



# Untradition: Daniels vs. Thompson

*Governor gearing up for final campaign, expects a windfall of policy to impact politics*

By **BRIAN A. HOWEY**

INDIANAPOLIS - Next Wednesday, Gov. Mitch Daniels will travel to Evansville and with delighted local officials - presumably including Democratic Mayor Jonathan Weinzapfel - will break ground on the I-69 extension to the state capital. It is an event that had been talked about and promised by Govs. Bowen, Orr, Bayh and O'Bannon for several generations. And Gov. Daniels will tell the dignitaries present, the news media and the general public that the original start day was set for 2017.

"The governor is a good leader in tough times," said his chief of staff Earl Goode Wednesday morning as he and campaign manager Eric Holcomb and communications director Cam Savage provided details of the governor's final political campaign just before the homestretch. "He's been willing to make the tough decisions." Holcomb added, "He's embarked on changes and applied them to problems that have existed for decades. The fact is, we are creating jobs in a



Gov. Daniels meets with Howard County 4-H Fair beauty queens in Greentown on Wednesday. (HPI Photo by Ryan Nees)

region where many states are not."

"The word 'tradition' is not an operational word," Goode said. Major Moves - Daniels' controversial \$4 billion

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## Uneven jobs growth

By **MORTON J. MARCUS**

INDIANAPOLIS - Should the next president of the U.S. be concerned about uneven job growth in the nation? Or should he just let the market determine which states prosper and which struggle? There is no explicit job policy in this country to bring employment to slow growing areas. Neither Senator Obama nor Senator McCain has ventured to discuss the issue. Job growth is left to the states with each competing against the others in an expensive battle of



Morton Marcus  
Column



"Well, they were hurtful and wrong, that's the whole point."

- Rev. Jesse Jackson, apologizing for derogatory remarks made about Barack Obama on a Fox News hot mic



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subsidies.

From 2002 to 2007, the number of jobs in the U.S. grew by 5.6%, but in Indiana the increase was just 3.0%. The Hoosier state realized only 1.2% of the U.S. job growth during those five years, going from 2.23% of all jobs in 2002 to 2.17% of the nation's jobs in 2007.

What is true at the national level is also true in Indiana. From 2002 to 2007, jobs in the Columbus metropolitan area grew by 10% while declining by 10% in the Anderson metro area. Of the fourteen metro areas centered in Indiana, seven added jobs while the other seven lost.

**The Indianapolis** metro area alone (Boone, Hamilton, Hancock, Hendricks, Johnson, Marion, Morgan and Shelby counties) enjoyed two-thirds of the job growth in the state (58,900 of the 87,200 increase in Hoosier jobs). The other six winners (Bloomington, Columbus, Elkhart-Goshen, Fort Wayne, Gary and Lafayette) together added 32,600 jobs.

At the same time, in addition to the Anderson metro area, the Evansville, Kokomo, Michigan City-LaPorte, Muncie, South Bend, and Terre Haute metro areas together lost 17,700 jobs.

These aggregate numbers do not tell the full story. Public sector jobs in Indiana increased by 3.5% compared to 3.2% nationally. Of the 14,700 public sector jobs added in the state, 59% were in the Indianapolis metro area. At the same time, public sector jobs declined in the Gary, Michigan City-LaPorte and Terre Haute metro areas.

**The picture is much** different for private sector jobs: in Indiana, job growth was just 2.9% compared with 6.1% nationally. The Indianapolis metro area gained 69% of the state's small private sector increase. Eight of the state's 14 metro areas lost private sector jobs.

Naturally there are those who will have a knee-jerk reaction, blaming the problem on the manufacturing

sector. They would do well to look at the facts. Nationally, manufacturing jobs were down by 9.0% while in Indiana the decrease was 6.5%. Several metro areas had huge losses of manufacturing jobs. Anderson lost 52% of its jobs in this sector while Muncie saw a 33% decline and Kokomo dropped 19%.

**However, the** Columbus, Elkhart-Goshen and Terre Haute metro areas gained manufacturing jobs.

Indiana's great deficiency was in non-manufacturing private sector jobs. While the nation's jobs in this sector grew by 8.5%, Indiana advanced but 5.8%. Indianapolis accounted for 51% of the 110,800 jobs gained in this sector. Five metro areas lost private sector non-manufacturing jobs (Anderson, Kokomo, Michigan City-LaPorte, Muncie and Terre Haute).

Should these geographic disparities concern our political leaders? If so, do they have policies to bring about more balanced growth? What kind of policies might they introduce?

Clearly, the subsidies that the state provides to firms could be adjusted for the circumstances of the area. Instead of supporting firms wherever they may choose to locate, differential incentives might be provided by the state to encourage job development in lagging areas. The state could underwrite local subsidies in areas where jobs are needed most.

### **This is a tricky business.**

Firms have their preferences and it might be costly to get an enterprise to establish itself in a part of the state that is not consistent with its best interests. But once the state starts inducing (bribing) companies to locate in Indiana, it's just a short step to creating differential subsidies based on local need. ❖

**Mr. Marcus is an independent economist formerly with IU's Kelley School of Business.**



## Daniels, from page 1

lease of the Indiana Toll Road - has sped up I-69, U.S.31 freeway, the Ohio River bridges, Fort to Port and the Hoosier Heartland Corridor. INDOT will have spent \$1.3 billion for 2008, an unprecedented sum when a typical year's budget would be in the \$650 million range. "I think people realize the dirt is moving all over the state," Holcomb said. "That's why folks are more optimistic here than nationally."

**With the annoyance** of the goofy John Waterman independent gubernatorial campaign passing, and internal Bellwether poll showing the governor with a 14-point lead over Jill Long Thompson (her last internal poll had Daniels up by 7 points) at a time when many GOP candidates are floundering within a damaged brand, the Daniels campaign is confident heading into the summer stretch that includes county 4-H fairs and the dog days of August.

The Daniels campaign will report \$3 million cash on hand by the July 15 financial reporting deadline, with its media advertising campaign fully paid through Sept. 7 (including the Beijing Olympics and the Democratic National Convention). It has raised \$12.9 million total. It is a campaign where the governor writes all the speeches (many not on paper), and all the ad scripts. "He writes it all," Holcomb said.

**Daniels lauded his 2004 effort**, the first challenger to upset a sitting governor since they could seek multiple terms beginning in 1976. In doing so, he overcame a 12-point deficit in January of that year, using athletic themes (the Milan Miracle) to defeat Kernan, a former Notre Dame baseball catcher and Vietnam War POW, while Americans were in the midst of two wars.

