



Howey/Gauge: Blowouts & Burners

Daniels has 31% lead; McCain up 2% over Obama; Rep. Souder losing to Montagano

By **BRIAN A. HOWEY**

INDIANAPOLIS - A blowout. A barnburner. And the crest of a national wave?

That, in essence, is what the fourth Howey/Gauge Poll reveals about the Nov. 4 election just seven days away. Gov. Mitch Daniels has a huge 61-30 percent lead over Democrat Jill Long Thompson in what looks to be the blowout. Republican John McCain has a 47-45 percent lead over Barack Obama in the Indiana presidential barn burner, but despite that lead, HPI and the Gauge Market Research pollsters believe that Obama's ground game could make the difference. And in the 3rd CD - which we designated as our outlier race months ago - U.S. Rep. Mark Souder is in grave danger of



being washed out in this wave after rising to power in a similar wave in 1994. He trails 26-year-old Democrat Michael Montagano 44-41 percent with Souder's re-elect standing at an anemic 35 percent while the "elected someone new" stood at 50 percent.

The other emerging story is one we identified in early October: who will have the longer coattails, Obama or Daniels? In the two statewide races

Howey/Gauge polled, there were huge pools of undecided voters. In the attorney general race,

See Page 4

Gauging Daniels era

By **BRIAN A. HOWEY**

NASHVILLE, Ind. - When I ponder the first term of Gov. Mitch Daniels, I can't help but think of those spring days in 2005 when he appeared in some of the most Republican cities in the state - Shelbyville, Plainfield, Greenfield, Noblesville - seeking a food and beverage tax to plug a \$48 million funding hole for an NFL stadium and convention center ... in Indianapolis. One hearing took place in the Hamilton County Council Chambers under the motto: "That government is best that governs least." With local legislators covering and not an Indianapolis official in sight,



"I never got any complaints about her. I'd say she was fine. I don't recall anything remarkable one way or another."

- Former USDA Secretary Dan Glickman on Jill Long Thompson, his under secretary

PRESS

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Gov. Daniels sold an NFL stadium in Indianapolis to conservative Republicans in Greenfield in 2005. (HPI Photo by Brian A. Howey)

Daniels essentially persuaded seven of the eight county councils to vote for the tax (most unanimously), half of which would end up in their own economic development coffers.

In the modern era of Hoosier politics, no other governor would have even touched the subject of a tax increase. The marvel of Gov. Daniels is this is not a political figure constantly checking the polls or consulting focus groups. The political equation was consistently dismissed in light of good public policy, even if Indianapolis (not the LA Colts) are only 3-4. It's noteworthy that this tax issue - which in past days could have been a third rail on re-election - hasn't even surfaced in the current campaign.

Between 2005 and 2006 - with a Republican legislature - deficit spending was wiped away with a balanced budget. A bipartisan effort on telecommunications reform in 2006 brought broadband services to more than 100 rural communities, creating more than 2,000 new jobs across the state and \$500 million in private investment from companies ranging from AT&T to Smithville Telephone.

The most controversial

steps also occurred in this era: the Major Moves program that brought in \$3.8 billion that has allowed the I-69 extension, the U.S. 31 freeway, new Ohio River bridges to Kentucky, and this past week the Hoosier Heartland Corridor. While this polarized the legislature largely along party lines, the International Brotherhood of Electrical Workers, the Indiana-Kentucky Council of Carpenters and Millrights, the corn growers, the coal council, the bricklayers, the packers, the Asphalt Paver Association, the Chamber, the Realtors, Hoosier Voices for I-69, the U.S. 31 Coalition, Indiana Association of Cities and Towns, Northwestern Indiana Building & Construction Trades Council, their brothers in St. Joe Valley, the sheet metal workers, the Teamsters all signed on.

Northwest Indiana now has \$100 million with the Regional Development Authority and counties to the east received \$40 million windfalls when states and counties across America are facing infrastructure shortfalls, drained transportation trust funds and higher taxes.

There were further controversies involving the Bureau of Motor Vehicles - including the wrath of the



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then-Senate President Bob Garton over the proposed closing of the Hope branch. In 2008, BMV was receiving national honors and people were finding seven-minute waiting lines and plating opportunities in auto dealerships.

There are 800 new child protective service caseworkers and a new division dedicated to that cause. Cities and towns have been paid off from the smoke and mirror days of past Statehouse budget shenanigans. Schools have not only seen budget increases, but \$600 million in more smoke and mirror budget gimmicks have been paid back. Full-day kindergarten - the No. 1 priority of three Democratic governors - has expanded under this one from 22,000 in 2004 to 46,000 in 2008.

Between 2005 and 2008, the state has cut \$127 million from school construction projects and local tax rates (\$86.5 million denied; \$40.66 million modified) as this governor took aim at Taj Mahal buildings and Astrourfed prep stadiums.

When the Democrats took the House in 2006, did progress grind to a halt? No. There was a second balanced budget and a surplus when most states are seeing red ink. A bipartisan-supported cigarette tax (including three quarters of the Democrats) has added tens of thousands of Hoosiers to health insurance rolls. There was the landmark property tax reform that provides \$1.72 in tax relief for every \$1 increase in the sales tax. The state has assumed school operational funding (allowing students the ability to transfer to any school they wish to attend without additional tuition). The state is now helping municipalities by assuming one of the biggest burdens they faced - police and fire pensions.

Remember how Gov. Joe Kernan used Site Selection Magazine in 2004 to paint a rosy picture? In January 2008, Site Selection was lavishing praise on Indiana's advances in life sciences: CEO Marvin Richardson Arcadia Healthcare had considered expansion in his homestate of Michigan. "The bottom line was that I was driving from Minneapolis to Rochester and the phone rang and it was Gov. Mitch Daniels," Richardson recalls. "He took personal interest in our business and took time to understand our needs. We talked at least three times and met twice. He



Gov. Mitch Daniels leaves his campaign office and heads out on RV1 for the last time this morning. (HPI Phobos by Brian A. Howe)

has a solid grasp of the types of businesses he wants to draw. We developed a relationship that transcended anything we were doing." Arcadia is investing \$3 million for 400 jobs by 2010.

Honda Civics are now rolling off the Greensburg assembly line where 2,000 people will soon be employed. It's part of \$18.4 billion in business investments, with 75,800 jobs in the pipeline (including 1,400 at the now suspended Getrag Transmission plant at Tipton). In comparison, the O'Bannon-Kernan administration attracted 7,226 jobs in 2003 and 8,519 in 2004. There are new arrivals and expansions at familiar names: Cummins, Toyota, Dreyfus, Medco, Real Cool Foods, Interactive Intelligence and BP.

