity phrase could have influenced the head-to-head question.

When Howey Politics Indiana and Gauge Market Research began its polling partnership this year, we adopted the American Association for Public Opinion Research's "Standards for Minimal Disclosure," in which it explains, "Good professional practice imposes the obligation upon all public opinion researchers to include, in any



report of research results, or to make available when that report is released, certain essential information about how the research was conducted. At a minimum, the following items should be disclosed.

1. Who sponsored the survey, and who conducted it.
2. The exact wording of questions asked, including the text of any preceding instruction or explanation to the interviewer or respondents that might reasonably be expected to affect the response.
3. A definition of the population under study, and a description of the sampling frame used to identify this population.
4. A description of the sample design, giving a clear indication of the method by which the respondents were selected by the researcher, or whether the respondents were entirely self-selected.
5. Sample sizes and, where appropriate, eligibility criteria, screening procedures, and response rates computed according to AAPOR Standard Definitions. At a minimum, a summary of disposition of sample cases should be provided so that response rates could be computed.
6. A discussion of the precision of the findings, including estimates of sampling error, and a description of any weighting or estimating procedures used.
7. Which results are based on parts of the sample, rather than on the total sample, and the size of such parts.
8. Method, location, and dates of data collection.

When reading the Star/13/Selzer survey, the toplines were not disclosed. Neither the Star nor WTHR-TV told us the gender, race, age and region demographics. What, for instance, was the Republican/Democrat breakdown? What percentage of the respondents were African-American? We don't know. E-mails to the two Star reporters who bylined the Friday story seeking this information were not acknowledged..

Star/13 told us that Gov. Daniels had a 56 percent job approval rating, but they didn't disclose what Thompson's numbers were. There was no information on the governor's re-elect numbers or either candidates' name recognition levels. Nor do we know whether its polling list reflected the hundreds of thousands of new voters. All of these components are instrumental in helping a reader understand how the survey produced the head-to-head result.

In the Aug. 29-30 Howey/Gauge survey, we told our readers that the gender breakdown was 51/49 percent female/male; the Neilsen Demographics for 10 Indiana media markets; the Indiana right track/wrong track (47/35%); the race breakdown (90 percent white; 8 percent African-American, 1 percent Hispanic); religious preference (40 percent Protestant, 20 percent Catholic, 13 percent Baptist, 10 percent Pentecostal/charismatic/full gospel); as well as the 48/43 Republican/Democratic identification. A reader knew that Gov. Daniels had a 96 percent name recogni-

tion while Thompson's stood at a relatively low 77 percent. They knew that Thompson's fav/unfavs stood at 32/19 percent, both increasing 10 percent since our April survey. People also knew that Howey/Gauge used data based on voter registration rolls that had been updated through the end of July, thus capturing most of the new voters.

All of this Howey/Gauge information was presented at the Indianapolis Chamber of Commerce's Hobnob on Sept. 4 and is available at <http://www.howeypolitics.com/2008/09/04/howey-gauge-poll-toplines-aug-29-30/>. Similar topline information in our February and April surveys can be found in the Indiana Polling Center category on the HPI website. Beyond that, Howey Politics Indiana did something almost unheard of: we compared our polling data and analysis and compared them to the actual election returns in the March 11 special election and May primary (See Indiana Polling Center: Howey/Gauge Polling: How Did We Do?)

In presenting this information at the Hobnob, most of those in attendance had a great deal of information that made a plausible case for how the survey ended up with the 53-35 percent head-to-head favoring Daniels.

To buy into the Star/13 scenario that Thompson had closed to within 4 points of Daniels, you'd have to see the underpinnings of the survey. What we found implausible is that all of the August independent polling showed Daniels with at least a 14 percent lead, as did the other surveys either at or after this survey; that Thompson suspended her TV ad campaign for almost two weeks prior to the poll (which had been well covered in the media); the governor continued with a heavy gross rating point TV ad campaign statewide; the Wall Street financial meltdown occurred in the middle of the survey; and the Star/13 survey ended at about the same time as the first gubernatorial debate in Merrillville which had low TV viewership and did not produce a "gotcha" moment. The one thing that might have shifted the head-to-head numbers in Thompson's favor - the increase in Indiana's unemployment rating to 6.4 percent - occurred several hours after the Star and WTHR-TV unveiled the head-to-head results on Friday.

Throw in the fact that on the eve of the Indianapolis mayor race in 2007, the Star/13 released a Selzer poll and then revised its numbers by 2 percent afterwards. That presents a credibility cloud. That poll had Indianapolis Mayor Bart Peterson leading Republican Greg Ballard 43-39 percent. Mayor Ballard would defeat Peterson a few days later by 5 percent.