The campaign staff meets with the gubernatorial staff once a week, with Goode calling Daniels "the architect" while dedicating most of his business hour time to the office. "Our job is to manage the agenda to give him the freedom to do what he does so well," Goode said. He points to the reaction to the recent 100-year floods that hit the central and southern parts of the state as an example.

With much of his economic development staff with wheels up for Japan on Saturday, June 7, Daniels was to join them the following Monday after his participation in the Mad Anthony golf outing in Fort Wayne. By Sunday, Goode said, he realized there was a massive flood event on hand

and called a cabinet meeting with the governor participating by phone. Daniels quickly jettisoned his part of the Japan trip. Out of the cabinet meeting came the "one-stop shopping" format for flood relief, with offices opening in Columbus and Martinsville the following Tuesday. Flood victims found the Red Cross, FEMA, DNR, INDOT, BMV and insurance agencies all operating out of a central relief site. Marines and Indiana National Guard personnel were deployed ahead of flood waters aiming for Southern

Indiana. One FEMA official saw something he had never seen before: a sitting governor riding up to a disaster assistance site on his Harley-Davidson. "The concept came from the governor," Goode said. "He recruited, put people together and made it all happen."

Holcomb said the Daniels campaign will prove that "good policy is good politics." Of the 60,000 jobs promised in an unprecedented \$15 billion economic development investment over the past three years, some 30,000 are still in the pipeline. "We're in the 90 percent range of what was committed," Goode said. Honda is in

the process of hiring 800 to 900 workers this summer, with 1,000 on the rolls by years end. Medco in Zionsville will be up and running next year. Real Cool Foods in Cambridge City is hiring. The IBM, AT&T and Sallie Mae call centers are up and running, each adding 1,000 jobs. Goode said that auto parts suppliers are beginning to set up in what he called the "triangle" between Greensburg, Princeton and Lafayette, where a second Toyota plant is in the works.

**Holcomb added that economic** development prospects are even brighter for the final six months of 2008 than they had been in the previous two years when Indiana landed Honda, Medventure, Dreyfus, the coal gasification plant and the BP expansion at Whiting. "We believe we'll have another record year," Holcomb said. "We don't have to spin it. The ground-breakings are occurring," including the big one when the Colts meet the Chicago Bears (thus capturing about 90 percent of Hoosier pro football fans) at the opening of Lucas Oil Stadium on Sept. 7. This was the stadium that Daniels was able to convince local elected officials in Boone, Hamilton, Hendricks, Hancock, Johnson and Shelby counties back in 2005 to pay for with a food and beverage tax in another unprecedented expenditure of political capital. Daniels subsequently wrested construction control of the project from the city of Indianapolis. It appears the project will be done on time and near budget.

Commerce Secretary Nathan Feltman said the state has completed 80 deals this year, compared to 72 in



Gov. Mitch Daniels comforts a flood victim in June. (Photo courtesy of Gov. Daniels)



2007, though the job levels are 600 to 700 below last year. "We will catch up and surpass that," Feltman told HPI Wednesday. "We're working on some really exciting things." Since 2005, Indiana has attracted or expanded 44 corporate headquarters with 8,300 new jobs and \$704 million in investments. That includes nine in 2008 with 1,957 jobs and \$89 million in investment, with three more in the wings. CNBC lauded Indiana as the most productive business climate in the U.S., saying it rose past 13 states to 13th on the U.S. list.

On the heels of that, Daniels will roll out a specific agenda for the next four years, similar to his 2004 Roadmap. "His outline of his second term will be as clear as it was in '04," Holcomb said, with education being his centerpiece. Asked for details, the Daniels crew deferred to the governor.

Goode answered one of the chief Democratic complaints: that the governor doesn't listen. His campaign and office staff portray him as a perpetual traveler. "He doesn't get enough credit for listening," Goode said. "When he gets off the road, he sits down with Betsey Burdick and me and just dumps information." Holcomb added, "He'll talk with all the conventional and usual agency leaders, but then he'll add what Red down in Mount Vernon told him. He gets every angle of the issues incorporated in to how to solve the problem."

**HPI's analysis of the 2008 gubernatorial race** has long been that Daniels is most vulnerable to a national wave similar to those in 1964, 1974, 1980 and 1994. Republicans are facing that prospect this year. There is also a credible prospect that Sen. Evan Bayh may end up on the Democratic ticket with Barack Obama. The Daniels team remains confident that John McCain will carry Indiana, though they acknowledge the state is in play. Zogby International had McCain leading in Indiana 40-39 percent (June 11-30). Even with Bayh on the ticket, it doesn't mean a death knell. Bayh won the governorship in 1988 with Sen. Dan Quayle on the GOP ticket with George H.W. Bush.



Gov. Daniels at a Major Moves press conference in 2006 at Kendallville. (KPC Photo)

Would an Obama-Bayh ticket be the kind of perfect storm that could propel Thompson to a second consecutive upset? Holcomb said that Hoosiers will "differentiate" between national and state issues. They note that Obama ridiculed Hillary Clinton's gas tax suspension as a "gimmick," while Thompson is still trying to work the issue.

**Thompson has** also vowed to make an issue out of Major Moves. Exit polls suggested that the gas tax issue backfired on Clinton, who won Indiana by 1.14 percent when she needed a more decisive win. There also is a contrast with Obama, who two-thirds of the way through his standard Indiana stump speeches last April talked of the need to invest in new infrastructure. Chicago Mayor Richard Daley, an Obama ally, actually leased the Chicago Skyway several years before Daniels did so with the Indiana Toll Road. Democratic Pennsylvania Gov. Ed Rendell is using a similar "asset management" strategy with that state's turnpike.

**In the June 22-29**

Bellwether Poll, 13 percent of likely general election voters participated in their first election last May, with 82 percent voting in the Democratic primary. Bellwether has Daniels leading Thompson 47-40 percent within that group. "Things they like in Obama they like in the governor," said Savage.

**The poll had Daniels' fav/unfavs** at 55/33 percent (compared to 31/17 percent for Thompson, revealing a trend in the last Howey-Gauge Poll that Thompson is not very famous). He had a 50-36 percent lead in the head-to-head. The right track/wrong track stood at 49/31 percent. While 52 percent viewed the national economy "pessimistically," only 19 percent of Hoosiers felt that way about the state economy, according to Bellwether.

Savage noted that Daniels is running much stronger among his base, compared to Thompson, and had an 8 to 10 percent lead among independents in both the Bellwether and SurveyUSA polls. "There is nowhere for her to go," Savage said.