While Democrat Jill Long Thompson has taken aim at Daniels over jobs, here's what Carol Rogers, deputy director of the Indiana Business Research Center at IU, says about the state's 2,974,800 jobs in September - nearing the all-time record: "We seem to be buffered from the worst effects" of the economic downturn. IBM Global Business Services reported that Indiana is number one per capita for international job attraction and number two overall for attracting foreign production jobs in 2007. The IBRC's Timothy Slaper noted the 5,000 new jobs created by direct foreign investment in 2007 alone.

Northwest Indiana now has \$100 million with the Regional Development Authority, "For purposes you will decide," the governor once told Lake County Surveyor George Van Til.

Indiana is now home to the largest coal gasification facility in the world. There are ethanol plants and wind turbines popping up across the state. A governor is a distributor and synthesizer of information. "Well, I try to be," Daniels told me a couple of years ago. "I believe there is a vital role for public activity to create the conditions for ingenuity to flourish. Why is biofuel taking off in Indiana right now? In part because we got organized, got a tax credit, went out and started marketing the state, made sure we build the roads and things and all the right preconditions. But the main reason is the price of oil went up. And now somebody can make a buck."

There's one more thing about Gov. Daniels: he will have won two terms as governor without running negative,



personal ads against his opponents. To win without doing that this year will be ... extraordinary.

There are many Hoosiers who don't like the governor, and at times Daniels angers friend and foe alike. But with Daniels, there is a plan that has been executed. In the coming years, we will likely see vigorous reforms and opportunities in education and government restructuring.

Over the past three years, I've written repeatedly how Democrats needed to cultivate ideas and a competing vision. When it came to the property tax reforms, there were none from the legislature or the three Democratic gubernatorial primary candidates. In her criticism of Major Moves, Thompson said her alternative would be to simply attract "more federal dollars" even as the national transportation trust fund is running on fumes.

What we ended up with were campaigns by Jim Schellinger and Thompson that have been two of the worst executed in modern Indiana politics, despite a growing national Democratic wave. They have largely failed to develop and communicate a competing vision, or even build the necessary coalitions within their own party.

A second Daniels term is, thus, likely come Nov. 4.

For Democrats who might be angered by this column, the challenge I throw is to start thinking about a vision and who - be it Bart Peterson, Graham Richard, Rogelio Dominguez, Jonathan Weinzapfel, Vi Simpson or John Gregg - will be prepared to build and deliver as the Daniels era passes from our midst. ❖

Howey-Gauge Poll Briefing
3 p.m. Tuesday Oct. 28
Conference Call
Call: 866-809-6529
Passcode: 6033366#

Obama-McCain
Daniels-Thompson-Horning
AG/Supt
3rd CD



Howey/Gauge, from page 1

Republican Greg Zoeller leads Democrat Linda Pence 30-24 percent. In the superintendent race, Republican Tony Bennett had a 22-18 percent lead with 60 percent undecided.

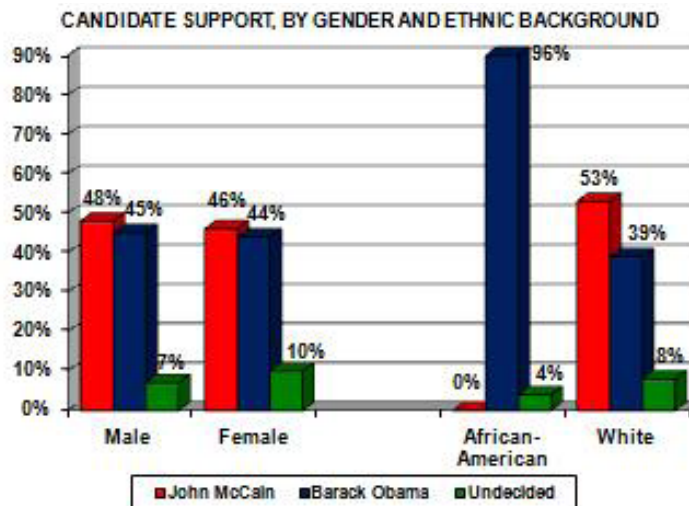
"There are so many new voters looking at the top of the ticket," said Howey/Gauge Pollster Holly Davis. "They have not been concentrating on down ballot races."

This "coattails" debate is raging in the parties, campaigns and punditry circles and there are no clear answers with this or other polls. We believe that Obama will have an impact in Indiana House races in the college towns of Marion, Greencastle and West Lafayette that have African-Ameri-

can precincts. In others, like HD63, we believe Daniels may be more of a force.

Howey/Gauge's statewide survey included 600 likely voters on Oct. 23-24 with a +/- 4.1 percent margin of error. The 3rd CD survey occurred on the same dates with 300 likely voters and a +/- 5.7 percent margin. The statewide survey included an 8 percent African-American sample, 23 percent Catholic, 42 percent Protestant, 14 percent Baptist or Bible church, and the party split was 47 percent total Republican, 41 percent total Democrat. Completely "independent" stood at 11 percent while 14 percent considered themselves "independent Democrat" and 14 percent "independent Republican."

While Howey/Gauge gives McCain a 2 percent lead,





our analysis is that this race is a true tossup and, given the unprecedented ground game the Obama campaign has staged with 47 offices and a technological edge in voter outreach, it would be no surprise to see Indiana go blue for the first time since 1964. Former Bush White House political strategist Karl Rove agrees, moving Indiana, Ohio, Colorado and Virginia into the Obama column on "Fox News Sunday."

This comes under the backdrop of polls that have been all over the spectrum. Just last week a Zogby International Poll had McCain up by 10 percent while the Big 10 Battleground Poll had Obama leading by 10 percent in Indiana.

Perhaps the key statistic comes on the dual right/wrong track questions. The Indiana numbers stood at 48/31 percent, compared to 12/76 percent nationally. The Indiana numbers have actually improved since our August survey when they stood at 47/35 percent. Therein lies the rationale as to how Daniels can buck a national trend that threatens to swamp other Republicans. "People are clearly drawing the line," said Davis. Had those numbers aligned closer to the dismal national spread, it would have been a clear signal that Daniels' re-elect was in trouble."

Those surveyed were asked to name their top issue and 26 percent said jobs and wages, 20 percent said taxes, 10 percent said the economy, 9 percent education, 9 percent health care and 4 percent gasoline prices. Not a single voter mentioned Daylight Saving Time, an issue the Indianapolis Star suggested in a news story a couple of weeks ago could cause Daniels problems due to a time switch this Sunday.

Hoosiers opposed the federal bailout/rescue plan, 46-37 percent, which is a clue to Rep. Souder's troubles. Those "strongly" opposing the package stood at 32 percent while only 11 percent "strongly" favored the plan.

Indiana Presidential

McCain's 2-percent lead is almost identical to our Aug. 29-30 survey in which McCain led 45-43 percent. In the October numbers, both candidates have solidified their base with only 8 percent of Republicans favoring Obama

Would you say that things in the country are on the right track and getting better or off on the wrong track and getting worse? (CONTINUE WITH...) Do you feel strongly about that?

