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A Perfect Storm

The Republican Party is facing a major defeat on November 4. The economic chaos on Wall Street and among large banks across the nation is being touted as the worse financial crisis since the Great Depression. In the past month, major investment firms have gone belly up. A number of large banks, including some in the South, have avoided bankruptcy by shot-gun marriages -- often arranged by the Federal Deposit Insurance Corporation (FDIC) -- with a larger and more stable rival.

Not only did this happen on the watch of a Republican president, but when the big recovery proposal came before Congress -- backed by **President Bush**, GOP presidential nominee **John McCain** and the top Republican leadership in Congress -- the Republicans could not even muster half of their number to support the rescue proposal.

The political ramifications of the financial crisis were immediate. The McCain-Palin surge that began shortly after the GOP's national convention went into reverse after the Lehman Brothers bankruptcy on September 14. Not only did **Barack Obama** regain the lead in nationwide polls, reaching double digits in some, but in key battle ground states in the South -- Virginia, Florida and North

Carolina -- the GOP's small post-convention leads also disappeared. Obama will likely carry all three states, plus Arkansas.

The Democratic trend has moved sharply into important US Senate races in the South, with at least four prominent Southern Republicans - - considered safe only a few months or even weeks ago -- now in major trouble. In Kentucky, Senate Minority Leader **Mitch McConnell** (R) is now neck-and-neck with businessman **Bruce Lunsford** (D). In North Carolina, the latest poll, taken by Public Policy Polling (D), shows US Sen. **Elizabeth Dole** (R) eight points behind -- 46% to 38% -- her challenger, state Sen. **Kay Hagan** (D). In Georgia, US Sen. **Saxby Chambliss** (R) was tied in a recent poll with little-known Democrat **Jim Martin**. And in Mississippi, US Sen. **Roger Wicker** (R) and former Gov. **Ronnie Musgrove** (D) are also in a dead heat. Democrats are also likely to win a number of Dixie's once-safe Republican US House.

If the Wall Street collapse and capital markets freeze were all that the GOP had to confront, it would still be in serious trouble. But these crises come on top of economic and other problems that have driven President Bush's approval rating down to 27% (says Gallup).



Unemployment has been climbing upward for months -- from 5.7% to 6.1% in September -- and is expected to climb even higher now. The financial markets' near-collapse is having repercussions at the state and local level. Credit for both local governments and businesses -- small and large -- has yet to start flowing again since the various federal cash infusions were announced. And more than one Southern state has reported significant losses in its pension or other state funds from the Wall Street bankruptcies.

On top of all the bad economic news, the GOP has other burdens. Despite a significant upturn in events in Iraq, the war is still not popular and not widely understood as something the nation should have entered in the first place. Moreover, Afghanistan, once considered a done-deal, is now back in the news. And the ethics problems in Congress while it was under Republican control -- abuse of earmarks, cozy deals between lobbyists and staff members of some top congressional leaders -- have resulted in scandals that are difficult for even dedicated Republicans to forgive and forget.

Finally, the nomination of Alaska Gov. **Sarah Palin** (R) as McCain's running mate, which initially gave the GOP ticket such a major lift, has become problematic. She overcame her mediocre performances in unscripted media interviews with a better than expected performance in her debate with **Joe Biden**. But the national financial crisis suggests now is not the time to take on untried leadership. Palin, described by none other than former **President Clinton** as having "good instincts," may help the GOP hold on to its base, but beyond that, she is unlikely to help.

Were McCain facing a flawed opponent, that would be one thing, but Obama -- if only by defeating highly favored **Hillary Clinton** for the Democratic nomination -- has shown

himself to be one of the most skilled and charismatic politicians in recent history. His smooth and on-point performance in the debates has been exceptional, while McCain, despite getting in some good jabs, has exhibited a grating demeanor, like an engine in need of oil, or a car without shock absorbers.