**Note:** The next Howey-Gauge Poll will be announced on Sept. 4 at the Indianapolis Chamber of Commerce's Hobnob at the Indiana State Museum. ❖



## Thompson campaign's refrain: 'It's only July'

By RYAN NEES

KOKOMO - There's a common refrain in Jill Long Thompson's 804 North Delaware headquarters: "It's only July."

Since winning the May primary by just 13,769 votes of 1,151,951 cast, the former congresswoman has struggled to create a statewide campaign from scratch. The staff running Thompson's Indianapolis headquarters is working against the clock to create a new Democratic organization that, in comparison to Gov. Mitch Daniels's operation, is in its mere infancy. And even measured against former Gov. Joe Kernan's losing 2004 campaign after a year of hiatus, Thompson's operation shrinks.

Indeed, comparisons with Kernan's campaign aren't friendly ones for Thompson. At this point in 2004, Kernan had raised \$3,808,561. The campaign's eager to point out that Kernan didn't have a primary, and was the sitting governor, both significant advantages of which Thompson is deprived but alas for the Democrat's campaign, elections have no handicap. The Daniels campaign, which had raised \$4,198,300 at this point in 2004, will report \$3 million cash on hand and \$12.9 million total next week. And he's already spent, according to Thompson campaign estimates, between two and three million dollars on television advertising this year. (Daniels has prepaid for airtime on most broadcast stations through Sept. 7, according to stations' FCC reporting.)

Thompson's campaign manager, Travis Lowe, says the campaign will have enough resources to compete against Daniels, and dismisses talk about fundraising numbers.

"We have a great campaign plan which has a lot of paid advertising, an aggressive field program, a lot of political outreach," Lowe told HPI. "We've got a plan for what that costs and we've got a plan for how to raise it. I think any comparison of dollar-to-dollar is a waste of your time and my time. I don't think that's relevant to anything."

The campaign is signaling that it will report fundraising of less than \$2 million in the second quarter, more

than \$800,000 of which has come in donations of 10,000 dollars or more and has already been reported, per Indiana campaign finance law. Two organizations, EMILY'S List and the Service Employees Union International, have contributed \$700,000 of that amount, a point that has garnered fire from the state GOP, which sent a July 7 press release titled "Hoosiers for Jill? Apparently not." Chairman Murray Clark taunted, "Jill Long Thompson's reliance on her friends in Washington, D.C., to fund her campaign raises serious questions about her plan for Indiana. Why are these special interests playing such a big role in her campaign?"

**Yet beyond those charges** - Daniels's campaign is as steeped in PAC money as Thompson's - is a real threat to Thompson in that her finance structure raises her own stakes. If the campaign is unable to demonstrate its capacity to win, national interest groups will quickly abandon her, cutting her bank account in half or worse.

Already, we're seeing signs of movement in that direction. The Rothenberg Political Report rates the race as "narrow advantage Daniels," and more damagingly, Larry Sabato's influential "Crystal Ball" has downgraded the race post-primary to "Likely Republican." It wrote, "At the end of the day, it is always an uphill battle facing a popular incumbent with deep pockets. The 2008 gubernatorial race in Indiana will be no different." Only the Cook Political Report continues to call Indiana's race a tossup, and even activist Democratic blogs have directed

their readerships' attention elsewhere. "Three polls taken in the past two months find Daniels settling in a narrow but consistent lead, leading me to downgrade the race to lean retention for the first time," the blog MyDD wrote in June.

**Thompson's campaign sidesteps** these questions by pleading for a focus on "the issues." Yet it's facing frustration in its inability to drive the debate. Daniels, while running an aggressive advertising campaign to improve his own image, seems intent to smother Thompson with silence, baiting the cash-strapped Democrat to the airwaves early. (It may be working: Campaign manager Lowe tells HPI that the campaign will be on television "very soon," and camera crews have recently followed Thompson and Oxley to county fairs in Spencer and Vigo counties.)

Meanwhile, as months slipped away, Thompson has gotten little traction with issue statements and earned media because Gov. Daniels has refused to engage her



Democratic gubernatorial nominee Jill Long Thompson chats with a North Manchester resident during her "Small Town" tour that began this week. (Thompson campaign photo)



campaign.

"We believe in positive campaigning, and I have a job to do, so the time that's left over for campaigning I tend to devote to talking about how we build a better state," Daniels told HPI in Greentown on Wednesday. "I think I have a really positive agenda to propose and we'll be spending much more time on that."

Thompson's two-month-long honeymoon has thus been plodding. Time has been sapped mostly by fundraising after the campaign emerged broke from the primary, the prolonged search for and selection of a lieutenant governor candidate, and preparation for the state convention. The latter, while distracting staff for weeks, was given only scant media coverage, and just one Indianapolis television station covered the production.

**Yet the rest remains** something of a mystery. The campaign hasn't finished hiring staff, ballooning from six during the primary to 20 now, and a state field director hired last week has just begun the process of coordinating regional staff and rounding up phone banking lines. By contrast, Daniels had a field director hired 18 months before the 2004 election. A political director won't come aboard until next week. Thompson has held fewer than 20 post-primary formal fundraising events and only recently began an aggressive public schedule. And Thompson's campaign still hasn't finished signing leases for office space across the state, though many of its offices will consist essentially of desks in local county party headquarters.

The internal scrambling has forced the campaign to let other opportunities pass. The Daniels campaign remains convinced that Thompson blew a chance to cut into Daniels's base with the candidacy of state Sen. John Waterman, who briefly but unsuccessfully mounted an independent bid for governor before falling short of the ballot signature requirement. ("It wasn't our responsibility," Lowe explained.) The campaign isn't expecting an endorsement from her opponent in the primary, architect Jim Schellinger, anytime soon. And Thompson is content to cede the history her candidacy is making as the first female gubernatorial nominee since Indiana became a state. ("The fact that I happen to be a woman I think is much, much less significant than the credentials I bring to this campaign," Thompson says.)

**The campaign can still win**, but it's become beholden to a clutch of externalities.

There are, no doubt, makings of an upset. Thompson's likely to be a beneficiary of an enthusiastic Democratic base, which turned out nearly 1.3 million voters for the May primary, an especially worrisome number for the governor's campaign. In comparison, Daniels won 1,302,912 votes in 2004's general election, and only 350,390 voters bothered to cast a ballot for him last May.

