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Economic Recession and Southern Politics

On the Monday following the news of the meltdown of some of Wall Street's major financial institutions, the stock market declined sharply, with the Dow Jones down 504 points and Standard and Poor down 59. Other steep drops have followed. One of the questions that the talking heads have talked about frequently since is how much this Wall Street catastrophe would affect Main Street. Would these developments, caused mainly by debts backed up by real estate that has lost value, trickle down to us ordinary folks?

The answers vary. One optimist, citing declining oil prices, falling prices for food and a probable cut in interest rates (it didn't happen), suggested that the next few months could see a strong boost to the budgets of Joe and Jane Sixpack. But most of the experts -- and this sounded more likely to this non-expert -- said there is likely to be an accelerated economic decline, with significant decreases in the value of 401Ks and other retirement funds, a potentially higher unemployment rate (it's now an upper-middling 6.1%), and bank failures across the country, although accounts of up to \$100,000 are insured by the Federal Government.

If these dire consequences begin to develop in a highly visible way during the next seven weeks, **Barack Obama** and Democrats in general are likely to receive a strong political boost. Just when the **McCain-Palin** ticket looked like it was in the hunt, economic downturn on the GOP's watch is going to create a tough environment for Republicans, even maverick Republicans. That will be true in the South, usually a GOP bulwark, as elsewhere.

When times get hard, many Southern voters who usually vote Republican make a swift return to the Democratic Party, the party of the little guy as well as the party of their ancestors.

In 1982, only two years after **Ronald Reagan** had swept every Southern state but President **Jimmy Carter**'s home state of Georgia, Democrats gained ten US House seats and two governorships below the Mason-Dixon Line. The House gain was the biggest the Democrats had made in the region in twenty years. The big shift occurred because Reagan's policies, which ultimately wrung major inflation out of the US economy, had by November mainly produced an unemployment rate of 10.1%, the highest since the Great Depression. Crime, the Cold War and welfare fraud all took a back seat to the fear of hard times.



By 1984, the economy had largely recovered and Reagan won re-election, carrying every Southern state, plus almost all of the rest. But in 1986, the economy had begun to sag again, with unemployment averaging 7.0% for the year. As a result, Democrats won four US Senate seats in Dixie, recapturing all of the Southern seats (AL, FL, SC & TX) the GOP had gained in 1980.

Then in 1992, at the end of President **George H. W. Bush's** first and only term, the economy was beginning to recover, but voters were highly conscious of the unemployment rate, which averaged 7.5% for the year. In case they needed reminding, **Bill Clinton** campaign's strategy was summed up in the now famous line, "It's the economy, stupid." When the votes were counted, the South was no longer Solid: The Clinton-Gore ticket carried five Southern states (AR, GA, KY, LA & TN) to President Bush's eight (AL, FL, MS, NC, SC, TX & OK).

In sum, when the economy goes south and many of Dixie's working class whites fear losing their jobs or other impacts of an economic downturn, they head right back to the party of the common man. Ignoring even race, many of them may well vote for Obama, trusting that he and his fellow Democrats will open the federal spigots, watering the grass-roots first, then later letting the benefits trickle up to the tree tops.

All of this suggests that the South will remain a key battleground in this year's election, in the contests for president, the Senate and Congress. It also suggests that the results might resemble those in 1982, '86 or '92.

Mississippi: Wicker vs. Musgrove

There is a hotly contested US Senate race in the Magnolia State this year between US Sen.

Roger Wicker (R) and former Gov. **Ronnie Musgrove** (D). Wicker was appointed by Gov. **Haley Barbour** (R) last year to fill two years of the term of US Sen. **Trent Lott** (R), who retired. The Wicker-Musgrove contest is a special election to fill the remaining four years of the term.

Wicker, who represented the 1st District (Tupelo, etc.) in Northeast Mississippi for 12 years, has never run statewide before. Moreover, when he resigned his congressional seat to enter the Senate, his old district elected a Democrat, **Travis Childers**, to succeed him. Childers is favored to win re-election to a full two-year term in November. "The Democrats have to win the 1st District to win statewide," says **Hayes Dent**, a Yazoo City businessman and former congressional candidate (R); he adds that though Childers is likely to win, Wicker is also strong in the district, even among local Democratic officeholders.