In short, all Republican candidates, in the South as elsewhere, are facing an extraordinarily difficult election season. McCain is good at pulling rabbits out of hats. But three weeks out, it appears highly unlikely that McCain or many of the other GOP nominees up and down the ballot can survive this convergence of events.

US Senate Updates

SPR expects the Democrats to pick up two US Senate seats in the South (VA for sure and probably NC), and possibly one to three more (GA, KY & MS). Details:

Georgia: Chambliss, Martin Close. US Sen. **Saxby Chambliss** (R) faces a serious challenge from former state Rep. **Jim Martin** (D). It's 45% each, says and InsiderAdvantage/Poll Position survey taken September 30. And the Democratic Senatorial Campaign Committee (DSCC) is getting publicly involved in the race, recently releasing a Mellman Group (D) poll showing Chambliss with a weak 37%-34% lead. **Toss-up.**

Kentucky: McConnell in Trouble. The highest ranking Republican in the US Senate is in a tough re-election fight. **Mitch McConnell** (R-KY), the Senate Minority Leader and long a powerhouse in both the US Senate and in his state's politics, barely leads his Democratic challenger, businessman **Bruce Lunsford**, 46% to 45% -- a virtual tie -- according to the Bluegrass Poll, a survey taken for the Louisville *Courier-Journal* by Mason-Dixon



September 22-25. Without “leaners,” the poll was even-steven, 41% each. The Bluegrass Poll came on the heels of a SurveyUSA poll, taken September 21 and 22, giving McConnell a slim lead of 46%-43%.

Why has this race gotten so tight, we asked a Lunsford operative? “It’s Bush’s problems,” he said, “and McConnell’s close links to Bush. The economy being so sour, the social issues are not working any more.” **Lowell Reese**, editor of the *Kentucky Gazette*, says, “In my gut, I expect McConnell will probably win, but he’s going to have to be looking over his shoulder.” McConnell had \$5.76 on hand as of September 30. Lunsford raised less than a million, but also contributed \$2.4 million of his own money. **Toss-up**

Louisiana. There’s little indication that **John Kennedy** (R) will defeat US Sen. **Mary Landrieu** (D). Likely Democratic.

Mississippi: Tight Race. US Sen. **Roger Wicker** (R) and former governor **Ronnie Musgrove** (D) are in a virtual tie -- Wicker 49%, Musgrove 47%, says a Rasmussen poll on October. **Leans Democratic.**

North Carolina: Dole in Close Race. A SurveyUSA poll gives US Sen. **Elizabeth Dole** 44%, state Sen. **Kay Hagan** 43%, poor for an incumbent. **Leans Democratic.**

Oklahoma: Inhofe Ahead. US Sen. **James Inhofe** (R) 53%, state Sen. **Andrew Rice** (D) 37%, says a September 28-29 SurveyUSA poll. The 16-point lead is impressive; 53% for an incumbent is not. Still, **Likely Republican.**

Texas: Is Cornyn Still Safe? A Rasmussen poll on October 1 gave US Sen. **John Cornyn** (R-TX) an unimpressive 50% to 43% lead over five-term state Rep. **Rick Noriega** (D). Until this early October survey, Cornyn had led by double-digits in every Rasmussen poll since

May. Nevertheless, Texas observers are bearish on Noriega’s chances. “The conventional wisdom here is that Noriega’s campaign has pretty much collapsed,” says **Harvey Kronberg**, editor of the Quorum Report, an Austin-based newsletter. “When you poll in South Texas, where the name Noriega should have some resonance, it doesn’t move the needle.” Another long time Austin observer of Texas politics says, “Cornyn is ramping up his television while Noriega is not raising any money. And I don’t see any [yard] sign activity for Noriega, or anything like that.” **Likely Republican.**

Virginia: Another Warner. Former Gov. **Mark Warner** (D) should have a landslide victory over former Gov. **James Gilmore** (R) in the race to fill retiring US Sen. **John Warner**’s (R) Senate seat. **Safe Democratic.**

US House Updates

SPR estimates the Democrats will make a net gain of five US House seats in the South. If the Democrats win half of the six “toss-ups,” they will gain eight Southern US House seats.