Thompson must hope that Democratic presidential nominee Barack Obama continues to invest in Indiana on

the heels of the beginning of his unprecedented television and field campaigns here. Obama's camp will almost certainly open more offices, between 25 and 30, than Thompson does, and Emily Parcell, Obama's state director, is conveniently married to Thompson's campaign manager Lowe. Yet Lowe is mum about just how coordinated the campaigns will be, refusing to say whether Obama's volunteers would go door-to-door with Thompson literature or mention Thompson in phone banking scripts.

**"I don't think there** are Obama volunteers and Jill Long Thompson volunteers," Lowe said. "There are Democratic volunteers, and those volunteers are going to be out electing the ticket up and down. The desire for change isn't a change in the White House and status quo in the state. They want to see Democrats in charge and these volunteers are going to be out talking about everybody up and down the ticket."

Perhaps Thompson's dream scenario is the selection of Sen. Evan Bayh as Obama's vice presidential nominee, a move which is almost certain to energize Hoosier Democrats further and make the state more likely to turn blue in November. (Though Dan Quayle's presence on the national ticket in 1988 didn't put John Mutz instead of Evan Bayh in the governor's office that year.)

Daniels, however, anticipates running better than Republican presidential nominee John McCain and points to polling his campaign has conducted showing crossover support from Obama voters.

**"This state's going to vote** for John McCain; evidence indicates that we're going to run, at least right now, well ahead of him, but I think he'll win," Daniels said. "I think people make independent judgments, and I can tell you from all kinds of evidence that there's an enormous number of people who today - I don't know what they'll do in November - say they'll vote for Obama who are voting for us. Maybe they're interested in change and they've seen some. It's a different set of issues; we're not involved in issues of left and right and ideology. I think people will make very separate and independent judgments. My best guess is that John McCain still carries Indiana. The question is can we do better than that?"

Thompson is adamant that the campaign will win Fort Wayne's Allen County, which Kernan lost by 12 points (19,790 votes) in 2004, and Thompson won multiple times in her campaigns for Congress. The campaign envisions a swath of blue counties extending all the way from Lake to Allen counties, past the traditional Democratic Lake-to-St. Joseph northern corridor.

The decision to add Dennie Oxley to the ticket was for geographic balance to the extreme; Thompson's campaign is premised on winning the state-as-a-puzzle's edge pieces. The border counties from Ohio to Steuben, wrapping around the southern, western, and northern edges of the state, comprised a third of Indiana's entire gubernato-



rial vote in 2004, and Kernan largely won them. But he lost northeastern Indiana badly.

**If Thompson could add a modest** 10 points to Kernan's totals in Whitley, Allen, DeKalb, Elkhart, LaGrange, Kosciusko, and Noble counties, she would yield approximately 60,000 additional votes in an election Kernan lost by just 190,000. (Yet she would still lose every county except Allen.) Thompson will have to vastly outperform Kernan by

upwards of 20 or 30 points in each county to win her old district and to reverse the 2004 result. It's possible: Kernan lost Kosciusko county by 43 points, 31 points worse than O'Bannon in 2000.

**Perhaps that's the** fundamental problem plaguing Thompson's campaign: the question isn't yet whether she will win, but can she? ❖

## JLT talks about her campaign, labor and the economy

KOKOMO - HPI's Ryan Nees spoke with Democratic Gubernatorial nominee Jill Long Thompson as she visited with voters in Kokomo before its July 4 parade.

**HPI:** This is a rust belt city, and Chrysler is in the middle of a three-week shut down of its plant. What are your plans to bring back jobs to areas like this that haven't been tried before?

**JLT:** My approach is very different from that of Mitch Daniels because his approach is sort of one program at a time, and one job at a time. What we need is leadership that will change broad policy, including our tax structure, including addressing the high costs of health care...higher here in Indiana than the national average. And our high school dropout rate. It's important to create an economic climate that sets us apart from other states and that's the leadership I will provide to the state of Indiana...

very, very different from his approach. I also believe that there is quite a future for manufacturing in Indiana. Those who say we need to look to other industries, I believe they are being very narrow in their thinking. And I think that we can revitalize the auto industry. It's going to require greater fuel efficiency and the creation of cars that are in higher demand, but we have the potential and the capacity to do that. We also have tremendous opportunity in renewable energy and energy efficiency. The production of the products that are used in solar and wind generation and also in the products that make homes and businesses more energy efficient...that's going to be what I'm working on from day one.

**HPI:** On healthcare, are you going to do something like they've done in Massachusetts?

**JLT:** My approach is very different from Massachu-



sets, and it has to be because we don't have a cushion in our state budget. I think the first step we need to take is to require insurance companies that sell health insurance in Indiana to make pooling an option for everyone. Just because your business is smaller doesn't mean you should pay more for health insurance, because we all should be able to be part of a pool and we could substantially bring down the cost of health insurance for families and small businesses if pooling were an option for everyone.

**HPI:** Does suspending the gas tax make a big difference in any individual's budget, and it doesn't it just worsen our ultimate dependency on oil?

**JLT:** I think if you could save somebody between twenty and twenty-eight cents a gallon, it can make a huge impact on the budget particularly if they have to drive any distance back and forth to work and for many families whose budgets are stretched. I mean, if you think about a sale of fifty dollars of gasoline, that's a savings of three dollars and fifty cents every time they're filling up their car. And that's a gallon of milk. It could be a box of cereal. I believe in an economy like we're facing now, every penny counts.

**HPI:** What do you say to Democrats who worry about your ability to beat Mitch Daniels?

**JLT:** I have a record of winning in a part of the state where Democrats don't win. I represented and was elected three times—twice with record numbers in my victories—the old fourth Congressional district. The fact that I'm running neck-and-neck I think bodes very well for this fall.

**HPI:** What's the status of the UAW negotiations? What's preventing the endorsement of the CAP Council?

**JLT:** I have very, very strong support from the membership of the United Auto Workers. The UAW and AFSCME both believe that when I reinstate collective bargaining rights that I should, in that declaration, recognize the Unity Team and AFSCME and I think it's inappropriate



for an employer to tell employees what union they have to join. I support the Free Choice Act, I have a very strong record, I belong to a labor union.

