

THE US PRESIDENTIAL ELECTION 2008 – Part 3

The Economy Crashes the Party

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This third part of a series (see *Polity*, March-April and July-August 2008) follows the McCain and Obama campaigns from early June until the end of October. With McCain having secured the Republican Party (RP) nomination several months earlier, and Obama just beginning his drive after defeating Hillary Clinton, this article first looks at the period before the formal party nominating conventions in late August and early September. Included is a brief look at the candidates' vice-presidential choices, announced just before the conventions. The next part deals with the two conventions, which I was fortunate to view gavel-to-gavel in the US on the TV station C-SPAN – coverage without advertisements or commentators. In this way, the conventions can be seen as giant ads in themselves. With the conventions over, the candidates took to the campaign trail non-stop, each party hammering away with set themes. Then, in mid-September, the US in general, President Bush, executive and legislative branches, and the two candidates were overtaken by the global credit and financial crisis caused by the bursting of the US housing bubble. During an amazing month, politicians scrambled to try to contain the crisis, amid the escalation of national awareness of and anxiety about its severity. The candidates' responses would prove to be crucial, and the economy as subject to dominate the three presidential and one vice-presidential debates from late September to mid-October. By this time the move towards Obama was clear, if the specifics not. The last part of this article looks at how the candidates fare on a state basis at the end of October, crucial in the context of the US electoral college system. This part will also look generally at the races for Senate, House and governorships.

The McCain Campaign: June-August

As noted in the previous article, the McCain campaign sought to portray him as a patriotic RP maverick (vis-à-vis Bush) who operates in a bipartisan manner.¹ By contrast, Obama was portrayed as an inexperienced and anti-American Democratic Party (DP) hack. In June Obama was attacked for changing his position on several issues: no support for amnesty for phone companies participating in federal warrantless wiretapping; to opt out of public finance for his campaign (since he could raise more privately); and to

opposition to the Washington, DC, handgun ban. He was also compared to an ineffectual Jimmy Carter.²

With polls showing concerns regarding McCain's age, support for the Iraq war and connection to Bush, in late May a book was published by former Bush White House press secretary Scott McClellan, entitled *What Happened*, the book dealt with the lies used by the administration to justify going to war.³ McCain's campaign continued to be criticized for its regional bias, nuclear message, bad decision-making, sloppy staging and a schedule determined by fundraising level. There was disagreement over how much McCain should criticize Bush and whether to take a more general anti-Washington line. At the end of June McCain went on a three-day trip to Columbia and Mexico, stressing trade and drug trafficking issues, returning to the US to speak about jobs. Such was the confusion that in early July McCain reorganized his campaign staff. Steve Schmitt, a protégé of Karl Rove (chief strategist for Bush's 2000 and 2004 campaigns), was put in charge; he had also run Governor Schwarzenegger's re-election campaign, and was a top Vice-President Cheney aide. Two longtime advisors were demoted: Rick Davis, of the lobbying firm Davis Manafort, and Mark Salter, McCain's speech writer since 1988, former chief-of-staff, biographer, and closest advisor.⁴

In August the campaign attacked Obama's 'celebrity status,' comparing him to Paris Hilton, Britney Spears and Moses. That month a former senior Cheney advisor published a book by Jerome Corsi, *Obama Nation*, alleging Obama had ties to Islam and employed communists on his campaign staff, and containing many factual errors; in 2004 it was Corsi who had falsely written about John Kerry's record in Vietnam.⁵ As the end of August neared, speculation on McCain's vice-presidential choice centred on Tim Pawlenty (governor Minnesota), Sen. Joe Lieberman (Connecticut), Mitt Romney (former governor Massachusetts), Tom Ridge (former governor Pennsylvania), Carly Fiorina (McCain advisor and former CEO Hewlett-Packard), and Meg Whitman (former CEO eBay). The choice of former town mayor and current Alaska Governor Sarah Palin stunned the world.