DIRECTION FOR COUNTRY	
	Oct 23-24
Strongly Wrong Track	57%
Wrong Track	19%
Staying About The Same	12%
Right Track	7%
Strongly Right Track	5%
Total Right Track	12%
Total Wrong Track	76%

and 7 percent of the Democrats favoring McCain. Troubling for Obama is that 32 percent of Hillary Clinton primary voters are backing McCain. Obama leads with independents by a narrow 39-37 percent. And white voters favor McCain 53-39 percent, compared to 50-38 percent in August. If Obama can bring his white voter support up into the mid-40s, it could be a path to victory.

Asked on a scale of 1 to 10 what their "level of interest" in the November election is, three out of four voters are very interested as well 85 percent of African-Americans. Obama's fav/unfavs stood at 49/40 percent while McCain stood at 52/34 percent. So what we see

here is a McCain advantage in confidence while Obama has enthusiasm and energy.

The intangible is how dynamic the Obama ground

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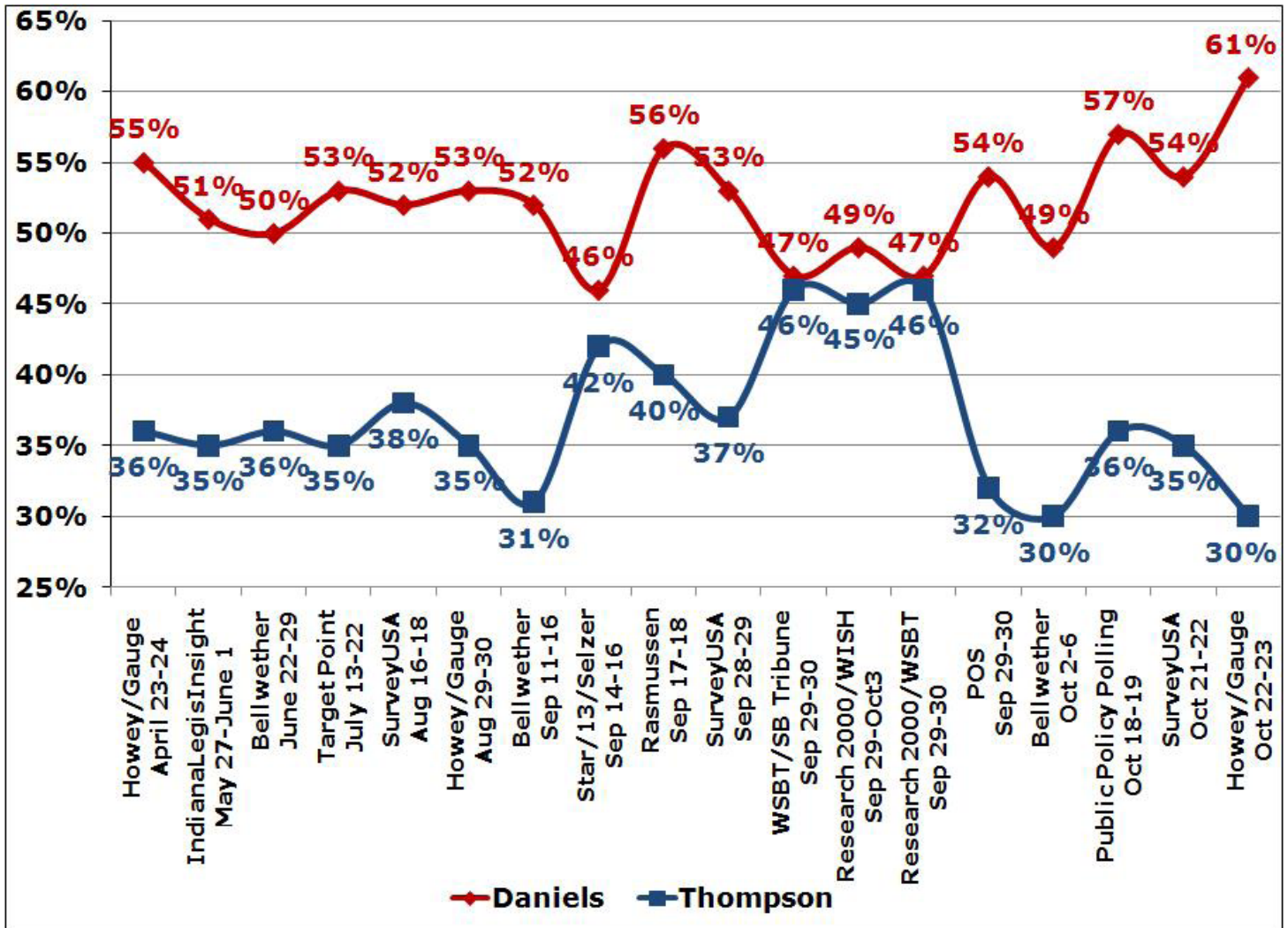
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game will be compared to the "old-fashioned" McCain effort. Lake County Surveyor George Van Til told HPI on Monday that he has watched in amazement at 500 people a day waiting patiently in the foyer of the Lake County Government Center in Crown Point last week. "It was double that today," Van Til said. "They were old, young, black, white, Hispanic. You can see absolute determination on their faces." He noted that in other elections, delays caused voters to fidget, complain or leave. "These people are waiting patiently. People are unhappy and scared. People just want change." There were similar stories in Indianapolis, where early voting waiting lines in Washington Township were up to two or three hours over the weekend. Sources told HPI that 2,000 voted at the J. Everett Light Center at North Central HS on Monday. There have been 286,000 early voters this year, compared to 260,550 in 2004. In Indianapolis there have been 80,000.

Asked what kind of plurality Obama might have coming out of Lake County, Van Til said it would be in the 75,000 to 80,000 range (as oppsed to a Selzer/Indianapo-

lis Star/WTHR-TV poll in September that had McCain leading there). Indiana Democratic Chairman Dan Parker said Obama's plurality could top 100,000 votes in both Lake County and Indianapolis.

Van Til called the Obama wave "so big that it could sweep out some people who never expected it."

Over the past several weeks, the Obama campaign has made four "touches" at my Broad Ripple home, including weekend canvassing and a phone call to the home at dinner time Monday from a woman urging us to "vote early." She wanted to know if we knew where the early voting center was. Prior to the May primary, the Obama campaign made five touches to our home. And how has the McCain campaign competed? We received a mailer from the Indiana State Republican Party telling us, "This is the story of William Ayers ... terrorist, radical, friend of Obama." There is a photo of Obama next to a Sept. 11, 2001, New York Times quote from Ayers: "I don't regret setting bombs. I feel we didn't do enough."

Inspirational.