The Star and WTHR-TV provided a gift to Thompson - published poll results that gave her a second life when it comes to fundraising - which could change the dynamic of the race. But they did it under cloudy professional, ethical and journalistic standards. ❖



Thompson campaign coy on return to airwaves

Indiana Governor: Republican: Gov. Mitch Daniels. Democrat: Jill Long Thompson. Libertarian: Andy Horning. **2008 Outlook:** When will Thompson restart her TV and radio advertising? "As you can imagine we don't normally divulge the specifics of our campaign strategy," said campaign spokesman Jeff Harris. "but I will say you will see and hear more from our campaign very soon." The Thompson campaign pulled its TV advertising two weeks ago, saying it was a strategic move. Almost everyone else believes it's because the

campaign doesn't have enough money to sustain an ad campaign. Jim Shella is reporting on his blog that the coming JLT ads will feature "matador and Crocodile Dundee" characters. Obviously she believes the Indiana Toll Road lease to a Spanish/Australian consortium will be a haymaker. Abdul Hakim-Shabazz graded the Jasper debate: Mitch Daniels - B+, good on specifics and calling JLT's facts on the carpet. Maybe a little too aggressive with one member of the audience. JLT - C/C+. You continued your attack on Daniels and added a couple more specifics to your plan for Indiana, but you still didn't give voters a reason to switch. Andy Horning - B. Good performance, but when people are looking to government for answers telling them to look elsewhere might not be the best thing. Horning complained to Associated Press editors at French Lick on Wednesday that they aren't covering his campaign. Here's why: Republicans and Democrats actually build organizations, raise money, and take their message to the people. Libertarians do very little of that. They have elected only one person to office - a Greenfield councilman - who quickly discredited himself as a crackpot and was not re-elected. The gubernatorial candidates rarely get over 3 percent of the vote. There is virtually no organization. They don't raise money to get competitive. Everywhere we go, we hear people describe themselves as Libertarians or say they agree with many of the party's principles. Yet, the party has never capitalized on this. They like to play politics, hear themselves talk, and pontificate during debates. Until the Libertarians develop a credible donor base and candidate recruitment (when I gave the keynote address to the Indiana party back in 2001, I urged them to recruit in business and law schools) they will reside on the margins



of Indiana politics. **Status:** LIKELY DANIELS

Congressional

2ND CD: Republican: Luke Puckett. Democrat: U.S. Rep. Joe Donnelly. **2008 Outlook:** The two campaigns haven't been able to come to an agreement on a debate scheduled. **Status:** SAFE DONNELLY

4TH CD: Republican: U.S. Rep. Steve Buyer. Democrat: Nels Ackerson. **2008 Outlook:** The Farm Bureau Elect PAC endorsed Buyer. Given the rural nature of this district, this is a significant endorsement for the incumbent. Said Clinton County farmer and District PAC Committee Chair Mike Beard, "Steve's been a good friend of Farm Bureau; he's very accessible and has actively sought our advice whenever issues impacting Indiana agriculture have been before Congress. Congressman Buyer has had an outstanding voting record on Farm Bureau issues," said IFB President Don Villwock. "He has been with us in the past and we look forward to working with Steve Buyer in the next Congress." **Status:** SAFE BUYER

3RD CD: Republican: U.S. Rep. Mark Souder. Democrat: Michael Montagano. **2008 Outlook:** Souder said his reservations about the bailout proposal have shifted somewhat (Fort Wayne Journal Gazette). He said economic shakiness is spreading to other sectors of the economy. For instance, Bank of America has stopped new lines of credit to McDonald's Corp. because of the nation's locked-down credit markets, The Associated Press reported. "It's spreading to other sectors so rapidly," Souder said. "I don't want the economy to collapse. If my vote becomes critical, and I believe the economy's going to collapse, I'll probably wind up voting yes." Souder said the manufacturing sector - the underpinning of northeast Indiana's economy - can't function without lines of credit. "I'm worried about the jobs. If the companies can't refinance, they lay off the people," he said. "This is about jobs. If there's not a credit line, there's no jobs. "Look, it's got to be done. There's no option here of Congress not passing it. There's only an option (of) do individual members want to vote 'no,'" Souder said, adding that his final decision will be based on the details of the legislation, which is still being written. **Status:** LEANS SOUDER

8TH CD: Republican: Greg Goode. Democrat: U.S. Rep. Brad Ellsworth. **2008 Outlook:** Ellsworth and Goode want taxpayers protected by any effort to rescue the nation's financial markets (Terre Haute Tribune-Star). The two candidates for Indiana's 8th Congressional District weighed in Tuesday on Washington's proposed rescue package for





the nation's economy. If credit markets lock up, then the economy may shut down, Ellsworth said. "That's kind of the reason people are saying we have to do something." Goode said Washington needs to take action to prevent things getting worse. "I'm afraid that if the federal government were to do nothing, it would cause tremendous economic chaos to the level of a possible 21st century Great Depression for this country and countries around the world," Goode said. Both Ellsworth and Goode say they want ordinary taxpayers protected, regardless of what bail-out plan eventually emerges. "There has to be oversight," Ellsworth said. "If I move on [a bail-out plan], it will be to protect them, not the folks on Wall Street." Goode also said any bail-out plan must keep taxpayers in mind. "Ultimately I'm hopeful that the financial bail-out proposal that's coming forward this week will restore the markets and protect the taxpayers," Goode said. **Status:** SAFE ELLSWORTH