**HPI:** How are you going to emphasize the fact that you're the first female gubernatorial nominee?

**JLT:** I think I am a very strong candidate because

of my background in economics and my background in business, and because I come from a working family, was the first in my family to go to college. The fact that I happen to be a woman I think is much, much less significant than the credentials I bring to this campaign. ❖

## Between Bayh and Biden?

**TRENDLINES:** We are convinced that U.S. Sen.

Evan Bayh is on Barack Obama's short list after talking with a number of state and Washington Democratic leaders. With a number of key names - Sen. Jim Webb, Ohio Gov. Ted Strickland and Pennsylvania Gov. Ed Rendell - taking themselves out of consideration, our sources are indicating that it looks to them like it's coming down to Bayh and U.S. Sen. Joe Biden. We've still got New Mexico Gov. Bill Richardson, former Sen. Sam Nunn and Virginia Gov. Tim Kaine on our list. Of this group, Kaine is in a position to deliver Virginia. But Bayh's potential to delivering Indiana's 11 Electoral College votes (compared to three for Delaware's Biden) makes us think this goes well beyond rooting for the hometown lad. Nunn would go beyond the EC, bringing DC and international logistics to an Obama administration. Republican Pollster had Bayh No. 2 on his short list when we spoke at an Indiana Pacers function last month. What might be the timeframe? Probably sometime between Aug. 10 and 22, prior to the Democratic National Convention, where Obama will give his acceptance speech before 70,000 people at Invesco Field.



helping Waterman get on the ballot in a classic divide and conquer. Doing so, however, would have taken considerable resources. When we first learned of the John Price fantasy for Waterman, we speculated that if he qualified, he might attract the Ron Paul voter and slice a sliver (1 to 5 percent) off Daniels' margin. But it became increasingly clear that the Waterman-Jehl ticket was an idiot's dream. Jehl's inclusion coming after the disastrous Matt Kelty mayoral campaign in Fort Wayne shook away any shred of credibility to this effort. As for Thompson, next week's financial report will be critical. We don't think a \$2 million threshold is overstated given that she is the Democratic nominee. If she can't reach that point, it reveals fissures in the party. Many Democrats believe that Thompson can piggyback on to the Obama campaign and find a way to victory. House Republican poll reveals that Daniels leads in a number of House districts where Obama leads. Some Democrats believe an Obama-Bayh ticket could be Thompson's deliverance. But Bayh won in 1988 with Dan Quayle on the GOP ticket, though Bayh had a united, superbly run campaign that was well funded. We'll all know a lot more next week. **Status:** Leans Daniels

## Indiana Statewides

**Governor: Republican:** Gov. Mitch Daniels, **Democrat:** Jill Long Thompson. **Libertarian:** Andrew Horning. **1996 Results:** O'Bannon (D) 1,075,342, Goldsmith (R) 997,505, Dillon (L) 35,261. **2000 Results:** O'Bannon (D) 1,230,345, McIntosh (R) 906,492, Horning (L) 38,686. **2004 Results:** Daniels (R) 1,302,912, Kernan (D) 1,113,900, Gividen (L) 31,644. **2008 Forecast:** With the John Waterman-Glenna Jehl comedy show out of the fall lineup, this becomes a referendum on the Daniels administration and who can present a vivid vision for the future. A number of Republicans we've talked with believe Thompson and Indiana Democrats made a strategic error in not

**Attorney General: Democrat:** Linda Pence. **Republican:** Deputy Attorney General Greg Zoeller. **2004 Results:** Carter 1,389,640, Hogsett (D) 953,500, Milewski (L) 45,212. **2008 Forecast:** Hoosierpundit's Scott Fluhr trips up Pence in yet another deception concerning her role in representing one of the defendants in the East Chicago RICO suit brought by Attorney General Steve Carter's office (Advance Indiana). Pence's client, Rieth-Riley, settled out of court with the state in 2006 for \$625,000, the largest amount paid to date by any defendant in the civil suit. The blogs first raised concern that Pence failed to mention she had represented Rieth-Riley when she criticized Steve Carter's office for its handling of the case, which included his use of outside counsel. When Pence was taken to task for the omission, she said the attorney-client privilege limited what she could discuss about the case: Pence said she could not discuss, but said companies often settle cases not because they have done something wrong but because it's less expensive to put the matter to rest than to litigate. As it turns out, Hoosierpundit has turned up the settlement documents in which Rieth-Riley specifically waived its attorney-client privilege. The specific provision in Section 12





of the agreement reads: "As part of its cooperation in Section 11, and for the sole benefit of the Attorney General, Rieth-Riley agrees to waive any applicable attorney-client privilege concerning any of the relevant facts as to which Rieth-Riley provides testimony or documents to the Attorney General in the RICO Lawsuit. Rieth-Riley also agrees to provide letters necessary to effectuate such waiver." Yes, her client waived its attorney-client privilege to aid the state in the prosecution of its sidewalks-for-votes case. "Openness and honesty are important qualities to have in an attorney general," blogger Scott Fluhr writes. "Why is Linda Pence demonstrating, again and again, that she does not seem to have them?" Status: Tossup.

**Status:** TOSSUP.

## Indiana Legislative

State Reps. Ron Herrell and Kreg Battles got free passes for re-election as the June 30 caucus deadline passed with no opponents. Despite those open seats, Republicans were able to slate Floyd Coates in their last targeted seat in HD 69 against State Rep. Dave Cheatham.

HRCC Director Mike Gentry had downplayed the lack of challengers for Battles and Herrell, saying those seats were not on the GOP focus list despite the fact that they had changed hands in recent years.

At Anderson, State Rep. Terri Austin will face former Anderson Police Chief Frank Burrows. In HD68, veteran State Rep. Bob Bischoff will face Jud McMillin, a Brookville attorney. HPI Horse Race has Cheatham, Bischoff and Austin races leaning Democrat.

The most interesting of the new races pits former two-term Elkhart Mayor Dave Miller against State Rep. Craig Fry. Miller declined to seek a third term as mayor and will run on a social conservative agenda. Fry has held the seat for 20 yers and believes that most of his Mishawaka-based district is unfamiliar with Miller, despite the former mayor's eight years of exposure in the South Bend/Elkhart TV market.

Gentry believes the Republicans are in a relatively strong position despite the national dynamic. He has State Reps. Don Lehe and Tim Harris "ahead in early polling." Harris has squeaked out two close victories in the last cycles but faces

former Democratic secretary of state nominee Joe Pearson, who himself lost narrowly to Secretary of State Todd Rokita.

In HD 89, Gentry said that polling shows that HD 89, the seat being vacated by State Rep. Larry Buell, as a tossup. Democrat John Barnes is running for a second time against Christopher Swatts. In another Indianapolis seat, State Rep. Jon Elrod had a 23-point lead over Mary Ann Sullivan after he re-entered that race. Due to the strength of Barack Obama in Indianapolis and the Democratic leanings of that district, HPI expects that race to get tighter.