Indiana Governor

Daniels is poised for a resounding victory. The governor leads in the Fort Wayne media market 63-31 percent; in South Bend 66-31 percent; Indianapolis 65-29 percent; Louisville 64-25 percent; while the Chicago market is tied at 44 percent. Thompson leads among African-Americans by only a 56-41 percent margin. Daniels' standing with African-Americans has increased 14 percent since our August poll. Daniels is winning 37 percent of the Democratic vote - more than one in three - and among independents 64-21 percent.

Daniels is also getting 40 percent of the Obama vote. Gov. Daniels' re-elect stood at 59/33 percent. Mitch Daniels re-elect support is among the strongest in the nation for a Republican holding a major office, Davis said.

Thompson's name ID is at a low 84 percent with only 61 percent maintaining a hard opinion, though it was up from 77 percent in August. Normally a gubernatorial nominee would be in the 90th percentile. Running mate Dennie Oxley II's name ID is still a paltry 16 percent and he appears to be having absolutely no impact in Southern Indiana, which was the rationale for his placement on the ticket. Thompson's favorable/unfavorables stood at 35/26 percent, up from 32/19 percent in the August survey. Those numbers had both increased by 10 percent from our April survey. Daniels' fav/unfavs stood at 61/24 percent.

The numbers bear out our analysis: that the Thompson campaign is one of the worst gubernatorial campaigns we've ever witnessed. Essentially, there has been only one active campaign. Voters didn't see Thompson running TV ads for most of the fall, though she did run some in August and then resumed last week. Any competent campaign would have been poised to run their TV campaign beginning no later than Labor Day and staying up through the election.

Thompson failed to bring in the establishment segment of the party that backed Jim Schellinger in the primary, feuded with labor, was unable to earn and exploit party endorsements from figures like U.S. Sen. Evan Bayh, former Gov. Joe Kernan, or former First Lady Judy O'Bannon. Any of them could have helped her retrieve the

Would you say that things in Indiana are on the right track and getting better or off on the wrong track and getting worse? (CONTINUE WITH...) Do you feel strongly about that?



DIRECTION FOR INDIANA				
	Oct 23-24	Aug 29-30	Apr 23-24	Feb 17-18
Strongly Right Track	25%	23%	15%	12%
Right Track	23%	24%	24%	25%
Staying About The Same	21%	17%	21%	24%
Wrong Track	8%	14%	14%	23%
Strongly Wrong Track	23%	21%	27%	17%
Total Right Track	48%	47%	39%	37%
Total Wrong Track	31%	35%	41%	40%

What is the most important issue facing the state of Indiana today that you would most like to see your elected officials take action on to help you and your family? (PROBE)



MAJOR ISSUE FACING INDIANA				
	Oct 23-24	Aug 29-30	Apr 23-24	Feb 17-18
Jobs, Wages	26%	30%	19%	14%
Taxes	20%	18%	23%	38%
Economy	10%	4%	12%	8%
Healthcare	9%	9%	7%	7%
Education	9%	8%	6%	11%
Gas Prices	4%	8%	12%	1%
Government	4%	5%	1%	2%
Traffic And Roads	2%	1%	1%	3%
Crime, Drugs	1%	2%	3%	3%

huge segment of the Democratic base defecting to Daniels. Lake County Surveyor Van Til called Thompson's Lake County campaign "almost non-existent."

The other part of that story is that the Daniels campaign sought early in the sequence to separate Indiana from a national dynamic. It appears that the strategy is working, given the national wave that appears to be developing around the Obama campaign. Having said that,



since last spring we have noted that Daniels and Obama both are change agents and are feeding off much of the same energy. That's why the governor getting 40 percent of the Obama vote is no surprise.

Howey/Gauge has consistently had Daniels in the 50th percentile and Thompson in the 30th. The unexplained anomalies came in late September and early October when two Research2000 polls and the Selzer poll had the race anywhere from a 1 to 4 percent Daniels lead. A new Research2000 poll shows Daniels up 53-41 percent. We found it hard to find many Democrats outside of the Thompson campaign who believed that. One Democratic source told HPI that party internals show Daniels leading Thompson anywhere from 18 to 27 percent. "We can't trust the public polling," the source said. "The real wild card this year is that the modeling methods haven't kept up."

Libertarian Andrew Horning (with a 29 percent name ID and 12 percent "hard recognition") polled 3 percent. In contrast, Lt. Gov. Becky Skillman had 54 percent total awareness and 30 percent hard recognition. Skillman's fav/unfavs stood at 24/5 percent.

Today Daniels begins his "Final Mile Tour" that runs through Southern Indiana. Campaign Manager Eric Holcomb told HPI to expect more job announcements in the coming days.

3rd CD

Our analysis last spring was that if we were talking about the 3rd CD in late October, there would be a national wave developing. So here we are and Howey/Gauge has Montagano leading Rep. Souder 44-41 percent. Montagano has campaigned hard and has 83 percent name ID. Souder's re-elect stands at 35 percent and those saying they want to elect someone new is at 50 percent. In the Fort Wayne media market, it stood at 53 percent.

Souder's fav/unfav stood at 42/33 percent, Montagano's at 33/22 percent. Montagano leads in Allen County 50-40 percent and 48/38 percent among self-identified independents.

This poll was taken after the news media began covering the story of Montagano's father buying him a

Do you favor or oppose the Financial Rescue Plan passed by Congress and signed by the President? (CONTINUE WITH...) Do you feel strongly about that?

FINANCIAL RESCUE PLAN	
Strongly Oppose	32%
Oppose	14%
Uncertain	17%
Favor	26%
Strongly Favor	11%



Who do you blame for the financial problems with the Stock Markets? (READ 1-4)

RESPONSIBLE FOR STOCK MARKET PROBLEMS	
Democrats	14%
Republicans	7%
President Bush	15%
Wall Street Leaders	44%
Uncertain	19%



\$326,000 home while the candidate - participating in the first election where he would be eligible for Congress - has no discernible income.

The party identification stood at 47 percent Republican and 39 percent Democrat with 14 percent independent.

About Howey/Gauge

Howey/Gauge follows American Association of Public Opinion Research disclosure guidelines. Our methodology has been accepted by a number of national news organizations and at RealClearPolitics.com. Our topline are published at www.howeypolitics.com and at gaugemarketresearch.com. Sponsors of the 2008 Howey/Gauge Polling Series include Anthem, Centaur Gaming, Duke Energy, and the Greater Indianapolis Chamber of Commerce. Without their stewardship this polling program would not have been possible.

Following the Nov. 4 election, we will present our polling data and analysis (as well as our media competitors) and compare them to actual election results. ❖

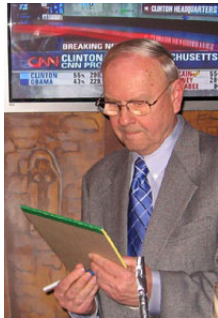


Can Obama win Indiana?