Legislature

HD5: Republican Dave Miller. Democrat: State Rep. Craig Fry. **2008 Outlook:** Another campaign mailing from Republican candidate Dave Miller has prompted incumbent Democratic state Representative Craig Fry to defend his record (South Bend Tribune). Fry, who represents the 5th House District, defended his voting record on public safety in front of the Mishawaka Police Department on Thursday, saying Miller's mailing "has distorted and lied" about his voting record. The mailing shows a jailhouse mug shot with a sign that reads "Meet Your Neighbor." It cites a roll call vote from the 2000 legislative session on an amendment to House Bill 1290, alleging that Fry "voted to let convicted felons out of prison early, and serve only half their sentence time." The roll call vote is a "ruling of the chair," which is a procedural vote, Fry said, and had nothing to do with the amendment itself. "It would be really nice if Dave Miller would just tell the truth," Fry said. But Miller says if this vote was really procedural and meant nothing, why did Fry vote on it at all? Miller said if the vote had passed it would've resulted in reduced sentences for those convicted of drunken driving. But House Bill 1290 would have added an additional minimum term of imprisonment for those convicted of drunken driving while a child younger than 16 is in the vehicle. According to Indiana legislative records,



MILLER

two roll call votes were taken on the bill. The first vote, Roll Call No. 175, is what Miller cites in the campaign mailing. It involves an amendment that says the maximum amount of earned credit time a felon can have cannot be more than half of their sentenced imprisonment. Roll Call No. 176 was a procedural vote on the germaneness, or relevance, of the amendment to the bill, according to the Indiana House of Representatives journal for the 2000 session. **Status:** LEANS FRY

HD26: Republican West Lafayette Councilman Randy Truitt. Democrat: John Polles. **2008 Outlook:** Both candidates are beginning to air TV ads. In response to the growing upheaval in financial markets, Rep. Sheila Klinker and Polles held a forum to discuss how Hoosier seniors could be affected by the Bush-McCain plan to privatize Social Security and de-regulate the health care industry. "While honest Hoosiers are worried about their life savings going up in smoke and weathering the worst financial crisis since the Great Depression, the current leadership is turning a deaf ear to the very real concerns of our most valued citizens. I believe that we have a duty as lawmakers to secure the future of our seniors, and find real solutions to leave behind a better Indiana for future generations," said Polles. Last week, as the financial sector was in turmoil and the stock market plummeted, John McCain and the Republican Party continued to insist that the "fundamentals of the economy are strong" and that the health care industry should be deregulated in the same fashion that the banking industry has been. This policy led to the disastrous financial meltdown that has left hardworking families struggling to pay for health care, medication, and their everyday needs. "I constantly hear from the people here in Lafayette that they are struggling in today's economy, making heartbreaking choices between health care and groceries; between medicine and a tank of gas. They are struggling to find much-needed assistance. We must take care of the people who have gone before us, and we must leave behind a legacy that will ensure a better future for our children and grandchildren," said Rep. Klinker.

Status: Tossup

HD46: Republican: Bob Heaton. Democrat: State Rep. Vern Tincher. **2008 Outlook:** The campaigns are beginning to drop direct mail in this race. **Status:** TOSSUP

HD63: Republican: Mark Messmer. Democrat: DuBois County Commissioner John Burger. **2008 Outlook:** The Indiana Chamber of Commerce and the Indiana Manufacturer's Association endorsed Messmer on Tuesday. **Status:** Tossup

HD89: Republican; Christopher Swatts. Democrat: John Barnes. **2008 Outlook:** Barnes announced his plan to help retain current Indiana jobs as well as attract new businesses and create high paying jobs. "The Eastside of Indianapolis is a prime example of how job loss affects our state," Barnes said. "In addition to the shutdown of the



Chrysler Plant, Navistar has seen its work force cut from 1,400 to 100 in five years. These losses and countless others have left many people wondering how they are going to pay the rising costs of life in Indiana.

Barnes' plan for creating new, high paying jobs and growing our economy includes:

1. Preparing our students and workers to be competitive in the global economy. "As a teacher, I see the potential our students have to be successful in Indiana's job force, and I know that in order to be competitive we must invest in a solid education for not only our youth, but those who are already employed.

2. Promoting investment in the growth of mass transit. Barnes advocates investing in mass transit to promote economic development. "There is a demand for transportation which doesn't include a pricy car payment or

frequent trips to the pump," Barnes asserted. "In order to grow the local economy, we have to ensure people have access to reliable transportation." He also believes that establishing a more extensive mass transit system would create thousands of new jobs in the building and maintenance of the necessary equipment. Barnes' plan for protecting good paying Hoosier jobs includes: 1. Helping current small business succeed and grow. Barnes understands that about 80% of jobs are created by small business. If elected, he will advocate for the establishment of a state agency to help advance these entities. To encourage their success, he supports doubling the Healthcare tax deduction, as well as helping small businesses pool and buy into the state health insurance plan to help lower the burden they face in providing health coverage for their employees. 2. Ending tax breaks for companies which outsource jobs, and ensuring



