



HASTINGS WYMAN'S

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Unemployment Hitting Dixie

The unemployment rates in Southern states remained essentially flat from September to October, with only a 0.2 point up tick in the jobless rate. For the year since October 2007, however, the region suffered a significant percentage increase in unemployment -- up 1.7 percentage points. The Bureau of Labor Statistics (BLS) will release November numbers later this week, but since the national rate increased from 6.5% in October to 6.7% in November, the new Southern state numbers are likely to show a downward trend.

In decades past, when the South was the nation's new fast-growth region, Dixie job-holders were often exempt from national trends. Today, however, the Southern states are widely industrialized, with a range of economic activity not entirely different from the rest of the nation. In the September numbers, the jobless rate in seven Southern states exceeded the national rate of 6.1%.

Georgia Labor Commissioner **Michael Thurmond** (D) tells SPR he expects unemployment "to continue to rise throughout 2009." Thurmond adds, "It's very difficult to find a job, but not impossible... You've got to look behind the headlines. With people not buying new cars, they're getting their cars

repaired more, so there are some jobs for auto-repair technicians." He noted other bright spots for job-seekers, including healthcare and the airlines, as well as public and private education. "Here in Georgia," Thurmond added, "they're nearing completion of a Kia automobile manufacturing plant, which will generate thousands of jobs in West Central Georgia." And his own office is working ten-hour days to help people find jobs.

	Sept/Rate	Nat'l /Rank
South Carolina	8.0%	48 th
Mississippi	7.2%	41 st
Tennessee	7.0%	37 th
North Carolina	7.0%	37 th
Georgia	7.0%	37 th
Florida	7.0%	37 th
Kentucky	6.8%	36 th
National rate	6.1%	
Texas	5.7%	23 rd
Alabama	5.6%	23 rd
Louisiana	5.5%	21 st
Arkansas	5.4%	19 th
Virginia	4.4%	8 th
Oklahoma	4.3%	7 th

In a November 7 release of his remarks at a Palm Beach conference, Federal Reserve Bank



of Atlanta President **Dennis Lockhart** noted that the region's problems "are now broad based. Beyond the housing sector, activity has fallen in auto manufacturing, transportation and distribution, retail trade, financial services, and some segments of commercial real estate."

All parts of the South are not experiencing job-losses equally. Oklahoma, Arkansas, Louisiana and Texas have unemployment rates below the national average, due in part to the economic importance of oil and natural gas production in those states. Virginia also has a low jobless rate, most likely because of heavy federal government employment in Virginia's Washington, DC, suburbs, as well as defense-related spending in the Tidewater area.

Nevertheless, the bad omens from much of Dixie continue to pile up. In Georgia, Gov. **Sonny Perdue** (R) has just announced that his state's year-to-date revenue collections declined by 1.3%. In Tennessee, state officials announced that this state's sales tax collections declined by 7.7% over October 2007; the state has no income tax and relies on the sales tax for two-thirds of its revenues. And in Florida, the state government estimates that revenues will decline by some \$1.2 billion more than its August estimate had forecast, and another \$2 billion for its 2009 budgetary year.

There are several bright spots that could help give the economy a boost, including the decline in gasoline prices. In addition, Lockhart noted that he expects "inflation to decline over the coming months and fall into an acceptable range below 2 percent by 2010." Indeed, the Consumer Price Index in October fell by 1.0%, according to BLS numbers.

Auto Bail-Out Role Boosts Corker

US Sen. **Bob Corker** (R-TN), a mere freshman in the nation's greatest deliberative

body, has moved from the sidelines of legislative action to the very center of negotiations that are expected to grant at least a reprieve to the nation's three major automobile companies. As the automotive giants hover on the brink of bankruptcy, Corker first worked -- ultimately unsuccessfully -- with both Democrats and Republicans in an attempt to broker a deal that could get the support of at least 60 senators, thus requiring significant support from lawmakers in both parties. When that failed, due mainly, said Corker, to the United Auto Workers' intransigence, he continued to work the issue, this time consulting with the White House on its rescue proposal.

In the process, the businessman-turned-lawmaker has gotten lots of national media attention, including an appearance on *Face the Nation* and an interview with **Chris Wallace** on Fox News. Bloomberg News dubbed him a "new Republican Senate Star."