By JACK COLWELL

SOUTH BEND - Yes, he can win Indiana. The possibility grows. But it's not yet a probability. And what difference would it make in the Electoral College, where the presidency is decided?

Polls show Barack Obama has a chance to win Indiana, a state that hasn't gone for the Democratic nominee for president since 1964. Will he?



Every poll also shows that Obama's support is strongest _ overwhelmingly so _ among registered voters aged 18-29. Registered, yes, in record numbers. But will young people, who traditionally have low voter participation, actually get to the polls with the enthusiastic surge that Obama needs?

If they do, Obama could win Indiana and win big nationally. If they don't, John McCain will win Indiana

and could put together the key states for a come-from-behind victory.

There are of course other factors. One is the oft-cited Bradley effect, named after Tom Bradley, the African American who led significantly in polls but then lost for governor of California in 1982. The theory was born that a potentially decisive number of white voters will say _ to pollsters and perhaps to themselves _ that they will vote for a black candidate but then won't do so in the voting booth.

Another could be called the Bush effect. That's the theory that some people leaning toward McCain will decide finally that they cannot support a presidential candidate with the same political brand as President Bush.

Indiana is in play this presidential election because Obama targeted it.

Obama has made frequent campaign appearances in Indiana, including on Thursday, the one stop he added before flying to Hawaii to see his gravely ill grandmother.

He has established campaign headquarters all over the state and has spent heavily on TV advertising in Indiana. The Chicago Tribune reports that the Obama campaign, seeking to reach voters in northwest Indiana, spent \$1 million on Chicago television stations by mid-October and expects to spend another \$1 million on pricy Chicago air time by election day.

McCain basically has taken Indiana for granted, the way Republican presidential nominees have been able to do, devoting time and resources instead to states like Ohio and Florida, the recent decisive battlegrounds.

At first there was suspicion that Obama was just pretending to target Indiana instead of writing it off as

hopeless, as other Democratic presidential nominees have done. Was he just trying to sucker McCain into wasting some of the Republican nominee's more limited resources in Indiana?

McCain wasn't suckered. It's not that McCain doesn't care about Hoosiers. He wants and needs their votes. But he had no choice. If he can't count on states like Indiana, he isn't going to be president.

Obama was serious about an all-out effort in Indiana.

In addition to the overwhelming advantage in the air, with all those TV ads, he seeks to win on the ground as well, with a get-out-the-vote effort to deprive Republicans of the advantage they had in the last two presidential elections.

So, will Indiana matter?

It will to McCain. He must win almost all of the states now listed as toss-ups in computer sites such as RealClearPolitics to order to reach the magic 270 electoral total for victory. Indiana is listed as a toss-up.

It will to Obama. If he wins a state like Indiana, it likely will be part of a large, impressive victory nationwide, not some narrow win finally eked out in recounts and controversy.

There could even be the unlikely situation of Indiana as the state on which the presidency rests as counting continues into early morning hours.

On the RealClearPolitics electoral map, it's possible to change states from one candidate to the other to test various scenarios. If McCain won Florida and Ohio, came back to win states only just leaning toward Obama and _ with Indiana still undecided _ got all of the other toss-up states, the electoral totals would be: McCain, 268; Obama, 259. McCain only two electoral votes short. Obama only 11 away. And Indiana's 11 electoral votes still undecided.

What a change that would be for a state that for decades didn't matter, written off as hopeless by one side, taken for granted by the other. ❖



Gov. Daniels hands off the mic to John McCain last February in McCain's only town hall appearance here in the state. (HPI Photo by A. Walker Shaw)

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



So what should you do with your money now?

By **MORTON J. MARCUS**

INDIANAPOLIS - One of my friends suggests that 2008 is for economists what 1492 was for cartographers. It's an appealing analogy. The smart money was betting on adventurers seeking a new route to untold riches. What the explorers found was not the end of the earth, but a new, uncharted land to which they would bring disease and calamity. In time, the new lands would be resettled and become productive. Possibly, in our time, we will learn to live comfortably in the new financial world we have created.



Morton Marcus
Column

So what should we do now? How should you and I, people who think of themselves as prudent, deal with the financial crisis that is morphing into a significant economic downturn? The Wall Street and Main Street experts tell us to hold tight, don't panic, and don't sell.

That's pretty good advice from people who might have no idea what you should do with whatever money you would get from selling off the big losers in your portfolio. It's also good advice from people who do not want to see the general public selling more stock and driving prices lower. It might get people to think about other investment vehicles in the future.

We were the ones who bought into the idea that the stock market would always be our best bet despite its fluctuations. We tolerated the irresponsible suggestion that our Social Security money should be put at risk in the stock market. We wanted to invest for the long term yet bought financial instruments that can change in value at electronic speed.

A man recently asked me, "If you suddenly came into a whole lot of money, how would you use it?" It's a good question at anytime. My answer was that I would pay off my mortgage first. Then I would put aside funds for the education of my grandchildren.

Basically, it is the same answer I have given every time over the years that I have been asked that same question. First, get debt free. Second, invest in your family's human capital.

Americans have accepted debt as a way of life. We don't save to consume; we consume and hope that someday (with the help of inflation) we can pay back in depreciated dollars. That new flat screen HD-TV? You want it

now, get it now! In fact, get two so you don't have to fight the kids or your significant other for the "good" set. When you pay it off, without doubt, your income will be higher so that the debt won't mean as much. And you don't have to be more productive to get paid more; all you have to do is insist on a "fair" cost-of-living adjustment.

Yes, first get rid of debt. Then invest in your family's capabilities to be qualified and productive citizens. Today we think about education in terms of increased income. But, as you may have heard, money does not qualify a person to be a good citizen. Knowledge of history, law, literature, grammar, mathematics, the sciences, the arts, diverse cultures – all the components of a liberal education – are necessary for an adult to be a contributing member of society. It is a liberal education because such learning frees the recipient to think clearly and thus evaluate alternatives.

And, if I had any money left over, I'd give it to organizations that improve my community. In these tough times, many people will reduce their philanthropic donations. Now is not the time to do that. Now is the time to remember the museums, the zoo, public broadcasting, as well as the symphony and the theater. It is the time to remember the shelters for the homeless and the abused,

Normally, at Thanksgiving and Christmas we spend excessive amounts on gifts and decorations. This year, starting now, if we must cut back, let's do so intelligently. Let's think about what is best for us and our community in the long term. The rewards will be there in a Joyous New Year.