Sarah Palin

McCain's choice of an inexperienced woman – just after Obama had chosen Sen. Joe Biden (see below) – was indicative of both his method of operating and of the status of his national campaign. McCain seems to have ascertained that such an unorthodox choice would fire up the RP base and ensure the enthusiasm of the Christian right. While to a degree this tactic succeeded, Palin soon received so much attention that she as a topic overshadowed issues important to most voters, and the information coming out on her became increasingly negative.¹ It is important to note that the choice was vetted by the Council for National Policy, a secretive group of RP donors and operatives.² A quick run-down on the negatives:

– as mayor: hired lobbying firm to obtain federal earmarks (worth \$27 million (m); earmarks are congressional funds for projects in legislators' states); fired town librarian twice over refusal to remove books;

– as governor:

– Troopergate: role in firing state commissioner of public safety who had refused to fire her brother-in-law (in contentious divorce/child custody proceedings); state legislature appointed an investigative committee in July (10 RP and 4 DP members); and in October ruled she abused power (see below);

– claim that she opposed big federal government money for a 'bridge to nowhere' belied by her initial support for it (until opposed by DC legislators); supported another \$200m bridge and lied about it;³

– took on a corrupt Alaska RP, but did not follow through on ethics reform;

– no record of work regarding education, health care, alternative energy, for school vouchers, home schooling, teaching creationism; doubts role of mankind in global warming;⁴

– questions regarding taking state meal allowance when staying at her home/away from capital Juneau;

– hands-off style, doesn't go into details on issues, aides answer questions, doesn't tolerate dissent, spends a lot of time with family, gave jobs to friends, master at self-promotion.⁵

– other: former six-year member of pentecostal Assembly of God; said that Iraq war was God's plan; pastor said cruise veiling for Kenya would not go to heaven; church supports prayer to change homosexuals to hetero. Current member of Wasilla Bible Church, where pastor believes in doomsday scenarios regarding God's wrath on US via an alliance of nations.⁶

As September progressed, with the McCain campaign finally allowing Palin to speak to the press, the thought of Palin as second in line to the presidency appalled most people. There were calls for her withdrawal (see below), and doubts cast on McCain's judgment. Criticism of Obama as being inexperienced was negated. And the idea that Palin, given her extreme views on abortion and birth control, would attract many Hillary Clinton supporters due to her gender was absurd from the start – a red herring that served to exaggerate the idea of women voting due to gender over issues. In the end, the choice of Palin was perhaps only indicative of the McCain campaign's assessment of the strength of Obama. It was certainly an example of the RP's long-term strategy of recruiting right-wingers to run for local office.

The Obama Campaign: June-August

Obama continued to tie McCain to Bush, and to push his plans regarding health care, energy policy, education, taxes and Iraq/Afghanistan. The campaign immediately dealt with the Hillary Clinton issue. Obama and Clinton met privately on 5 June. At the end of the month she met her top Clinton donors in Washington and appeared together at a public rally; Obama agreed to help her with her campaign debts. The Obama campaign hired Clinton's former campaign manager, policy head, and an economics advisor, and obtained help from Clinton supporters Smart Eizenstat (former EU ambassador), Madeleine Albright and John Podesta (Bill Clinton's chief-of-staff); if Obama wins, the latter will play a key role in the transition team. While a large part of the media tried to play up the animosity between the two, and suggest that Clinton supporters might support McCain, this too was a bogus issue.

In June the Obama campaign took steps to deal with the smear on him as being Muslim and anti Israel. New York City Mayor Bloomberg urged Jews to reject such information, and Congressional Jews contacted their community. In July the cover of the *New Yorker*, a cartoon entitled "Politics of Fear," set off a controversy regarding free speech and good taste: Obama in Muslim attire, horns, with an afro and carrying an assault rifle (and looking like Angela Davis), do a fist pump in the Oval Office, where a flag is burning in the fireplace and a picture of Osama bin Laden hangs above. That month Obama received Al Gore's endorsement, and in August that of two former RP legislators: former Rep. Jim Leach (Iowa) and Sen. Lincoln Chafee (Rhode Island).