BARNES

Indiana House Horse Race

Democrats

51

HD26 (Open) Polles vs. Truitt
HD63 (Open) Messmer vs. Burger
HD 46 Tincher vs. Heaton

HD5 Fry vs. Miller
HD17 Demobowski vs. MacKillop
HD62 Blanton vs. Tarr

HD36 Austin vs. Burrows
HD68 Bischoff vs. McMillin
HD69 Cheatham vs. Coates
HD37 Reske vs. Gaskill
HD70 Robertson vs. Hunt

Republicans

49

Tossups

HD15 Lehe vs. Sutton
HD31 Harris vs. Pearson
HD44 Thomas vs. Michael
HD89 (Open) Swatts vs. Barnes
HD97 Elrod vs. Sullivan

Leans

HD20 Dermody vs. Cooley
HD48 Neese vs. Hardy
HD35 Lutz vs. Mengelt
HD4 Soliday vs. Chubb
HD52 (Open)Yarde vs. Papai

Likely

HD38 Clements vs. Snow
HD92 Hinkle vs. DeKemper

Safe

Democrats: Lawson, Harris, C. Brown, Bauer, Niezgodski, Dvorak, Pelath, Stevenson, Reardon, Dobis, V. Smith, VanDenburgh, Bardon, Klinker, Herrell, Tyler, Grubb, Kersey, Pflum, Pierce, Welch, Battles, Goodin, Stemler, Cochran, Oxley, Stilwell, Avery, Van Haaften, Riecken (Open), GiaQuinta, Moses, DeLaney (Open), Pryor (Open), Bartlett, Porter, Crawford, Summers, Day.

Republicans: Borrer, Wolkins, Walorski, Ruppel, Friend, McClain, J. Thompson, Richardson, Turner, Davis, Torr, Steuerwald, T. Brown, Borders, Foley, Culver (Open), Leonard, Dodge, Cherry, Saunders, Knollman, Eberhart, Burton, M.Smith, Koch, Duncan, Crouch, Lehman (Open), Espich, Bell, Pond, Noe, Bosma, Murphy, Behning, Frizzell. ❖

state projects translate to jobs for Hoosiers. In an economy where many Hoosiers are unable jobs out of state, as well as overseas. As a representative, he vows to work to end tax breaks for companies which leave Hoosiers unemployed. Additionally, he wants to require money from Major Moves be used to hire Indiana road workers. "I believe projects funded by Indiana's tax dollars, like road construction and university building projects, should be hiring Hoosiers, and I will work to secure those jobs for our skilled workers," Barnes said. **Status:** TOSSUP

HD97: Republican: State Rep. Jon Elrod. Democrat: Mary Ann Sullivan. **2008 Outlook:** Elrod was able to close in on State Rep. Ed Mahern in 2006 with late TV. Sullivan is already up on the air and we expect this race will tighten once she ratchets up her name ID. Sullivan is also going to unveil the "Mary Ann Plan" on Thursday. **Status:** TOSSUP ❖



Despite brutal climate Sodrel has confidence

By MARK SCHOEFF JR.

WASHINGTON - Normally, Mike Sodrel doesn't release internal polls. But he began distributing his latest one earlier this week after it was leaked to a blogger. The accident was timed well. As Sodrel is battling the perception that his campaign to regain his 9th CD seat is faltering, the poll indicates he is hanging in there.

A survey of 500 likely voters conducted on Sept. 8-9 by Wilson Research Strategies shows Democratic Rep. Baron Hill with 44 percent and Sodrel with 41 percent. A poll of 603 voters by Survey USA on Sept. 8-10 showed Hill with an 11-point lead.

Despite a growing drumbeat of doubts about Sodrel's chances in a horrendous political climate for Republicans, the Wilson poll gives Sodrel a reason for hope. "To be in the margin of error this far out is the best shape I've been in-better than '04," Sodrel said in an HPI interview.

This is the fourth time that Sodrel and Hill have competed for the seat, with Hill winning the sprawling, mostly rural southeast Indiana district in 2002 and 2006. Sodrel won during the last presidential cycle in 2004.

This time, Sodrel is playing from behind. Hill has \$1.1 million on hand compared to \$379,523 for Sodrel, according to the latest Federal Election Commission filings.

Hill launched his first television advertisement on August 25. He has aired spots touting his support for veterans, his effort to "uphold Hoosier values" through Internet safety programs, and his vote in favor of a House energy bill that he says would facilitate domestic drilling.

Sodrel has not yet hit the airwaves. On Tuesday, he said that he would "go up on radio this week and TV shortly after that. Once we go up, we'll stay up. We don't want to go up and go dark late."

How long he stays on the air will be determined by his finances. Sodrel said that he hopes to raise another \$150,000 in the next 30 days.

He was in Washington on Tuesday to attend a fundraiser at the National Republican Congressional Committee, where he re-connected with former colleagues who contributed personal cash and funds from their political action committees.

For someone facing such a big shortfall in resources, Sodrel is sanguine. He often cites Indianapolis Mayor Greg Ballard as an example of a candidate who was substantially outspent but pulled out a victory. Ballard beat incumbent Democrat Bart Peterson in 2007.