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Obama's ground game

The Obama campaign hierarchy said Friday that their strategy of "widening the map" to create "more avenues to victory" is working and they expressed optimism of carrying Indiana. Campaign manager David Plouffe said that many observers "questioned the validity" of competing in Indiana and North Carolina. But, he said, "We've spent a lot of time and money there and we think we have a bead." National field director Jon Carson said that due to



Obama's razor thin defeat in the Indiana primary to Hillary Clinton, the decision was made to compete here early in the summer. While he acknowledged that it is more "conservative and Republican than its sister state of Illinois," thanks to the money and staffing from the primary gave the campaign a sound footing to compete in the fall. "Our numbers are very solid in Indiana - not soft," Carson said. He added that by opening offices in rural areas and small towns, the Obama campaign believes it can cut McCain's margins from "60-40" to "56-44" while rolling up big pluralities in Lake County and Indianapolis. "We think that's the pathway to victory." He added that when independents decide to vote for Obama "they are very sticky" and hard for McCain to "pull off."

Indiana Governor: Republican: Gov. Mitch Daniels. Democrat: Jill Long Thompson. Libertarian: Andrew Horning. **2008 Outlook:** Daniels is 12 points ahead of Thompson in the most recent Tribune/WSBT poll — a strong lead in a race that was neck-and-neck about a month ago. A poll of 600 likely voters surveyed by telephone Thursday through Saturday shows 53 percent would support Daniels, the Republican incumbent, to 41 percent who would support Long Thompson, the Democrat. Some 2 percent said they would support a different candidate, and 4 percent were undecided. This was a 1-point race the last time The Tribune and WSBT polled it. Daniels had 47 percent of the vote at the end of September and Long Thompson had 46 percent. The margin for error in both polls was 4 percent. The swing in the poll likely comes from an uptick in the number of people claiming taxes as the most important issue in their vote for governor, said pollster Del Ali of the Rockville, Md.-based Research 2000. "That's clearly an advantage he has over her," Ali said of Daniels and Long Thompson. "When taxes and state spending become the top issue, particularly in a state that's conservative fiscally, it's only going to benefit a Republican." Some 26 percent of respondents say taxes and state spending is the most important issue in determining their

vote for governor — a rise of 9 percentage points from the last poll. Long Thompson's record in Congress was one of fiscal conservatism, consistently voting against new taxes. But the meat of her campaign has focused on jobs. About 37 percent of people rated the economy and job creation as their top issue for the governor's race. Even though it still tops the list of issues, it's gone up 4 percentage points from the last poll — not nearly as fast as taxes. **Status:** Likely Daniels

Congressional

3RD CD: Republican: U.S. Rep. Mark Souder. Democrat: Michael Montagano. Libertarian: William Larsen. **2008 Outlook:** Hoosiers should toss Souder, R-3rd, out of office because "it's time for the next generation to be able to lead," Democrat Michael Montagano says, drawing attention to the 31-year age gap between the candidates (Smith, Fort Wayne Journal Gazette). At 27, Montagano says, he has the energy and passion needed to be a member of Congress, and "I'm pretty certain I can do a better job than the person that's in there to try to get this area back on track." He likened himself to other young people who have been elected to Congress, including John F. Kennedy. Souder is also inviting voters to think about the difference in the ages of the candidates on the ballot — but his message is that Montagano's lack of experience will hurt. Almost all of his commercials have an overt or subtle challenge to Montagano's inexperience. One ad, for instance, says: "Now isn't the time to dress up and play congressman. It's time for real, proven leadership." In the background is an excerpt from a review of the race written by a non-partisan political analyst, Stuart Rothenberg: "Montagano, 27, seems more like an overly enthusiastic undergraduate running for class president than a member of Congress." The campaign has evolved into the most competitive of Indiana's nine congressional races, and national party committees have poured \$493,000 into the campaign. In addition, both candidates have raised more money than any previous candidates for the seat — Souder, \$937,000; Montagano, \$750,000, including money he lent his campaign. Souder, 58, has been in office since 1995 and says his experience in business and government (he was a congressional aide before defeating a three-term incumbent) benefits the region. Montagano said northeast Indiana deserves an "effective leader," and that Souder is not. "He's been extremely partisan and not gotten anything done," Montagano said. **Status:** TOSSUP

9TH CD: Republican Mike Sodrel. Democrat U.S. Rep. Baron Hill. Libertarian Eric Schansberg. **2008 Outlook:** U.S. Rep. Baron Hill has a 54-39 percent lead over Mike Sodrel in the latest SurveyUSA Poll.(599 Likely Voters -- MoE +/- 4.1%, Oct. 22-23). Libertarian Eric Schansberg came in at 5 percent. **Status:** LIKELY HILL



Legislature

HD15: Republican: State Rep. Don Lehe. Democrat: Myron Sutton. **2008 Outlook:** Former Newton County Sheriff Myron Sutton, a Democrat, is making a second bid for the 15th District state representative slot, hoping to unseat incumbent Don Lehe, a three-term Republican legislator and farmer from Brookston, after coming close in 2006 with only 27 votes separating them (Times of Northwest Indiana). "I expect it to be a close one again," Lehe said. He said the recent economic meltdown is bound to be felt at the polls. Still, he said, "It will affect us all a little, but Indiana has positioned itself well to weather it better than some other states." Lehe said he always campaigns hard, and this year has been no different. He said voters should return him to the seat that state Republican officials have called key in regaining control of the Indiana House to keep progress on the move. "We've gotten so much accomplished, especially in the last four years," Lehe said. "There has been huge progress in job creation and economic development." Lehe strongly supports 10 percent tax credits for companies that invest in renewable energy such as the wind turbines already in the district. Best known for his eight years as the Newton County sheriff, Myron Sutton's ties, however, extend across the district. "I think I really understand the neighborhoods and the culture," Sutton said, explaining that he was born in Hammond, his wife is from Crown Point, they were married in Cedar Lake, and have numerous family members and friends in Lowell and Lake Dalecarlia. "I'm proud to say that I've knocked on more than 14,000 doors in the district," Sutton said, adding that each encounter helps him to understand the needs of the people living there. **Status:** Tossup

HD31: Republican: State Rep. Tim Harris. Democrat: Joe Pearson. **2008 Outlook:** Republicans have drawn blood, noting that Pearson states he is a "certified" teacher when the DOE website shows he hasn't been for years. Harris is using that in mailers. The story has gotten some local media play. Given the closeness of this race in 2004 and 2006, we think it's too close to call. **Status:** Tossup

HD 33: Republican: State Rep. Bill Davis. Democrat: Andy Schemenauer. **2008 Outlook:** Sources in

Indiana House Horse Race

Democrats

51

HD26 (Open) Polles vs. Truitt
 HD63 (Open) Messmer vs. Burger
 HD46 Tincher vs. Heaton

HD75 Avery vs. Strouth
 HD37 Reske vs. Gaskill
HD70 Cochran vs. Clere

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

HD33 Davis vs. Schmenauer
HD45 Borders vs. Marshall

Likely

HD92 Hinkle vs. DeKemper

Safe

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

Republicans: Clements, Yarde, **Soliday**, Borrer, Neese, Wolkins, Walorski, Ruppel, Friend, McClain, J. Thompson, Richardson, Turner, Torr, Steuerwald, T. Brown, 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.