In mid July Obama went on a week-long trip abroad. He visited Afghanistan with Sen. Jack Reed (DP, Rhode Island) and Chuck Hagel (RP, Nebraska), meeting US officials and President Karzai. He then went to Iraq and met Prime Minister Al-Maliki, who shortly before had stated he was for a 16-month timetable for US troop withdrawal. Obama then spent a day each in Jordan and Israel. In addition to visiting the Holocaust Memorial and Wailing Wall, he met President Mahmoud Abbas at the Palestinian Authority headquarters in the West Bank; he stated that he supported a dialogue with Syria. In Germany Obama met Chancellor Merkel and Foreign Minister Steinmeier; he also addressed a crowd of 100-200,000, speaking of Berlin's Cold War history, calling for US-Europe reconciliation, and cooperation regarding Afghanistan, climate change and decreasing nuclear weapons. He met with PM Brown in Britain and President Sarkozy in France.

Two days before the DP convention, Obama announced his choice for vice president, Sen. Joe Biden (Delaware). A Catholic and lawyer who was first elected to the Senate in 1972, Biden chaired the Judiciary Committee (1987-93), dealing with Reagan and Bush Supreme Court nominees Robert Bork and Clarence Thomas. He has been on the Foreign Relations Committee for over 30 years and for several years has been its chair. At the announcement rally, Obama spoke of Biden's connection with working people, and his central role in the 1994 crime bill and the Violence Against Women Act, his work on college tuition assistance, pay equity, family medical leave, the minimum wage, and his support for US involvement in the former Yugoslavia. Biden called for reclaiming the US from eight years of Bush; he called Obama a "clear-eyed pragmatist" who could bring people together; the US, he said, needs more than a soldier.

The Conventions

The C-SPAN view of the conventions was very different from that of the mainstream media, which tended to cover the speeches of only important party officials, with commentators then analysing various aspects. Running over the course of over four days, the two parties scheduled the formal business for the evenings, with various meetings of various groups being held during the day. The DP formal business was conducted for six hours on each of four evenings; the RP allocated about four hours per evening, with the exception of the first night, which was shortened to under an hour by Hurricane Gustav. For both parties, the official sessions were a mix of business (acceptance of committee reports, the actual nomination procedure), speeches, music

and brief information videos. Each session started with a (political) prayer, the presentation of the 'colours' (flag), and the pledge of allegiance or national anthem. It seemed to me that the conventions served partly as an advertisement, and partly as a party for the (politically active) delegates. They aimed to: present the candidates and their families; present the party platform issue positions; portray the opposing party; present both party influentials and certain younger up-and-coming politicians; and to fire up the delegates for the additional two months of on-the-ground campaigning. In general, the DP convention seemed more elaborate and better organized.

The Democratic Convention (Denver, 25-28 August)

After availing the spectacle for several decades, I was quite surprised at this show. As the camera scanned the Logo hall, it soon became apparent that more than half the delegates were women, and there were huge numbers of black Americans, Hispanics and Asians. The music was largely provided by a 'convention band', consisting of two guitars, various drums and percussion, keyboards, saxophone and trumpet (at the least) and great women vocalists; and it played rock, jazz, r&b, funk and boogie – after presenting the highlights of each day's session (in chronological order), the 'soundtrack' (songs) will be noted; the selection sure was a far cry from the days of LBJ, Jimmy Carter and Bill Clinton; during the music interludes, many delegates danced.