"I'm not overly concerned about the money," Sodrel

said. "I'm just concerned about getting out and meeting people. What we lack in money, we'll make up in elbow grease."

Sodrel, the owner of a New Albany bus and trucking company, has not yet made a decision on whether to spend his own money on the race. He signed an FEC document last year saying he does not intend to self-finance.

"It's not a pledge. It's not a certification. It's not an affidavit," said Sodrel. "I don't plan on it, but I haven't told anyone I absolutely wouldn't."

He may not get much help from Washington. The NRCC had \$8.4 million on hand as of June 30 while the DCCC had \$54.6 million. The cash difference will make the NRCC parsimonious.

"Most of our decisions will come late," said Rep. Tom Cole (R-Oklahoma), NRCC chairman, at a media availability on September 22.

"We'll be looking out over the foxholes wondering who's still alive who we can help. This is a don't-shoot-till-you-see-the-whites-of-their-eyes election."

Cole expressed confidence in Sodrel, noting that he has high name ID in the district.

"Mike's a good friend of mine," Cole said. "Mike's a good candidate. He understands the turf and how to play it. We've been involved in that (race). We may well be back there."

The Democrats, however, like the trends they're seeing. Democratic presidential nominee Barack Obama is making Indiana competitive, a state the Democrats haven't won on the presidential level since 1964. Hill was an ardent Obama support during the primary at a time when Sen. Evan Bayh was a prominent supporter of Sen. Hillary Rodham Clinton.

In addition, the financial crisis that has come to a head over the last week further tarnishes Republicans, who were already running into stiff political winds caused by a sluggish economy and President Bush's low approval ratings.

"Mike Sodrel's campaign is in a tailspin," said Ryan Rudominer, a DCCC spokesman. "He has shown time and again that he is out of touch with the challenges that middle class families are facing, and the people of southern Indiana won't stand for it. They want someone who is looking out for their best interests, not a millionaire who is only out for himself."

Sodrel is hoping that a strong win in the district by Republican presidential nominee John McCain over Obama and by Gov. Mitch Daniels over Democratic challenger Jill Long Thompson will help pull him through in another presidential year. ❖





The blunder veeps

By **BRIAN A. HOWEY**

INDIANAPOLIS - I try to resist hypotheticals. Still, I cannot help but think about that Obama-Bayh ticket. Republicans last spring and summer always expressed great confidence that John McCain would carry Indiana, and he leads in most credible Indiana polls. But mention the Obama-Bayh ticket and there would be a pregnant pause and usually an admission: well, that would change everything.

So it was with considerable relief for Hoosier Republicans that the text message at 3 a.m. on Aug. 23 from Chicago carried the news that Sen. Joe Biden had edged out our boy Evan for the Democratic ticket.

The latest credible poll - by American Research Group - showing McCain leading Obama in Indiana by a 47-44 percent margin accents what could have been for Obama in Indiana.

Now we find this lil' ditty of Sarah n' Joe veepstakes spectacle in full bloom from the East River to the Ohio River. On Wednesday, Biden came back to Indiana after his latest gaffe. It originated in Maumee, Ohio, when Biden said, "We're not supporting clean coal. Guess what? China's building two every week. Two dirty coal plants. And it's polluting the United States. It's causing people to die." The Columbus Dispatch reported that when the same voter asked if Biden supports wind and solar energy, the senator said: "Absolutely. Before anybody did." But then Biden added that China is "going to burn 300 years of bad coal unless we figure out how to clean their coal up. No coal plants here in America. Build them, if they're going to build them over there (in China), make them clean because they're killing you."

Republicans in coal country, from the Wabash to the Potomac, were delighted with such a wonderful gift. "My opponent is against the expansion of nuclear power," McCain reacted to this Biden gift. "His running mate here in Ohio recently said that they weren't supporting clean coal either."

Indiana Republican Chairman J. Murray Clark also found the gift. "While Joe Biden is in Indiana, it would be a good idea for him to visit Edwardsport, where the world's largest clean coal plant just opened," Clark said. "Biden wants to wreck the Indiana economy by ending coal plants in America. Is that the kind of leadership Hoosiers want in the White House?"

Just as the coal controversy was firing up, we asked former House Speaker John Gregg how the Obama

campaign was faring in Hoosier coal country. While Gregg has been highly complimentary of the Obama campaign's organization in Southwestern Indiana, he told me, "You could draw a triangle from Evansville to Terre Haute to Madison and he's just not going to do very well."

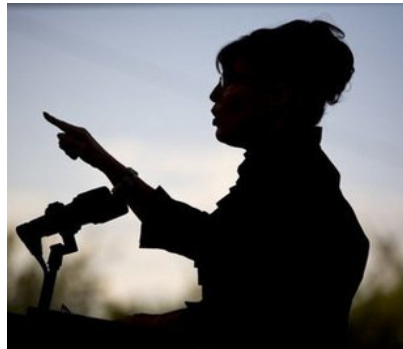
Biden has been the campaign gaffe manufacturer. He said a couple of weeks ago that Hillary Clinton probably would have been a better vice president selection that he. On Monday, Obama had to correct Biden on the Today Show over the AIG bailout. "I think that, in that situation, I think Joe should have waited as well," Obama said after criticizing McCain over criticizing the same deal.