Alabama 2 (Dothan, etc.) State House Minority Leader **Jay Love** (R) and Montgomery Mayor **Bobby Bright** (D) are locked in a close race to succeed retiring US Rep. **Terry Everett** (R). A poll taken for Bright by Anzalone-Lizst (D) in early October showed Bright leading Love by one point -- 46% to 45%. Another district poll reportedly shows McCain leading Obama 62% to 28%, which could boost Love. **Toss-up.**

Alabama 3 (Anniston, etc.) Three-term US Rep. **Mike Rogers** (R) faces well-financed young Montgomery lawyer **Josh Segall**. **Likely Republican.**

Alabama 5 (Huntsville, etc.) State Sen. -- and oncologist -- **Parker Griffith** (D) looked like



he was going to hold this seat, being vacated by US Rep. **Bud Cramer** (D). Then the GOP's **Wayne Parker**'s TV spots began citing 1987 reports by the Huntsville Hospital Board that questioned the treatment cancer patients received at Griffith's clinic. Griffith responded that his clinic provide competition for the Huntsville Hospital, which accounts for the report. But word is that Griffith's polling numbers dropped after the ad. But Griffith was endorsed by the influential Alabama Farmers Federation. **Leans Democratic.**

Florida 8 (Orlando, etc.) Four-term **Ric Keller** (R) won his August primary by an unimpressive 53% to 47% and is now in a tough General Election race with well-to-do businessman/lawyer **Alan Grayson** (D). "Ric is in trouble," says a lobbyist; "The district could easily go Democratic." A GOPer, however, believes that Grayson may be too liberal for the district, which Bush carried 55% to 45% in 2004. Grayson's poll shows him up for four points. If Keller wins, "It will be a narrow escape," says an insider (R). **Toss-up.**

Florida 13 (Sarasota, etc.) Freshman **Vern Buchanan** (R) squeaked by (369 votes) in 2006. This year, "its still Vern Buchanan's to lose," says an observer. Retired banker **Christine Jennings** (D "is giving him a run for his money." Another source (R) says, "He's done a good job of constituent service and his voting record is good." An independent bid by lawyer **Jan Schneider**, a former Democratic nominee, won't help Jennings. An October 2 SurveyUSA poll gave Buchanan 49%, Jennings 33%, Schneider 9% and **Don Baldauf** (ind.) 3%. **Leans Republican.**

Florida 16 (Hobe Sound, etc.) "It'll happen again, I'll guarantee you," Democratic strategist **James Carville** said in a television discussion of former US Sen. **John Edwards'** (D-NC) extramarital affair. And indeed it has.

Freshman US Rep. **Tim Mahoney** (D) is now ensnared in allegations that he paid \$121,000 in "hush money" to a former aide with whom he had an extra-marital affair. So now Mahoney "is toast," say observers. Mahoney replaced former Congressman **Mark Foley** (R) after his scandal with sending improper emails to former congressional pages. He was elected 50% to 48% in 2006. Before the Mahoney scandal broke, he was already in a tight race with wealthy lawyer **Tom Rooney** (R) and was a top GOP target. Mahoney had gotten endorsements from the National Rifle Association and the Chamber of Commerce, important in this conservative-leaning district. But the Mahoney-Rooney race now goes from Toss-up to **Likely Republican.**

Florida 18 (Miami) US Rep. **Ileana Ros-Lehtinen** (R) has a comfortable lead -- 48% to 35% -- over banker **Annette Taddeo** (D), though an incumbent under 50% shouldn't rest on her laurels. The survey was taken in early October for WSCV Telemundo 51 by pollster Carlos McDonald, as were the polls in the 21st and 25th Districts. **Likely Republican.**