both parties tell HPI that this race has tightened up. **Status:** Tossup

HD37: Republican: Kelly Gaskill. Democrat: State Rep. Scott Reske. **2008 Outlook:** We sense this race has tightened up. The Anderson Police Department has released three audio clips used as evidence during the investigation of an intimidation complaint made against Reske. Three of the clips are on the Anderson Herald-Bulletin website. On Oct. 3, Anderson police said the investigation would be closed and no charges filed after no criminal intent was found. The complaint was filed Sept. 25 by Mike Gaskill, the husband of Kelly Gaskill. In it, Gaskill said Reske threatened his insurance business and his family. Reske responded that Gaskill misunderstood him when he said negative campaigning would hurt everyone involved. Gaskill said both he and his daughter, Heather, heard the conversation and that she recorded segments of the phone



call on her cell phone after things turned threatening. The phone conversation followed a series of negative advertisements aimed at Reske and paid for by the House Republican Campaign Committee. Gaskill's husband said that the Republican didn't sanction the ads. Anderson police Detective Mitch Carroll investigated Gaskill's complaint and announced on Oct. 3 that the case had been closed. "The finality of it is that there was no criminal intent found," Carroll said. "There will be no charges." **Status:** Leans Reske

HD44: Republican: State Rep. Amos Thomas. Democrat: Nancy Michael. **2008 Outlook:** This race is tighter than a drum. Republicans are concerned that the undecideds may break toward Michael. **Status:** Tossup

HD45: Republican: State Rep. Bruce Borders. Democrat: Rich Marshall. **2008 Outlook:** This is another race that appears to have tightened, according to sources in both parties. We had Borders "safe" last week. We're skeptical that Borders will lose but then this is the kind of year where he could be swept out. If Borders loses, so will a lot of his colleagues. Indiana Democratic Chairman Dan Parker says that Barack Obama is leading in the 45th. **Status:** LEANS BORDERS

HD46: Republican: Bob Heaton. Democrat: State Rep. Vern Tincher. **2008 Outlook:** Another race that we believe is tightening. Heaton has been hitting Tincher on pension and health care for life issues that were devastating to incumbents in 2004 (Larry Borst) and 2006 (Bob Garton). Daniels coat-tails are expected to mean more here than Obama's. Might be a pickup for the GOP. **Status:** Tossup

HD63: Republican: Mark Messmer. Democrat: DuBois County Commissioner John Burger. **2008 Outlook:** This race is in the gutter with Burger dropping a direct mail piece accusing Messmer of making an e-mail threat. Republicans say the e-mail was forged. Like HD46, we don't think Obama has big coattails here and Daniels is expected to do well in this district. **Status:** Tossup

HD72: Republican Ed Clere. Democrat: State Rep. Bill Cochran. **2008 Outlook:** This is being character-

ized as the 2008 version of the Mahern/Elrod race. Republicans think they have a shot at this one. We had Cochran "safe" last week. We're skeptical, but clearly there's some movement here. **Status:** LEANS COCHRAN

HD 75: Republican: J.D. Strouth. Democrat: State Rep. Dennis Avery. **2008 Outlook:** This is the late-breaking race of this cycle. Avery represents a 60 percent Republican district with a heavy pro-life tilt. Strauss has been able to climb into this race and some sources tried to convince us this is a tossup. We've moved it up to ... **Status:** LEANS AVERY.

HD 89: Republican: Christopher Swatts. Democrat: John Barnes. **2008 Outlook:** Both sides continue their TV assaults. Barnes is taking swings over Swatt's money problems that made it into a number of court cases. Swatts is assailing Barnes over his lack of support of property tax caps. **Status:** Tossup

HD97: Republican: State Rep. Jon Elrod. Democrat: Mary Ann Sullivan. **2008 Outlook:** Elrod has put out direct mail taking aim at "Millionaire Mary Ann," noting that she has donated \$60,000 to Democratic candidates in recent cycles. We sense that Elrod might be able to hold on, but it's still too close to call. **Status:** Tossup ❖

HOWEY
Politics Indiana

When Chris Cillizza of the *Washington Post* posed the question to readers across the nation - Who's the most influential political journalist in your state? - the answer in Indiana was this: Brian A. Howey of *Howey Politics Indiana*. Since 1994, *Howey Politics Indiana* has provided news, analysis and commentary from throughout Indiana and Washington D.C. Howey reaches the most influential insiders with his newsletters and the masses with his weekly newspaper column and www.howeypolitics.com.

Photo: Howey with Richard Lugar and Sam Nunn in Russia.

The Washington Post
SATURDAY, OCTOBER 25, 2008

"The Best Indiana Political Reporter: *Howey Politics Indiana* editor Brian Howey."



Chris Cillizza, Washington Post: Chris Cillizza, Washington Post: Barack Obama stands on the cusp of an electoral vote blowout over John McCain with just eight days left in the 2008 general election. On our latest Fix electoral map, we have Obama at 349 electoral votes -- his highest total since we began picking the playing field earlier this fall -- while McCain stands at 189 electoral votes. And, it's uniquely possible that Obama could crest 350 electoral votes before all is said and done next Tuesday. The hardest three states for us to pick -- Missouri, Indiana and Nevada -- were all carried by President George W. Bush in 2000 and 2004. (In the case of Indiana, the Republican presidential nominee has carried the state in every election but one -- 1964 -- since 1936.) While we have McCain to Indiana, it's uniquely possible that the Hoosier State could flip from red to blue as Real Clear Politics shows Obama leading by a half percent in an average of polling conducted in the state. (The RCP average and other helpful indicators for nine battleground states can be found in our new Battleground Cheat Sheet.) Similarly, North Carolina, which we are giving to McCain, could go for Obama, according to aggregated polling. If those two states were to flip, Obama's electoral vote count would stand at a whopping 375. For comparison purposes, President Bill Clinton won 379 electoral votes in his 1996 re-election race against Kansas Sen. Bob Dole while then Vice President George H.W. Bush claimed 426 electoral votes in his win over Massachusetts Gov. Michael Dukakis in 1988. ❖

Rich James, Post-Tribune: About the only thing in this country worse than the economy is the Republican Party. Republicans had high hopes of putting George Bush behind them as they headed into the national convention. And when John McCain picked Sarah Palin, things were even sweeter, as the two got a bump in the polls. But not long after Palin revealed her true self -- an inept bore -- the wheels started coming off. And now we've learned that the GOP has outfitted that down-to-earth hockey mom with \$150,000 in duds from stores such as Saks. And she calls Barack Obama an elitist? I tell you, I don't know what's scarier, Palin as president or those who think she is ready to be president. ❖