In Tennessee, where all the papers have run major stories on his new national prominence, Corker already had a lot of fans. "He was already known in Tennessee," says **Ed Cromer**, editor of the *Tennessee Journal*. The automobile bailout issue "has done him more good nationally; people seem to have discovered him."

Corker has also drawn praise from senate leaders in both parties, including Minority Leader **Mitch McConnell** (R-KY), Majority Leader **Harry Reid** (D-NV) and Banking Committee Chairman **Chris Dodd** (D-CT).

Corker's Record. Corker, 56, has a record that reflects not so much political moderation as a pragmatism geared toward getting things done. This is reflected in his business background, which includes founding a successful corporation to install drive-through



windows in banks and restaurants. He also engaged in major commercial real estate ventures. His government experience has also been results-oriented, first as state Commissioner of Finance and Administration, where he worked on state budgets, and later as mayor of Chattanooga.

Corker's attempt to reach a bipartisan consensus on aid to the automotive giants is "the kind of thing he's done before," says a Nashville source. "He was very involved in bringing the Titans to Tennessee." The Tennessee Titans, a Nashville-based professional football team, came to the state in 1997. In this and similar endeavors, he not only worked closely with Gov. **Don Sundquist** (R), but also with then-Nashville Mayor **Phil Bredesen** (D), now governor of Tennessee. "They were good friends," says SPR's source.

Gang Member. It is not so surprising that Corker, upon his election to the senate, became a member in good standing of the Senate's "gang of ten" -- or "gang of 14," the number shifts depending on the issue -- an informal group of senators from both parties who take seriously Prussian Chancellor **Otto von Bismarck**'s remark that "Politics is the art of the possible." Like most of the Republicans in the group, Corker has a mainly conservative voting record, but he and others in the gang differ from other GOPers who enjoy obstructing what they regard as bad legislation -- and let the devil take the hindmost. In essence, Corker and the rest of the gang are willing to work to forge compromises on touchy but important national issues.

There are pluses and minuses to such a role. On the plus side, many voters and much of the news media are pleased when tough problems are tackled with bipartisan support, whether

it's a bank or auto bailout -- or rescue package if you prefer a more neutral term.

On the downside, the hardcore members of each party's base usually prefer a more ideologically pure approach. Thus, US Sen. **Saxby Chambliss** (R-GA) caught a lot of flak for helping broker the bank bailout bill, flak that may have accounted for his failure to achieve a majority on November 4, which forced him into a runoff. US Sen. **Lindsey Graham** (R-SC) caught major Hades, including an unsuccessful (34%) primary challenge, for joining his friend **John McCain** (R-AZ) in trying to work out a compromise on immigration reform, one of a number of high-profile legislative snarls that Graham has been involved in trying to unravel.

Despite the negatives that go with their self-chosen pragmatic paths, both Chambliss and Graham have survived their home-state political wars and remain as more influential members than most lawmakers in the Capitol's upper chamber.

Tennessee Politics. As for Corker, in the 2006 Republican Primary, he faced two former congressmen who ran as strong conservatives. "They started out calling Corker a moderate and ended up calling him a leftist," notes one observer. But Corker, who called himself a conservative, won the primary and a tough General Election campaign against then-US Rep. **Harold Ford, Jr.** (D).

Corker isn't likely to suffer as much of a downside as Chambliss and Graham from his recent venture into pragmatism, however, because his efforts to get the United Auto Workers to bring more to the table did not anger his party's right wing. UAW members from the Saturn Plant in Spring Hill, Tennessee, did picket Corker's Nashville office last week, but moderate or not, Corker's



political base has not depended on organized labor (though he was once a union member).

“I don’t think he’s angered the (Tennessee) right wing,” says **Tom McNamara**, a long-time Tennessee political consultant (R) who often worked with candidates from the more conservative branch of the party. “I know a lot of people who did not support him in the primary who think he did a great job (on the automobile rescue issue).”

Bright Guy. McNamara, who served as Deputy Governor under Sundquist when Corker was Commissioner of Finance and Administration, adds that Corker was “a very bright guy. He had a good business head.” And if Corker’s record on the automobile bailout issue is any guide, look for a lot more from him during the rest of his senate tenure. SPR’s Nashville source noted that Corker “is the sort of guy who gets engrossed in things and masters the details,” a talent the nation can certainly use during these difficult times.