In HD63, Republican Mark Messmer "is in a strong position" against DuBois County Commissioner John Berger. This is the seat being vacated by State Rep. Dave Crooks.

In another open seat, Republican Randy Truitt has a "strong lead" over Democrat John Polles in HD26, the seat vacated by State Rep. Joe Micon.

Indiana Democratic Chairman Dan Parker did not return a phone call for comment on this article.

## Indiana Congressional

### Congressional District 7: Republican:

**Ray Irvin. Democrat:** U.S. Rep. Andre Carson. **2008 Forecast:** Irvin has filed for this seat and the July 18 caucus that will take place at the Marriott. Campo ran in the January slating and lost to State Rep. Jon Elrod. At this point, these are the only two candidates. But in our view, Irvin is far and away the best challenger for Carson given that he served a term on the Indianapolis City-County Council, passed legislation creating the greenways system and the Monon Trail, then worked under Mayors Goldsmith and Peterson to actually build the trails. Irvin then moved to the Daniels administration and INDOT, where he played a key role in the development of the statewide bike trails

system. Irvin talked with Mayor Ballard at his Washington Township community meeting Tuesday night and vowed to help the mayor find federal funding for public transportation. "The very things I've been talking about for years are the same issues that Mayor Ballard needs," Irvin said. Irvin is also a retired U.S. Air Force veteran and he executed air search and rescue as well as drug interdiction missions. He served in Vietnam in 1966-

**67 Caucus Status:** Likely Irvin. **Caucus Status:** Likely Irvin ❖



Ray Irvin passed legislation and then built the Monon Trail in Indianapolis.



## 'Toxic' GOP brand may not hit CD campaigns

By MARK SCHOEFF JR.

WASHINGTON - Nationally, his party's reputation is "toxic," according to Rep. Mark Souder (R-3rd CD). But the negative attitudes voters have toward the GOP may not necessarily correlate with sentiment in Indiana. Even though a recent poll showed that President Bush has a 35 percent approval rating in Souder's northeast Indiana district, one Bush carried with 68 percent of the vote in 2004, Souder is confident of his home area's strong conservative tendencies.



"In my district, I'd much rather have the Republican brand than the Democratic brand," Souder said. "The Republican brand is down, but it's still the majority brand."

The Republican reputation will be tested this fall.

But a number of factors, from districts' historical leanings to the lack of competitive congressional races, may prevent Indiana from serving as a good gauge for the state of the party, which until 2007 controlled both the U.S. House and Senate.

The best indicator of GOP health may be whether presumptive Democratic presidential nominee Sen. Barack Obama, D-Illinois, can carry Indiana.

**Generic ballots** consistently show Democrats with a strong lead over Republicans while polls this week showed that the approval rating of Congress slipped to single digits for the first time in history. But when actual candidates fill in the blanks, the numbers can change. A Cooper & Secrest poll shows Souder with a 55-28 percent lead over his opponent, Democrat Michael Montagano.

Southeast Indiana could be a test market for the GOP brand. The previous three races between Republican challenger Mike Sodrel and incumbent Democratic Rep. Baron Hill in the 9th CD have been fierce, close battles sometimes decided by razor-thin margins.

This year, Sodrel is running 11 points behind Hill,

according to a recent poll. Sodrel doesn't dispute that he has ground to make up.

"I believe I'm behind," Sodrel said. "The only poll I've been ahead in was election night 2004."

But the 9th CD has traditionally been a Democratic bastion. Former Rep. Lee Hamilton served for more than 35 years until he retired and Hill took over in 1998. Other than his loss to Sodrel in 2004, Hill has held the seat since.

"I wasn't elected in this district because I was a Republican," Sodrel said. "I was elected despite being a Republican." In general, the 9th CD leans conservative.

Sodrel is skeptical that voters are placing much emphasis on political labels. "Normal people on the street, they can't tell the difference between a Republican and a Democrat," Sodrel said. "I hear that quite often."

The reason for the confusion is the way candidates are running, according to Sodrel. "Everyone's scrambling to get to the center," he said.

**But Sodrel maintains that he** is resisting that trend. "I'm a conservative," he said. "I'm not angry about it. I don't apologize for it."

Elsewhere in the state, the conservative flag may not be raised because the GOP lacks strong candidates in congressional races, a phenomenon that may itself demonstrate Republican brand weakness. Two House Democratic freshmen, Reps. Joe Donnelly (2nd CD) and Brad Ellsworth (8th CD), are facing woefully underfunded Republican competitors and should cruise to re-election.

The real test of Republican strength, or weakness, in Indiana could come at the presidential level. If Obama carries the state, it would be the first Democratic presidential win since 1964. The Obama campaign has vowed to run hard in Indiana.

Obama may even select Sen. Evan Bayh as his running mate, a move that would ensure that the ticket is competitive for the Hoosier vote. But Souder doubts it would change the state's Republican leanings on the presidential level.

"Even with Bayh on an Obama ticket, I don't think it would get him over the top in Indiana," Souder said. "In Indiana, issues and experience matter more than in other states."

**In those areas, Obama suffers,** according to Souder. "He's so liberal," Souder said. "He could sink to McGovern numbers."

Of course, Republicans are having their own



U.S. Rep. Mark Souder



problems in the presidential campaign. Their presumptive nominee, Sen. John McCain, R-Arizona, has been largely shunned by conservatives, which could hurt him in Indiana. Former Indiana Democratic congressman Tim Roemer, who believes Obama can carry Indiana with or without Evan Bayh on the ticket, was asked about the GOP brand. "I don't know so much the Republican is being damaged," Roemer said. "McCain is being seen as more of the same, as Bush. People are really looking for a change, and hope and help on economic issues. It was very very evident and written on people's faces in diners, plants, everywhere you went. People are extremely concerned on jobs, health care, gas prices, \$700 billion going overseas for oil. It's gone from 20 percent to 70 percent of our oil. The money is going to the wrong countries and the wrong people. That makes Indiana viable ground for Obama."

Souder, however, believes his wing of the party

eventually will come home. "There will be a closing behind McCain in the last few weeks," Souder said.

McCain's maverick tendencies might also benefit the party, according to Souder. "McCain will bring in some moderates we wouldn't have had, especially in Indiana," he said.

**Meanwhile, on the congressional level,** Sodrel will try to connect with voters on local concerns. "I'm running my own campaign," he said. "I've got my own issues. We've got good grassroots. We're not starting from scratch. You don't have to build a lot of name ID."

But so far there are is no overarching GOP identity, according to Sodrel. The party is "going to have to find its way again," Sodrel said. "I don't think there is a consensus. Maybe one will develop in the next 60 days."