Florida 21 (Miami, etc.), Eight-term US Rep. **Lincoln Diaz-Balart** (R) had 48% to 43% for **Raul Martinez** (D), former mayor of Hialeah, in the Telemundo poll, a better showing for the incumbent, but not a strong one. The GOP's ground game for early and absentee voting could help Diaz-Balart. **Toss-up.**

Florida 24 (Orlando, etc.) Three-term US Rep. **Tom Feeney** (R), under fire for playing golf in Scotland on convicted lobbyist **Jack Abramoff**'s nickel, "is in the toughest race he's ever had" with state Rep. **Suzanne Kosmas** (D); "it could go either way," says an insider. Feeney gets credit for a very effective television spot, acknowledging that he made a mistake. He also has good support from business, which didn't like Kosmas's voting



record in the legislature. But one old GOP hand opines, “Feeney is gone; he’s dead.” Kosmas’s (D) internal poll shows her with a 43%-42% lead. **Leans Democratic.**

Florida 25 (Naples, etc.) Three-term US Rep. **Mario Diaz-Balart** (R) barely edged **Joe Garcia** (D), former chair of the Miami-Dade Democratic Party, by 43% to 41%, in the Telemundo poll, a very poor showing for an incumbent. **Toss-up.**

Kentucky 2 (Owensboro, etc.). The GOP is leading for the open seat being vacated by US Rep. **Ron Lewis** (R). State Sen. **Brett Guthrie** (R) is ahead of state Sen. **David Boswell** (D) by 49% to 43%, says a SurveyUSA poll taken for WHAS-TV September 24-25. In the same firm’s poll taken June 27-29, Democrat Boswell led 47% to 44%, indicating a shift to the GOP. **Leans Republican.**

Kentucky 3 (Louisville) Former US Rep. **Anne Northup** (R) has waged a valiant battle to reclaim her old seat, but in this Democratic year, freshman **John Yarmuth** (D) will win. **Likely Democratic.**

Louisiana 2 (New Orleans). Nine-term US Rep. **William Jefferson** (D), under indictment on federal bribery charges, led the ticket in the primary, but will face a November 4 runoff with **Helena Moreno**, 30, an attractive former TV anchor in the area for seven years. Jefferson had 25% to Moreno’s 20%. Six other contenders shared the rest of the votes. The early betting is that Jefferson will win the runoff, in large part because Moreno, who was the only white candidate in the race, was popular with the district’s white voters, who comprise only 28% of the electorate. **Safe Democratic.**

Louisiana 4 (Shreveport, etc.): Both major parties will hold November 4 runoffs for the

congressional seat being vacated by ten-term US Rep. **Jim McCrery** (R). In the Republican Primary, physician **John Fleming** led with 35% to businessman (trucking), civic and business leader **Chris Gorman**’s 34%. A close third was **Jeff Thompson**, a lawyer who had the support of McCrery, with 31%.

On the Democratic side, **Paul Carmouche**, district attorney for Caddo Parish (Shreveport), was unexpectedly forced into a runoff with **Willie Banks**, an African-American attorney and retired Army colonel. Carmouche, who had the endorsement of the Democratic Party, had 48% to Banks’ 23%. In third place was attorney and active church layman **John Milkovich**, with 21%. **Artis “Doc” Cash**, an African American, was fourth with 8%. Carmouche is favored in the runoff, mainly because his 48% is only two points off the needed majority. But the district is 33% African American and the Democratic electorate is about 50% black. A large black turn-out for Obama could help Banks. In the General Election, **Leans Democratic.**

Louisiana 6 (Baton Rouge, etc.) US Rep. **Don Cazayoux** (D) had a significant lead in a recent survey over state Sen. **Bill Cassidy** (R) and State Rep. **Michael Jackson**, an African-American independent. **Leans Democratic.**