Line Grows for Hutchison Senate Seat

Although US Sen. **Kay Bailey Hutchison** (R-TX) hasn’t set a date for stepping down from the US Senate to run for governor, Lone Star politicians in both parties are already gearing up to succeed her in the Senate. Four Republicans have already entered the race; state Sen.

Florence Shapiro, former Secretary of State **Roger Williams**, Railroad Commissioner **Elizabeth Ames Jones** and Railroad Commission Chairman **Michael Williams** have either announced or formed exploratory committees. Others are also expected to run.

Republicans. **Florence Shapiro** was the first out of the box; she formed an exploratory committee last summer. On the plus side, she has the support of a number of her fellow state senators. Considered a moderate conservative

in the Hutchison tradition, Shapiro made a reputation in the legislature for her expertise in school financing, a major state issue in the past few years. As a result, she has a network of supporters in the education community. On the down side, she does not have as much personal money as other candidates, she has never run statewide, and her political heft is primarily limited to her suburban North Dallas bailiwick.

Roger Williams ran the Lone Star GOP’s Victory ’08 program, which took him all over Texas speaking to Republican grassroots activists, raising money and energizing the troops. “This is a huge advantage,” notes *Quorum Report* editor **Harvey Kronberg**. A successful businessman (auto dealerships), Williams is well off, though not as flush as several of the other contenders. He is also a former professional baseball player and is close to **President Bush**, an asset in Texas if not everywhere else. Williams’ downside is a lack of strong name ID, although he will probably have the funds to rectify that.

Elizabeth Ames Jones has some name ID and significant contacts from serving and getting elected to the Texas Railroad Commission, which oversees the state’s oil and gas industries. She is only the second woman to serve on the Commission. The post also gives her an excellent platform from which to raise money for a US Senate bid. She comes from a wealthy family, is married and has two grown children. Her political experience includes service in the legislature. Despite her record, however, most voters statewide don’t know much about her.

Michael Williams is the chairman of the Texas Railroad Commission and announced his senate candidacy on December 16. His current post is a powerful one that gives him excellent access to financial support and to the backing of the influential business community.



Williams is a former prosecutor and also served in both the Reagan Administration and the first Bush Administration. As an African American, he would have no racial base in the Republican Primary; however, he would appeal to GOPers who want to see their party broaden its appeal.

The list of Republican contenders is likely to grow. One potentially strong vote-getter is Lt. Gov. **David Dewhurst**. Not only does he have significant name ID from his prior statewide elections as land commissioner and lieutenant governor, he is very wealthy and could finance a strong campaign. He has given no indication what he will do. He could seek re-election to his current job in 2010, a fairly safe ambition; jump into the governor's race -- unlikely since there are already two powerful Republicans in that contest, Hutchison and incumbent Gov. **Rick Perry**; or run for the US Senate.

Other GOPers are frequently mentioned for Hutchison's US Senate seat, including US Rep. **Kay Granger** (R) of Fort Worth and Texas Attorney General **Greg Abbott** (R), said to be the choice of US Sen. **John Cornyn** (R-TX), the incoming chairman of the National Republican Senatorial Committee.

Democrats. Former state Comptroller **John Sharp** announced last week that he plans to run for the senate. He generally positions himself as a moderate to conservative Democrat. Sharp is a former Texas Railroad Commissioner and a former state legislator. He has, however, run statewide twice in the past -- for lieutenant governor in 1998 and 2002 -- and lost both times. In addition, Houston Mayor **Bill White** announced his Senate candidacy on his website earlier this week; he will make an announcement tour of the state in January. White, who was recruited by the Democratic Senatorial Campaign Committee, says *The Hill* newspaper, has a non-partisan

image, in part, as Kronberg says, because "he shepherded Houston through two hurricanes." His pro-life stance on abortion might give him difficulties in the Democratic Primary. Former Dallas Mayor **Ron Kirk** (D), who lost (43%) a US Senate bid in 2002, also gets mentioned.

While both Sharp and White bring some assets to the table, Texas is still a pretty solid Republican state. Recent trends have favored the Democrats, but barring a surprise development, the GOP nominee will certainly be the early favorite.