Sylvia Smith, Fort Wayne Journal Gazette: we forget that earmarks are an almost infinitesimal part of the federal budget. Symbolic, yes; but consequential in terms of actual money? No. Nonetheless, they make great campaign fodder. We're seeing a bit of that in the congressional contest between Republican Rep. Mark Souder and Democrat Michael Montagano. Acting as Montagano's proxy, the state Democratic Party (prompted by the Demo-

cratic Congressional Campaign Committee) says Souder sought and got an earmark for a company that he owned stock in -- Biomet. By doing something that improved the company's standing, the state party says, Souder feathered his own financial nest. Some of what the Dems say is flawed -- the \$1 million was directed to the University of Notre Dame, not a business. But Souder contributed to this misunderstanding because of a press release he issued naming the companies that would benefit, including Biomet. According to that 2006 release: "A partnership consisting of three Warsaw-based orthopedic companies -- Zimmer, Biomet and DePuy -- the Walter Reed Army Medical Center and three Indiana universities would receive \$1 million in Souder-requested funding to help improve soldier recovery following orthopedic surgery. Last year, Souder secured \$1.3 million for this same partnership." Indeed, Souder bought 54 shares of Biomet in 2003 at \$36.99 a share. It was when he bought a handful of other stocks, and he says he intended to hold on to all of them until retirement. There is no evidence that he sold any of them until 2006, when Biomet was acquired by a private equity firm. All shareholders were paid \$46 a share -- netting Souder \$486.54. There are plenty of mistakes to go around in this: The state Democratic Party and the DCCC were wrong to say Souder got an earmark for Biomet and that he did something almost illegal. Souder should have avoided any appearance of conflict, even if that meant not buying stocks in a local business. ❖



Doug Ross, Times of Northwest Indiana: Here's an election night scenario that should have you biting your fingernails: Indiana is a swing state this year. The presidential race could go to the Democrats instead of the Republicans. Barack Obama's campaign has been working feverishly to convert Hoosier voters, while John McCain's campaign seems to be taking Indiana for granted. The polls have certainly been swinging back and forth between Obama and McCain. So what if the presidential race hinges on Indiana? And what if the state hinges on Lake County? With thousands upon thousands more voters registered by ACORN activists and others since the primary election, the results from Lake County could be even later than in May. Hey, it could happen. Indiana Secretary of State Todd Rokita explained during a visit to The Times this summer that early votes and absentee ballots can't be tallied until the polls close on Election Day. That's because voters can change their minds, show up at their polling place on Election Day and cast a new ballot that voids the earlier one. So if you think this election is nutty now, just wait. Get ready for a long night Nov. 4. ❖



Rokita finds criminal violations with ACORN

INDIANAPOLIS - Secretary of State Todd Rokita says his office has found evidence of "multiple criminal violations, including possible state and federal racketeering laws" in connection with fraudulent voter registration applications filed in Lake County. Rokita says many registration applications filed by the Association of Community Organizations for Reform Now, or ACORN, had incomplete information or indications of fraud or forgery. Rokita outlined his office's findings in a letter to federal, state and local prosecutors asking them to open a criminal investigation. A Deputy Indiana Attorney General has previously rejected that request, but senior law enforcement officials have told The Associated Press that the FBI was investigating ACORN.



Sen. Stevens convicted

WASHINGTON - Sen. Ted Stevens gambled by asking for a speedy trial, betting a high-powered defense team, some sterling character witnesses and his unblemished record as Alaska's political patriarch would get him a pre-election acquittal on corruption charges (Associated Press). He lost, with a jury on Monday finding him guilty on seven counts of trying to hide more than \$250,000 in free home renovations and other gifts from a wealthy oil contractor. Stevens, who first entered the Senate in 1968, now faces Alaska's voters next week as a convicted felon - increasing the difficulty in a tough race against Democratic challenger Mark Begich. But the famously stubborn Stevens is not

giving up, asking supporters in Alaska and the Senate to stand by him as he appeals his conviction. "I will fight this unjust verdict with every ounce of energy I have," the 84-year-old World War II veteran said.

Glass to be named IU athletic director

BLOOMINGTON - A Hoosier will soon be running the athletic department at Indiana University (Indianapolis Star). Fred Glass, an Indianapolis attorney with Baker & Daniels and a graduate of IU, is Indiana's 20th athletic director, according to multiple sources with knowledge of the situation. He will be introduced at a news conference at 10:15 this morning at the Virgil T. DeVault Alumni Center on the Bloomington campus. Glass replaces Rick Greenspan, who resigned in June amid NCAA allegations that the university's athletic department failed to monitor the men's basketball program. Glass, 49, is well known in Indianapolis sports circles. From 2000 to 2007, he was president of the Marion County Capital Improvement Board, which owns and operates the Indiana Convention Center, Lucas Oil Stadium, Conseco Fieldhouse and Victory Field. He also served on the board of directors for Indiana Sports Corp. from 2000 to 2005.

Economy hitting Indiana casinos

INDIANAPOLIS - Indiana's typically resilient gambling industry is taking a beating from the nation's economic downturn (Associated Press). The gambling industry has been considered somewhat recession-proof, but the state's wagering tax and admission tax revenues declined in fiscal year 2008 compared with the previous year, according to the Indiana Gaming Commission. Mike Smith, president of the Casino Association of Indiana, said economic

problems are difficult to fight, but he hopes the worst is already behind the gambling industry. "If you look at the numbers (of the casinos in Indiana), we've managed to stabilize," he said. At French Lick Casino, the amount made by the casino this year through September is down \$2.7 million from what the casino brought in during the same time in 2007. On slots and table games, French Lick has made \$76.2 million this year compared with last year's \$78.9 million by this time.

State to get \$152M in HUD foreclosure \$\$

WASHINGTON - Indiana will get \$152 million to help cities and towns buy abandoned or foreclosed homes, demolish or redevelop vacant properties and help low- and moderate-income home buyers purchase properties, Gov. Mitch Daniels said yesterday (Associated Press). Of the state total, \$84 million is Indiana's share of the \$3.92 billion appropriation to all 50 states under the federal Neighborhood Stabilization Program. The remaining \$68 million will go to Indiana directly from the U.S. Department of Housing and Urban Development, Daniels said. Areas slated to receive direct HUD funds include Anderson, \$2.1 million; Elkhart, \$2.2 million; Evansville, \$3.6 million; Fort Wayne, \$7 million; Gary, \$3.8 million; Hamilton County, \$2.3 million; Hammond, \$3.8 million; Indianapolis, \$29 million; Kokomo, \$2.2 million; Lake County, \$5.7 million; Muncie, \$2 million; and South Bend, \$4.1 million.

Employees reassured

SOUTH BEND - South Bend city employees whose jobs are threatened because of the city's budget woes will get to keep their jobs for the first few months of 2009, Mayor Stephen Luecke said. (South Bend Tribune).