North Carolina 8 (Concord, etc.) It’s 49% for second-time challenger **Larry Kissell** (D), 41% for fifth-term US Rep. **Robin Hayes** (R), says a SurveyUSA poll taken in the 8th District on October 4-5 for *Roll Call* newspaper. A Democratic poll, taken September 28-29 by Greenberg Quinlan Rosner, gave Kissell a 54% to 43% lead. In 2006, Hayes edged out Kissell by 329 votes. As of September 30, Hayes had raised \$2,959,000, with \$1,955,000 on hand, while Kissell had raised \$676,000, with \$232,000 on hand. **Leans Democratic.**



South Carolina 1 (Charleston, etc.) Don't be shocked if Food Lion heiress **Linda Ketner** (D) upsets four-term US Rep. **Henry Brown** (R) in this Republican district (Bush 61% in 2004). Liberal Ketner has a history of activism on African-American and civil liberties issues, has plenty of money (her own plus supporters), and is vivacious and telegenic. White-haired Brown (73) is not that much older than yours truly. **Leans Republican.**

Texas 7 (Houston) Four-term US Rep. **John Culberson** (R-TX) has a tough challenge this year from businessman **Michael Skelly** (D). FEMA's allegedly flawed response to Hurricane Ike has been an issue and upscale voters here aren't enamored of the last eight years. **Leans Republican.**

Texas 10 (Austin, etc.) In a hard-fought race between US Rep. **Mike McCaul** (R) and Texas Justice television judge **Larry Joe Doherty** (D), both sides -- with a little help from their own pockets -- are well-financed, though McCaul has somewhat more. **Toss-up.**

Texas 22 (Sugar Land, etc.) US Rep. **Nick Lampson** (D) vs. **Pete Olson** (R) is getting close, with foes charging Olson cast some illegal ballots due to his peripatetic residential status; Olson denies it. **Leans Democratic.**

Virginia 2 (Virginia Beach, etc.) Two-term US Rep. **Thelma Drake** (R) has only a five-point lead over ex-diplomat **Glenn Nye** (D), says a poll taken for Nye's campaign. It's 45% for Drake, 40% for Nye. **Toss-up.**

Virginia 5 (Charlottesville, etc.) A SurveyUSA poll taken in early October for WEBJ7 shows **Tom Perriello** (D), a human rights lawyer, has gained in his challenge to US Rep. **Virgil Goode** (R). Goode still leads

55% to 42%, but in mid-August, a poll by the same firm showed Goode ahead 64% to 30%. A Perriello poll shows Goode with 48%, Perriello 40%. **Leans Republican.**

Virginia 11 (Annandale, etc.) Fairfax County Board Chairman **Gerald Connolly** (D) is favored over wealthy businessman **Keith Fimian** (R) for the seat now held by retiring US Rep. **Tom Davis** (R). **Likely Democratic.**

Grits

? North Carolina: McCrory Leads. Not all the polls are showing Democratic victories. It's 44% for Charlotte Mayor **Pat McCrory** (R) to 41% for Lt. Gov. **Beverly Perdue** (D), says a Public Policy Polling (D) survey taken September 28-29. In a recent SurveyUSA poll, McCrory led 46% to 45%, with 4% for a Libertarian. **Toss-up.**

? Bailout Reception Mixed in Dixie. In a Gallup Poll taken October 3-5, 50% of respondents across the nation favored the bailout proposal while 41% opposed it. In the South, opinion was only slightly more negative, with 50% supporting the relief plan to 44% who opposed it. In Florida, a recent Quinnipiac poll showed 42% of Florida voters oppose the bailout to 36% who favor it; 60% said the economy was the top issue. And in North Carolina, 48% favored the rescue plan to 41% who opposed it, according to an Elon Poll taken September 29-October 2.

? Florida Registration. Some 800,000 new voters registered to vote in the Sunshine State this year, reports *The Hill* newspaper, 52% of them Democrats, 32% independents and only 21% Republicans. About 19% of the new voters are African-Americans, a higher share than their 16% of Florida's population.