If not, Republicans could wander into a significant electoral setback. ❖

## Obama in play in Indiana

By JACK COLWELL

SOUTH BEND - Barack Obama intends to put Indiana in play in this presidential election. Yes, he can. So he will. His decision to opt out of public finance and raise as much money as possible gives Obama the luxury of concentrating all-out on more than just the recent battleground states.



He already has included Indiana among the 18 states targeted in his first and second rounds of TV spots for the general election. And why wouldn't he? After all, polls show he has a chance to be the first Democratic presidential nominee to carry Indiana since 1964.

A good chance? Maybe not good. But certainly a chance.

**Obama is ahead** of John McCain in Indiana by a speck in the average of results from four polls since late April that were recognized by Real

Clear Politics. Obama led in three of the four polls, including the recent SurveyUSA poll. That poll, conducted late in June, showed Obama ahead by a single percentage point. While this only means that the race is a statistical tie, a tie now in Indiana makes it a worthwhile target for Obama and a worry for McCain.

Indiana won't be, as it has been for decades, a state written off by Democrats as hopeless, taken for granted by Republicans and thus ignored in terms of major campaign effort by both sides in the presidential contest.



**Barack Obama visits the homestead of his mother's family at Kempton, Ind., last April. (HPI Photo by Ryan Nees)**

Indiana's 11 Electoral College votes could be crucial. The magic number to win is 270. President Bush won with only 271 electoral votes in 2000 and by 286 in 2004.

Let's talk red and blue, the colors the TV networks use to show which way states are voting. To win, Obama needs to retain the blue (Democratic) states of '04 and snare a red (Republican) state such as Ohio, 20 electors, or win over a couple of red states out of such targets as Indiana, 11; Virginia, 13; Iowa, 7; North Carolina, 15, and Georgia, 15.

**All this said, the fact** that Indiana will be in play doesn't mean that it will go blue. Color it purple. Based on past presidential voting history, including big wins by President Bush in Indiana in 2000 and 2004, it would seem that the purple should be viewed as having a shade more red than blue in the color mixture.



Still, it is a worthwhile target for Obama. Even if Obama loses Indiana, McCain will be forced to devote time and resources \_ and he will have more limited funding than Obama \_ to win a state that Bush was able both times to take for granted, raising funds in Indiana but spending little on a Hoosier campaign. Although the president won by a 21-percentage-point margin in Indiana in '04, he is the main reason the state is purple today.

**President Bush's** approval rating has plummeted in Indiana, just as it has elsewhere in the nation. One Indiana poll found that eight out of 10 Hoosiers believe the nation is headed on "the wrong track." And it's Bush who is running the train. In Indiana and in other states that will be in play, McCain must counter contentions that he would provide only a third Bush term. If he can stake out a course that convinces Indiana voters that he would provide change that is safer and surer than what Obama offers, McCain can keep Indiana in the GOP column.

A development, however, that would immediately change Indiana from purple to a shade of darn near blue is the possible selection of Sen. Evan Bayh, the Indiana Democrat who has had a positive approval rating even among Hoosier Republicans, to be Obama's vice presidential running mate.

Bayh reportedly is on the list of possible running mates. But it is doubtful that Obama is close yet to naming a choice. Why would he decide now? He has time to consider all the factors, including more than just who might help to carry some particular state.

Indiana Democrats would be overjoyed if Bayh were on the ticket, and not just because of the potential of a vice president from the state. Bayh's presence on the ticket could help Democrats win the races for governor, for Congress and for the state legislature.

**Some of those Democrats** were more hopeful of Bayh being selected when they heard last week that Jonathan Swain, who was Bayh's press secretary and then the Hillary Clinton communications director in Indiana, will be Obama's communications director in the state.

That may mean absolutely nothing in terms of a vice presidential selection, but it is another indication that Obama intends to put Indiana in play in this presidential election. Yes, he can. So he will. Why wouldn't he take a chance, with the audacity of hope that it could be a good



Sen. John McCain with Gov. Mitch Daniels and wife Cindy at a town hall meeting in Indianapolis last winter. (HPI Photo by A. Walker Shaw)

chance? ❖

**Colwell has been covering Indiana politics over five decades for the South Bend Tribune. His column runs here on Mondays.**

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### Sylvia Smith, Fort Wayne Journal Gazette:

John McCain has threatened to use his presidential veto pen - assuming he gets to wield it - on any earmarked bill Congress sends him. "Earmark spending runs against the public interest in many ways and especially when public safety is in the balance. And that's why, as president, I will veto every bill with earmarks until the Congress stops sending bills with earmarks," he told a crowd in Indianapolis last week. "It may take a while for Congress to adjust, but sooner or later they'll figure out that there's a new sheriff in town." Vetoing entire bills would keep President McCain very busy. But it's not as clear-cut as it sounds. First, he'd have to define what an earmark is. Is it only something a member of Congress singled out for federal payment? Or would specific projects identified by McCain's own administration fit the definition? Second, he'd have to decide how hard-nosed he'd be. Would McCain hold hostage any bill with an earmark? He could hardly call Congress's bluff if his anti-earmark position is conditional. But would he veto a bill that, for instance, provided money to pay for the continuation of the Iraq and Afghanistan wars if it also included money for some congressional pet projects? ❖



### Gary Gerard, Warsaw Times-Union:

Ah, yes, the pragmatic shift to the center. You know what I mean. During the primary, candidates walk a pretty thin party line. But after they become the nominee, they abandon the hardline positions that motivate the fringes of the party and lean more toward the middle of the political spectrum. Bill Clinton called it the "vital center" and he was correct. Nobody on the far left is going to vote for McCain, and nobody on the far right is going to vote for Obama. The only votes to be swayed are those in the "vital center." It's the way to win elections. So I knew it was coming. All candidates do it. But this Barack Obama character is off the charts. Honestly, in a week's time he went from being one of the most liberal Senators - if not the most liberal, depending on whose list you read - to sounding positively conservative. As recently as February, Obama said he supported the D.C. gun ban and thought it was constitutional. But after the U.S. Supreme Court ruled the ban was unconstitutional, he said, "I have always believed that the Second Amendment protects the right of individuals to bear arms, but I also identify with the need for crime-ravaged communities to save their children from the violence that plagues our streets through common-sense, effective safety measures. The Supreme Court has now endorsed that view." In 2004, the Associated Press reported Obama opposed letting people use a self-defense argument if charged with violating local handgun bans by using weapons in their homes. The bill was a reaction to a Chicago-area man who, after