One thing Evan Bayh is not is a loopy-goopy politician. But here's the sad reality for Democrats: an Obama-Bayh ticket would probably be leading Indiana right now. They would be doing much better around Shirkevillie and points south where Bayh always rolled up massive pluralities in Hoosier coal country. The stature-over-state thing could come back and haunt Obama in a historic way (i.e. 11 Electoral College votes). Now, let's talk about Sarah Palin. She ain't talkin'. It was almost farce to watch her sit down with this broad grin on her face as she met dour Afghanistan's Hamid Karzai, dour Colombian President Alvaro Uribe at

the United Nations on Tuesday and then a less dour Henry Kissinger (who always likes a fashionable woman). At one point, the McCain campaign tried to bar reporters (not photographers) as Palin met her first world leaders. It's the "Shield Sarah" campaign that really makes you wonder whether she's ready for primetime.

There is no question that McCain got a flash, sizzle and bump from the Palin selection. But she's really coming off as an empty suit. No press conferences. Only very controlled interviews. The mute button is on. We've learned from Palin that you can actually "see Russia" from Alaska! She's being reduced to waving at the press from her fleeting SUV. This is the would-be vice president who will serve under the oldest president to be elected should the Republicans win on Nov. 4. Palin's senior foreign policy adviser, Stephen Biegun, described Sarah's big day at the U.N as one "to establish a relationship and to listen." Meetings with foreign leaders, he added, "are a very important part of her being prepared on Day One." Hmmm.

I had an open mind about Palin. But her CBS interview with Katie Couric on Wednesday was a deer-in-the-headlights disaster. She instilled no confidence. A week from today - Oct. 2 - these potential veep train wrecks will be on a collision course at Washington University in St. Louis for the vice presidential debate. It is going to be absolutely fascinating to watch the one who runs his mouth crash into the one that silently runs away. ❖



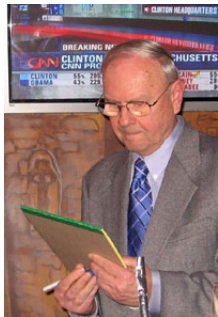


Sex, lies & Schmidt

By JACK COLWELL

SOUTH BEND - The TV ad claiming that Barack Obama pushed "comprehensive sex education" upon kindergartners in Illinois has three things in common with a pamphlet mailed a dozen years ago in Indiana. The 1996 mailing denounced "Congressman Tim Roemer's Sex Survey."

Both sought to frighten and anger voters about foisting inappropriate sex topics on kids. Both contained false allegations linked only by a thread to anything factual. Both came in campaigns involving Steve Schmidt, now key adviser for John McCain's more aggressive campaign style. Back in '96, Schmidt was the aggressive young campaign manager for Roemer's Republican opponent.



STEVE SCHMIDT

Those similarities are cited in blogs, some quoting from articles I wrote about the race between Roemer, a South Bend Democrat seeking re-election in 1996, and Republican challenger Joe Zakas, then and now a state senator from Granger. The blogs suggest that Schmidt, now 37 and at the presidential campaign level, first practiced nasty attacks back in that Indiana congressional campaign. They also note that he is a Karl Rove protégé.

It's no surprise that Schmidt went on to bigger things. He came across during the congressional campaign as personable and knowledgeable and enthused about politics.

While it's unlikely that Schmidt personally designed either effort to sell sex as an issue, he has defended both. The tactic didn't work against Roemer but perhaps has worked along with other attacks to take Obama off message and down in the polls.

McCain's 30-second TV ad features a narrator asking: "Learning about sex before learning to read?" The ad claims Obama favored just that as an Illinois state legislator with a "comprehensive sex education bill" that was his "one accomplishment" in the field of education.

The bill referred to certainly wasn't an Obama "accomplishment." It never passed. Never even came to a vote in the Illinois Senate. Obama didn't sponsor it. And it didn't call for "comprehensive sex education" for kindergartners but rather some warnings about inappropriate approaches of pedophiles. Just a few flaws in the attack.

The effectiveness of campaign ads isn't measured by whether fact-checkers promoting truth in campaigning find them misleading or even flat-out lies. And this attack on Obama, along with others, including the suggestion that

he called Sarah Palin a pig, put Obama on the defensive, took him off his message that had been working and helped McCain catch up in the polls and for a time at least to go ahead.

Now, the '96 mailing.

The Zakas campaign mailed 62,000 pamphlets suggesting that they were "Congressman Tim Roemer's Sex Survey." Questions supposedly for adolescents were asked in explicit and offensive language and dealt with whether the person "surveyed" had engaged in various sex acts.