Wicker has some significant and some dubious pluses. Immediately after his appointment in December 2007, he began crisscrossing the state, concentrating on the coastal region where he is less known. Recently he appeared with Barbour when he held a news briefing on Hurricane Gustav. On the questionable side, state officials set up a ballot which put the US Senate special election at the bottom of the ballot, below local races. Critics say this was to discourage less educated -- and often Democratic-- voters from finishing filling out the ballot, thus helping Wicker. This threatens to become a national brou-ha-ha.

In addition, Wicker has raised plenty of money -- at mid-year, he had \$2,951,000 cash-on-hand to Musgrove's \$716,000 -- and has used it on what veteran journalist **Bill Minor** calls "a raft of TV." The US Chamber of Commerce also began running TV spots last week attacking Musgrove.



And the nomination of **Sarah Palin** as McCain's running mate has given the GOP a major enthusiasm boost in the state. "Palin's going over big in Mississippi," says **Pete Perry**, a Jackson Republican activist.

Musgrove also has some significant advantages. He has run statewide three times, winning two of those elections. He served as governor of the state from 2000 to 2004, losing to Barbour in 2003. He has also been effective hitting Wicker on some hot-button issues, such as job losses he attributes to the NAFTA and CAFTA trade agreements (Mississippi's unemployment rate of 8.5% is among the nation's highest). He has also hit Wicker on illegal immigration. And while he had not been successful in the fundraising department as of June 30, the Democratic Senatorial Campaign Committee has run TV spots boosting him.

Finally, the impact of **Barack Obama's** candidacy on both voter registration and turnout has been substantial, witness Childers' win in the 1st District special election. This could give Musgrove a major boost, although it could also increase racial polarization, which would help Wicker.

Ironically, Wicker and Musgrove are old friends and lived as room-mates in Jackson while they were serving in the state senate.

The latest Rasmussen poll gave Wicker a lead of 52% to 43%. **Leans Republican.**

Texas: Ike, Mike and John

Ike isn't Katrina, but it was nevertheless a major hurricane and it wreaked havoc on the Galveston and Houston areas. And while the Federal Emergency Management Agency (FEMA) hasn't gotten as black an eye as it got in New Orleans in 2006, it's still a highly available target. Thus, Houston's four-term US Rep. **John Culberson** (R-TX), who has an

unexpectedly tough challenge this year from businessman **Michael Skelly** (D), has blasted the agency for its failure to have sufficient food and water available for first responders and for other alleged missteps.

Culberson's response to the agency has been strong. In an interview with the *Houston Chronicle*, he used words like "outrageous," "inexcusable," and "horrified" to describe FEMA's misdeeds and his reaction to them.

While none of the 40 deaths attributed to Ike have occurred in Houston, there is plenty of other misery in the city and its environs, which includes all of Culberson's 7th District. At one point there was a four-mile-long line of folks waiting for FEMA to deliver food. And the lights are out all over Houston. Although power in half the city may be on by this weekend, for others getting electricity restored could take as much as three or four weeks.

Has FEMA been that bad combating Ike? "FEMA is unpopular" in Houston and Galveston, says **Harvey Kronberg**, editor of *The Quorum Report*, a Texas political publication, "but it's not like there's dereliction, like in Katrina." He adds that the Houston area "is a huge land mass. Getting food, water and ice to 2 million people is a huge undertaking."

While Culberson's response to these events may well have been the same had he been unopposed, it was especially important this year that the congressman get out in front of recovery efforts in the face of a local disaster of this magnitude. He cannot afford to be portrayed as part of the problem because he is a Republican and FEMA is part of the Republican administration in Washington. Moreover, congressional Democrats are putting together a multi-billion dollar package to help victims of Hurricane Ike.



Indeed, Culberson was -- if not in trouble -- at least aware of a very significant challenge. In 2006, he got re-elected with 59%, somewhat less than **President Bush's** 64% in 2004. But this year he has a substantial challenge from Skelly, a successful businessman who is well financed, has support from a portion of the business community, and is bringing a more positive wind to Texas than Hurricane Ike brought -- the use of wind power to provide electricity. Indeed, Skelly's company, Horizon Wind Energy, is the third-largest wind energy company in the country. In addition, on a number of issues, Skelly is moderately conservative; for example, he has pledged not to support tax increases.