While Hutchison doesn't come up for re-election until 2012, Texas elects a governor in 2010. Hutchison doesn't have to resign until after the gubernatorial primary or election, thus assuring that she has a job in the event she loses her bid for governor. If she doesn't resign until after the 2010 election, there would be no special election. Perry could appoint a senator for a two-year term and the Senate election would be held in 2012. Hutchison has said she will run for governor, but she has also said she has no plans to resign her Senate seat, but might toward the end of 2010. There are a range of scenarios involving the exact timing of her stepping down, but the various contenders gearing up now believe she will resign in time for a special election in 2010. "She's really eager to get out of [Washington]," avows one insider.

Grits

? Jindal Backs Out for 2012; Huckabee and Crist In? The decision of Louisiana governor **Bobby Jindal** (R) to run for re-election in 2011 and forego a race for the White House in 2012 leaves two other Southern GOPers with Potomac fever. Former Arkansas Governor, now Fox News commentator, **Mike Huckabee** and Florida Gov. **Charlie Crist**, who gets a boost by his marriage December 12 to



beautiful heiress **Carole Rome**, are likely Republican presidential contenders in 2012, along with a slew of Yankees who also have a following in Dixie, including **Sarah Palin**, **Mitt Romney** and **Rudy Giuliani**.

? Louisiana: Carmouche Concedes to Fleming. After the Secretary of State's office certified that **John Fleming** (R) won Louisiana's 4th District (Shreveport, etc.) congressional race by 350 votes, **Paul Carmouche** (D) conceded the race. Fleming's victory, along with that of **Anh "Joseph" Cao** (R) in the 1st District (New Orleans, etc.), gives the Bayou State a US House delegation of six Republicans and one Democrat.

? Virginia: In the 5th District (Charlottesville, etc.), the recount confirmed the victory of **Tom Perriello** (D) over six-term US Rep. **Virgil Goode** (R), reducing Perriello's 745-vote lead to 727. Goode has now conceded.

? Florida: Meek Seeking Leadership Post. US Rep. **Kendrick Meek** (D-FL) formally announced his candidacy for vice chairman of the House Democratic Caucus, a position that will become available if **President-elect Obama** offers current vice-chair US Rep. **Xavier Becerra** (D-CA) the job of US Trade Representative. Meek joins US Rep. **Marcy Kaptur** (D-OH), who has already announced, and US Reps. **Joe Crowley** (D-NY) and **Hilda Solis** (D-CA), who will announce if Becerra gets the trade post. Meek was elected to fill the 17th District (Miami, etc.) in 2002 to replace his mother, former US Rep. **Carrie Meek** (D).

? Virginia: Poll Shows Close Governor's Race. Attorney General **Robert McDonnell** (R), the Virginia GOP's likely 2009 gubernatorial nominee, leads one of the Democratic candidates for governor, ties a

second contender, and trails the third. A Rasmussen Reports survey taken in early December shows McDonnell leading former DNC Chair **Terry McAuliffe** (D) by 41% to 36%, tied with state Sen. **Creigh Deeds** (D) 39% to 39%, and trailing Del. **Brian Moran** (D) by 37% to 41%. These numbers, less than a year from the November 3, 2009 election, suggest that all four candidates have a shot, indicating a highly contentious race over the next eleven months. While McDonnell has not opposition so far for the Republican nomination, the three Democratic candidates will face off in a June primary. While the survey did not match the Democratic contenders head-to-head, it did find that 55% of Democrats view Deeds favorably, 52% view McAuliffe favorably and 48% view Moran favorably.

? Virginia: GOP Keeps Chairman, for Now. Republican activists from across Virginia gathered at the Homestead in Hot Springs, Virginia, on December 5 and declined to take action to remove Del. **Jeffrey Frederick** (R) as state chairman. Frederick, 33, one of the state party's most conservative leaders, was elected last spring when he defeated more moderate state GOP chair -- and former lieutenant governor -- **John Hager**. Frederick has been criticized for poor fundraising and his conflicts with **John McCain**'s presidential campaign -- which included negative publicity about Frederick comparing **Barack Obama** to **Osama Bin Laden**. In addition to voting Democratic in the presidential election for the first time since 1964, Virginia voters elected Democrats to replace Republicans in three congressional districts, as well as a Democratic US Senator. The GOP's 86-member Central Committee may meet at another time to consider ousting Frederick.