The survey wasn't Roemer's. He didn't send it, approve it, sponsor it or vote for it. No such survey like it was conducted. The thread to reality? There was a bipartisan House vote for funding a survey on health of teens and pre-teens, with Roemer among those voting for it. The survey amendment, however, prohibited the National Institutes of Health from asking questions on sexual behavior unless approved by an ethics review board and peer review board.

Roemer chose not to hit back with negative TV spots. He basically ignored the attack and went on with his campaign as planned.

Schmidt, who acknowledged that the mailing was strongly worded, said then that it was designed in part to create "some controversy in the final week" and force Roemer to engage Zakas directly in campaign give-and-take, in effect to get Roemer off message and into controversy.

Schmidt said Roemer was taking a risk in not hitting back.

Roemer took that calculated risk. He won big over Zakas, an honorable and respected state legislator, who lamented after the campaign that he had not seen the final version of the "sex survey" in time to tone it down.

Roemer could ignore what Obama can't. Roemer was well ahead. Obama isn't. Roemer had become well known and respected in his district. Voters weren't going to believe that was his survey. Many voters still have questions about Obama and what he stands for. Some might actually think he stands for endangering kindergartners. ❖

Colwell has covered Indiana politics over five decades for the South Bend Tribune.



Leslie Stedman Weidenbener,

Louisville Courier-Journal: Since I wrote a story one week ago saying that the campaign of Jill Long Thompson "may be sputtering," a new poll shows that she might be closer to incumbent Republican Mitch Daniels than it seemed. The poll, released by The Indianapolis Star and WTHR-TV, gives Daniels a 46 percent to 42 percent lead. So -- at least according to this particular poll -- the race is too close to call. That might lead you to ask why just a week ago I wrote that Thompson's campaign was sputtering. Actually, it led me to reflect on that question as well. At that time, the latest polls were showing a much bigger lead for Daniels. But one of them -- from Survey USA -- was a month old. It showed Daniels ahead of Thompson 52 percent to 38 percent with a margin of error of plus or minus 3.9 percentage points. Also, the Thompson campaign has no television advertising right now, prompting speculation that she's struggling to raise money. With about six weeks left until the election, it's unusual not to be on television -- unless a campaign just isn't competitive. And it seems that Thompson has been struggling to find a message that resonates with voters, unless it's her call for a suspension of the gas sales tax, something she's repeated ad nauseam. Meanwhile, Daniels has continued his campaign of positive messages, with ads touting the accomplishments of his first term and looking toward his goals. There's no sign from Daniels campaign officials or top Republicans that they're worried the governor's re-election could be in trouble. They aren't attacking Thompson, at least not in any traditional sense of negative campaigning. Now, there's some evidence The Star/WTHR poll could be an anomaly. The Rasmussen Reports, another polling group, said Friday that Daniels has what it called "a safe lead" -- 56 percent to 40 percent. ❖

Rich James, Post-Tribune:

Oh, my, it's even worse than I thought. Yeah, you guessed it. I'm talking about John McCain. As of Monday, the financial situation was this: AIG, the nation's largest insurance company, said it was going bankrupt. The feds had taken over Fannie Mae and Freddie Mac. Bear Stearns had gone broke and was taken over by JPMorgan Chase. Merrill Lynch was about to go belly-up and was bought by Bank of America. Lehman Brothers, a global investment bank, declared bankruptcy. IndyMac Bank, a big California bank, closed its doors. The Dow fell 500 points in one day. Both bankruptcies and home foreclosures are at record levels. Unemployment is at its highest level in years. That's what was on the table Monday morning when McCain, at a campaign appearance, said the economy is "fundamentally sound." A couple hours later at another campaign stop, McCain said the economy was "in a crisis." From "fundamentally sound" to "in a crisis" within

a couple of hours. Well, I guess we all have a right to have our minds changed. A day later, McCain was asked what he would do about this economy that was suddenly "in a crisis." In case you haven't heard what he said, you might want to sit down. He said he would "form a commission." ❖

Gary Gerard, Warsaw Times-Union:

Honestly, all along I thought hard work was its own reward. You know. Do the right thing and all that. But that's only for us common folk, you see. All that ethical, moral warm-and-fuzziness is lost on financial institutions. Merrill Lynch & Co. wasn't doing so good. So they - and by they I mean company executives - shopped it around. They found themselves a buyer in Bank of America Corp. They were led by a guy named John Thain. He's the CEO. He took the job on Dec. 1, 2007. Since his first day on the job, Merrill Lynch shares have fallen 60 percent as the company had to write down devalued mortgage holdings. Nonetheless, Thain and a couple of buddies he recruited from Goldman Sachs Group will do quite well. The three may reap nearly \$200 million for running Merrill if they leave or are demoted after the Bank of America deal closes. Thain got a \$15 million bonus when he was hired in December and he stands to get an additional \$11 million in stock payouts if he doesn't stay after the deal. For what? Running their companies into bankruptcy? ❖