Skelly is not just an idealist; he's made money from his green philosophy. As of mid-year, the Democratic businessman had raised \$1,466,000 (\$400,000 of his own as seed money) and had \$1,050,000 on hand. Culberson's no piker when it comes to fundraising, either, but he still trailed Skelly. The Republican incumbent raised \$983,000 by mid-year and had \$550,000 on hand.

Part of Skelly's fundraising success can be attributed to his support among some of the Houston area's business community. "Houston business has not been knee-jerk Republican in the last few years," says Kronberg, and "Culberson has had a rocky relationship with some parts of the business community." When business groups come to see him for some help on local projects, "they don't always get a warm reception," says Kronberg. For example, he clashed with some Houston powers-that-be when he opposed increased funding for expansion of its light-rail system, favoring more highway funding instead.

Ironically, while Culberson's up-front confrontation with FEMA might help him with his constituents, it is likely that few are aware

of it. That's because being without power, the residents are also without television or the internet. Moreover, newspapers are not as widely distributed in the hurricane-damaged area as they usually are. **Likely Republican.**

Virginia Dems Eye US House Gains

In a political year in which once-solidly Republican Virginia has become the South's top battleground state between John McCain and Barack Obama, Old Dominion Democrats, as well as those in Washington, DC, are hoping to gain one or possibly more new congressional seats. The latest presidential poll in Virginia, taken by InsiderAdvantage/Poll Position, showed Obama and McCain with 43% each -- in a state that hasn't gone for the Democratic presidential nominee since 1964. Moreover, voter registration for young people and for African Americans have been increasing at a fast pace, and in the party primaries earlier this year, more voters chose to participate in the Democratic contests than in the Republican ones.

Larry Sabato, Director of the University of Virginia's Center for Politics, tells SPR that the 11th District is the Democrats' "most likely pickup." He adds, however, "If things really tilt Democratic, there could be a surprise in the 2nd or the 5th."

Here, in order of the Democrats' chances, are details on the four Republican districts in Virginia that are host to competitive congressional races.

11th District (Fairfax County, etc.)

Gerry Connolly (D), chairman of the Fairfax County Board of Commissioners, is the favorite to defeat wealthy businessman (property inspection) **Keith Fimian** (R) for this open seat being vacated by influential US Rep. **Tom Davis** (R). At mid-year, Connolly



was way behind in the money-chase -- \$275,000 on hand to Fimian's \$1,039,000 -- but Connolly financed a victory in an expensive primary. He's likely to show much more cash in the next report. Moreover, his name is already well-known in the district from his years in local politics. Fimian has never held elective office before, and will have an uphill battle becoming a known quantity; however, he does have the (personal) funds to wage a strong media campaign. In addition, a poll taken for the Fimian campaign in July showed that while Connolly is better known, his negatives are significant, with 33% viewing him favorably to 23% unfavorably. The survey also showed McCain leading Obama 43% to 40%. In 2004, Bush beat Kerry by a slim 50% to 49%. **Leans Democratic.**

2nd District (Virginia Beach, etc.)

US Rep. **Thelma Drake** (R), running for re-election as a freshman in 2006, won a minimal 51% victory. But many folks thought she would lose it, and she showed impressive mettle in a hard-fought campaign. A veteran of state legislative politics, Drake is well-known in the district and is on top of the military/veterans affairs issues that are important in this naval base-laden area.

The Democratic challenger, former diplomat **Glenn Nye**, is a native of Norfolk, but at 33, has spent most of his adult life away from here, most often serving in foreign countries, including such hot-spots as Iraq, Afghanistan and Kosovo. He has never before sought elective office and is unknown to most voters; however, he is conversant with foreign and military affairs, and speaks knowledgeably about these issues. Nye has proven an adept fundraiser and in the 2nd Quarter reports, had a respectable \$409,000 on hand to Drake's \$682,000. Nye could also benefit from coattails from the US Senate race, in which

former Gov. **Mark Warner** (D) is a heavy favorite. Nye is definitely the underdog, but watch this one. **Leans Republican.**

5th District (Charlottesville, etc.)