shooting an intruder, was charged with a handgun violation. And as a state senator, Obama voted against a popular bipartisan bill that would have prohibited prosecution of otherwise law-abiding citizens for violating local gun prohibition ordinances in Illinois if the gun was used to stop a home invasion by violent criminals. Doesn't sound like a big 2nd Amendment guy there. But he is now? One must wonder. He voted in favor of the revised Foreign Intelligence Surveillance Act, agreeing to extend retroactive immunity to telecoms that help the government spy on us. In an earlier bill, he spoke against immunity provisions. But now, "The issue of the phone companies per se is not one that overrides the security of the American people," Obama said. He backed away from his support of campaign finance spending limits in the upcoming election and opted out of the campaign finance system after he said he wouldn't. During the primary campaign he railed on Hillary Clinton over her support of the North American Free Trade Agreement and said the pact must be renegotiated. He said he would use the threat to "opt out" of NAFTA as a "hammer" to force Canada and Mexico to renegotiate. But last week he told Fortune magazine that he was "not a big believer in doing things unilaterally." ❖

### Lesley Stedman Weidenbener,

Louisville Courier-Journal: Democratic gubernatorial hopeful Jill Long Thompson renewed her call last week that Gov. Mitch Daniels, a Republican, suspend the state sales tax on gasoline to save drivers about a quarter on a gallon of gas. Daniels, citing an opinion from the attorney general, says he doesn't have the legal authority to do it and he's always maintained it might not be such a great idea anyway because it will cause a big hit to the state budget. Regardless of who you think is right, it's clear that the tax on gas -- and frankly taxes in general -- are going to be a big part of the fall campaign and should make for some interesting debates. Thompson has made it clear she's going to keep harping on the gas issue, even though she has not outlined a way to account for the lost revenue. All indications are that high prices at the pump have become a major issue for voters. What makes her criticism of Daniels sting a little more is that he just signed a sales tax increase into law. One year ago, property taxes were the biggest issue in Indiana politics, but the governor and lawmakers fashioned a plan to deal with the problem -- raising the sales tax, cutting property taxes by about one-third and limiting bills in the future so they don't climb to more than 1 percent of a home's assessed value. But the program won't be fully implemented by this fall's election. Voters should be getting bills this year that are lower than last year. But with all the hype surrounding this issue, it's too soon to know whether bills will be low enough to provide a boost for Daniels or if continuing frustration will mean more votes for Thompson.



## Oxley stumps in da Region

INDIANAPOLIS - Dennie Oxley's English, Ind., accent immediately sets him apart around here. But Oxley, the Democratic candidate for lieutenant governor, believes his southern twang will unite him with the people of Northwest Indiana in the ranks of the forgotten during the Mitch Daniels administration (**Post-Tribune**). Oxley was in the area Wednesday introducing himself to political leaders and talking up the economic plan he and gubernatorial candidate Jill Long Thompson hope will unseat Daniels. "We have a plan for getting (the economy) moving again, and it involves every county, not just central Indiana," Oxley said. "It is certainly going to involve Northwest Indiana, and southern Indiana, where I'm from," he added. "We believe that much of the effort that has taken place over the past four years has centered around central Indiana." Long Thompson has posited a "tiered approach," which would make greater tax incentives available to companies which set up shop in more depressed areas of the state. "Certainly Northwest Indiana desperately needs jobs, as does southern Indiana and other areas of the state," Oxley said. "We'll be lifting all boats, but we think it makes sense to place the emphasis on those areas that need it the most."



## Hatcher blasts Parker, Clay over convention

GARY - A letter from former Gary Mayor Richard Hatcher to Indiana's Democratic Party Chairman Dan Parker ignited a public airing of grievances about the Indiana Democratic

Convention on Wednesday (Post-Tribune). In his letter, copied to several local and state politicians, Hatcher accused Parker of presiding over "the most undemocratic state convention I have ever attended." Hatcher then accused Lake County Democratic Party Chairman Rudy Clay of treating young state delegates, such as his daughter Renee Hatcher, "like a piece of dirt" and assembling a slate of national delegate candidates before the state convention even started. Richard Hatcher couldn't be reached for comment. "It just seemed like the whole thing wasn't fair at all," Renee Hatcher said. "How in the world do you have a secret meeting with 86 people present?" Clay said. Thomas Cook, a spokesman for the state's Democratic Party, said the convention was handled according to the rules of the state Democratic Party. "We understand the disappointment of some individuals with how few spots were available and the competitive nature of the election process," Cook said.

## Toyota to shift from trucks to SUVs

PRINCETON - Toyota will move its Tundra full-size pickup truck production from its Princeton, Ind., plant to San Antonio, Texas, next spring and replace it with the Highlander, a mid-size SUV, the company announced this morning. The Highlander originally was scheduled to be built in Mississippi but will now be manufactured in Gibson County starting in the fall of 2009. The company says it is responding to changes in consumer demand and improving the production efficiency and stability at its North American operations. Company spokesman Kelly Dillon said it will not affect employment levels, now about 4,500.

## FSSA computers crash

INDIANAPOLIS - computer

crash has shut down the state's processing of child support payments, welfare applications and other programs. State chief information officer Gerry Weaver says computer databases for the Department of Child Services and the Family and Social Services Administration went down Monday night. The social services computer is back up and running, but the database affecting child support payments remains out of action. Weaver says that system is expected to be back up Thursday. FSSA officials say the problem affected processing of food stamps, Medicaid and the new Healthy Indiana Plan insurance coverage for low-income adults.

## Souder defends mobile home makers

WASHINGTON - Lack of standards for how much formaldehyde is dangerous and FEMA's handling of testing for the chemical in travel trailers used for Hurricane Katrina evacuees were "a failure of government," members of Congress said Wednesday (Fort Wayne Journal Gazette). Republicans, particularly Rep. Mark Souder, R-3rd, said it's wrong to blame the industry because the government doesn't say how much formaldehyde is dangerous. He said Gulf Stream Coach tried to tell FEMA that "snapshot" tests of some trailers showed elevated formaldehyde levels, but FEMA didn't want the information. "It's unfair to suggest the manufacturers bear responsibility," he said. The companies are in the congressional district Souder represents.

## Clinton mayor resigns

CLINTON A Democrat Party caucus will be conducted at 10 a.m. Aug. 2 to replace former Clinton Mayor Jerry Hawkins, who submitted a letter of resignation Tuesday to the Clinton City Council (Terre Haute Tribune-Star).