Mark Bennett, Terre Haute Tri-

bune-Star: Lincoln could handle a Wall Street collapse. "What he offered that's universal and eternal is honesty," Harold Holzer, a New York-based Lincoln historian said, "and speaking to the people directly to reassure them, and resolving turmoil. He basically never lied to the American people," Holzer continued. "His 'Honest Abe' label was very diligently and honestly earned." A "brilliant" thinker, Lincoln was also smart enough to surround himself with an experienced cabinet team. Perhaps his most endearing quality was an unmasked humanity. "He's a guy who laughed and cried," Holzer said. "He was once asked, 'How could you laugh in this time of crisis?' And he replied that if he didn't laugh, he'd be crying all the time." Yes, but could Lincoln handle the glaring intensity of 24-hour, 21st-century news coverage? "He thought he was in the modern era in communications," Holzer said. Photography became the latest, cutting-edge technology during Lincoln's years as president. Suddenly, his movements were exposed to the public like no leader before. "He was a fellow who was not handsome, and yet he was one of the most photographed people of his time," Holzer said. Pictures of Lincoln, the president, often were included in family photo albums and in American homes. Maybe folks back then found comfort in gazing at Abe's rugged face and asking, "What would Lincoln do?" The right thing, of course. ❖





Lugar discusses financial bailout

WASHINGTON - Congress and administration officials working out the details of the Wall Street bailout have to weigh concerns about protecting taxpayers against their desire to get cash into the system so the country's

economy doesn't freeze, Sen. Richard Lugar, R-Ind., said Wednesday (**Fort Wayne Journal Gazette**). "If we have a recession because we do not have liquidity in the markets," Lugar said, "then that will be a tragedy, because some will point out it could have been prevented. "The critical judgment point for the moment is not the amount of money, but it's trying to divine the objective of this thing. How do you price the purchases" to balance taxpayer protection with a flow of capital into the system, he said. "That will require extraordinary good judgment," he said in an interview before President Bush's prime-time televised statement. Lugar has not announced whether he supports the Bush administration's request for broad authority for the Treasury secretary to use up to \$700 billion. But he suggested he would not align with lawmakers who advocate a pure capitalist, "let-the-market-resolve-itself" approach. That approach, he said, would likely lead to "a decade of pain for tens of millions of people not in the banking system but who are suffering because no one in government or banking has a large enough vision to pull it out." "If we don't have liquidity, and loans are not made to small businesses, to farmers, to a potential homeowner who doesn't want a subprime mortgage but is willing to put down 30 percent or so and can't buy the house, then we have a lockup of our economy that will lead



to vast unemployment and recession without a very good solution at that point," Lugar said.

Biden blames Bush for meltdown

JEFFERSONVILLE - The United States will rebuild its crumbling economy only if the nation abandons Bush administration policies that have led to the current financial crisis, Democratic vice presidential nominee Joe Biden told a cheering Southern Indiana crowd yesterday (**Louisville Courier-Journal**). The budget deficit, job losses, rising foreclosure rates and the crisis on Wall Street are threatening the country's economic stability because Bush has deregulated consumer protections, he said. "The guys supposedly wearing the striped shirts, the referees, were in fact asleep at the switch, not looking out for us at all," Biden told a crowd of about 2,300 supporters at Warder Park in downtown Jeffersonville.

Daniels TV ad uses not-for-profit

FORT WAYNE - A new campaign commercial touting Republican Gov. Mitch Daniels' record on child protection could mean problems for a non-profit organization that might have broken IRS rules against political activity for tax-exempt groups. The ad - titled "Tragedy" - features Fort Wayne native Sharon Pierce (Kelly, **Fort Wayne Journal Gazette**). "The magnitude of the change that has occurred since Gov. Daniels took office is really almost unbelievable," Pierce says in the commercial. She is identified in the ad as president and CEO of The Villages - a non-profit providing foster care and other services for children. The Villages recently finalized a \$12 million contract with the state that runs from Sept. 1 through August 2010. Under Daniels' leadership, child

abuse deaths are down significantly and the number of caseworkers helping abused and neglected children has doubled. Pierce said she discussed the ad with officials at The Villages, and combined with "due diligence" done by Daniels' campaign staff, believed she could appear in the ad without breaking any rules. "I have been in child welfare for about 30 years and I have always been a champion for children personally, so for me it's not about party or person - it's about leadership for children," she said. "I would never do anything to jeopardize the work of our organization." But that is exactly what she did, said Chris Worden, an attorney who represents parents involved in child welfare cases in Marion County. Worden - a former campaign operative for several Democrats - also runs a liberal blog called Indy's Painfully Objective Political Analysis. He sent a letter to Pierce on Friday after seeing the ad. "I am a die-hard proponent of individuals offering whatever endorsement they feel is appropriate personally, but I cannot condone an organization receiving tax-exempt funds that build its public standing only to have that standing being appropriated by a political candidate."

McCain outraises Obama in August

FORT WAYNE - Hoosiers cranked up their donations to Republican presidential nominee John McCain last month, pouring \$347,584 into his campaign coffers in the final days he could legally receive donations (**Fort Wayne Journal Gazette**). Obama collected \$242,229 from Hoosiers in August, according to reports the candidates filed with the Federal Election Commission. But Obama's 2008 receipts from Hoosiers remains more than \$600,000 above McCain's.