Six-term US Rep. **Virgil Goode** (R), a maverick conservative, is getting the strongest challenge of his congressional career. Human rights attorney **Tom Perriello** is not only aggressively going after Goode on his voting record, especially on economic issues, but he's raising enough money to get folks to notice: \$520,000 at mid-year to Goode's \$834,000. Moreover, the Democratic Congressional Campaign Committee has gotten behind Perriello's campaign, putting the district in its "Red to Blue" program. While Perriello has united the Charlottesville liberal/academic community behind his candidacy, Sabato, who lives in the district, says, "Two-thirds of the voters are not friendly to him, in the Southern part of the district along the North Carolina line." These voters are mostly Republican, as are the 56% district-wide who voted for Bush in 2004. **Leans Republican.**

10th District (McLean, etc.)

Now in his 28th year in congress, **Frank Wolf** (R) has established a reputation for integrity and independence. His voting record, for example, is 60% conservative, 39% liberal, hardly typical for a GOPer. In 2006, association (health care) executive **Judy Feder** ran a surprisingly well-financed challenge to Wolf, but he bested her 57% to 41%. Feder is trying again, and is raising money again: \$812,000 on hand mid-year to Wolf's \$849,000. But she's raising most of her money out-of-district from fellow healthcare activists and association executives. The betting is that, barring an Obama sweep of unforeseen proportions, Wolf will win again. **Likely Republican.**



Kentucky: Northup Gaining, but...

Former US Rep. **Anne Northup** (R), once a long-shot in her effort to unseat freshman **John Yarmuth** (D), is continuing to gain, according to SurveyUSA polls. In the latest, taken September 5-7, Yarmuth had 53% to Northup's 45%, a gain of 2 points over the same firm's July poll. On the downside for Northup, in the three months ending August 15, Democrats registered 5,390 new voters in the district while Republicans added only 482. In 2006, Yarmuth beat Northup 51% to 48%. **Leans Democratic.**

North Carolina: Hayes Ahead

In the 8th District (Concord, etc.), fifth term **Robin Hayes** (R) leads challenger **Larry Kissell** (D) 50% to 40%, according to an August 4-5 poll taken for Hayes by Public Opinion Strategies (R). **Toss-up.**

Grits

? Oklahoma: Red and Getting Redder. A new TVPoll, taken for KWTW on September 14, in the early stages of the meltdown of the nation's key financial institutions, showed **McCain-Palin** with 69%, **Obama-Biden** with 27%. In the US Senate race, US Sen. **James Inhofe** (R) had 56%, state Sen. **Andrew Rice** (D) had 31%. In an early post-GOP convention poll, taken September 5-7, SurveyUSA found McCain-Palin with 65% to Obama-Biden's 32%. In the US Senate race, the survey found Inhofe with 56%, Rice 34%.

? North Carolina: Dole in a Fight. It's a close race between US Sen. **Elizabeth Dole** (R) and state Sen. **Kay Hagan** (D): Hagan 42%, Dole 39%, said a Public Policy Polling survey taken late August. It's Hagan 50%, Dole 45%, says a Democracy Corps/Greenberg

Quinlan Rosner (D) survey taken August 20-26. And Hagan 40%, Dole 40%, said an InsiderAdvantage/Poll Position survey taken August 19. **Toss-up**

? Tennessee: Lamar Leads. It's not really a surprise, but US Sen. **Lamar Alexander** (R) leads challenger **Bob Tuke** (D) 60% to 30%.

? Louisiana: Primaries October 4. Gov. **Bobby Jindal** (R) has re-scheduled Louisiana's party primaries for October 4. He had earlier postponed the voting for Democratic and Republican nominees when Hurricane Gustav caused massive evacuations from New Orleans and other parts of southern Louisiana. The major offices at stake in the primaries are several hotly contested congressional races. If no candidate receives a majority in the October 4 vote, the runoffs will be held on November 4, the same day as the national General Election. That would push the General Elections in Louisiana to December 6.

? South Carolina: Graham's Role. US Sen. **Lindsay Graham**'s (R) GOP convention speech was not soaring oratory, but he did get in some zingers. Noting that the surge of additional US troops in Iraq -- backed early by McCain -- had worked, Graham added, "The only people to deny it are **Barack Obama** and his buddies at MoveOn.Org." Graham's place on the convention's last night line-up underscored his strong bond with McCain, whom Graham supported for president in both 2000 and 2008. If McCain is elected, Graham - - who is considered McCain's best friend in the upper chamber -- is likely to be the President's chief liaison with the Senate. Don't be surprised if the already effective Graham becomes the Palmetto State's most influential senator since, oh, maybe **John C. Calhoun**. (We Southerners know our history.)