Day 1: Aim: present Obama and his link to a recognized past. The convention chair set the tone: jobs disappearing, inflation, children at war, US moral authority compromised, the need to 'take back' the country. A video of Rocky Mountain DP politicians (governors or senators from Colorado, Wyoming, Nevada, Arizona and Montana) stressed the success of Democrats in the region on issues of health care, education and renewable energy. The Credentials Committee announced that all the delegates from Michigan and Florida would be seated with full voting power. The Rules Committee named House Speaker Nancy Pelosi (California) as convention chair. Video on community organizing with Obama speaking. The convention treasurer, stating he is a homosexual, spoke of the RP economy and budget deficit. The Platform Committee gave the issue rundown under the two headings of economic issues and the restoration of democracy, the latter including against illegal wiretapping, National Security letters to spy on citizens, torture, no-bid contracts, sexism, and for a gift ban, campaign finance reform, and of Iraq war and a win in Afghanistan, to 'do good

in the world. The mayor of Denver, pro-business and pro-environment. Video of Obama speaking in New Hampshire. Speeches by four House reps in the Congressional Hispanic Caucus. President of National Abortion Rights Action League: the next president will decide *Roe v. Wade*. Speeches by an Illinois state senator and the president of the National Education Association. Video of Michelle Obama speaking against fear. Speeches by Illinois state attorney general (on Obama in state legislature), state comptroller, state treasurer. President of American Federation of Teachers. Sen. Amy Klobuchar (Minnesota): Bush a "subprime leader in the White House." Video of Obama speaking to the 2004 convention, his background and parents. Sen. Sherrod Brown (Ohio) conducting the first of three 'town halls,' in which people ask questions to a panel: on the middle class, public education and working families.¹² Video of Nancy Pelosi. Nancy Pelosi: health care is a right. Obama's half-sister Maya Soetoro-Ng, speaking about their mother. Rep. Jesse Jackson Jr. (Illinois). Video on assistance to injured veterans. A couple from Indiana: they fear their jobs will move overseas. President of the Service Employees International Union, Chicago branch. Caroline Kennedy: tribute to Obama and Ted Kennedy for their sense of justice and service. Video on Ted Kennedy. Ted Kennedy (crowd hollering Teddy, Teddy): Obama will close the book on black vs. white, straight vs. gay, group vs. group, change is possible (many Kennedys take the stage). Video on Obama. Speeches by Chicago city clerk and community activist. Sen. Tom Harkin (Iowa). Former Rep. Jim Leach: country before party, Obama a transcending candidate. Video on Michelle Obama, her family and career. Michelle Obama's brother on her. Michelle Obama (great speech, very astute): listen to hopes instead of fears. Obama live via video conference from Kansas City. (soundtrack: we will live together, dance to the music, r-e-s-p-e-c-t, oye como va, celebrate, isn't she lovely)

Day 2: Aim: deal with domestic issues, the economy (the American dream is broken and needs fixing, all blamed on RP abuses, exalt middle class, nationalist and at times anti-foreign). Video demanding vote for Washington, DC. Rep. Eleanor Holmes Norton (DC): Obama supports DC vote. Ted Sorenson (JFK advisor, speech writer): Americans losing jobs, services, homes, hope; wants another candidate like JFK. Rep. Honda (California), chair Asia-Pacific American Caucus. Native American from North Dakota. Rep. Sanchez (California) on working families. Iowa Governor Culver on need for energy plan. New York Governor Patterson on disability rights. Video of Obama speaking on jobs, health care plan, energy. Four reps from the Congressional Black Caucus. Video commemorating deceased DP politicians. Sen.

Patrick Leahy (Vermont) on needs of rural US. Rep. Chris Van Hollen (Maryland) (father was ambassador to Sri Lanka): recalled as a kid going to a village hut in Sri Lanka and seeing a photo of JFK; now the image of US is tarnished; he introduces eight new DP House candidates (of 52). President of Planned Parenthood: Obama for choice and women's health care. Rep. Dennis Kucinich (Ohio) (rousing speech): in 2001 oil companies, war contractors and neo-con artists seized the economy – Wake Up America; insurance companies took over health care; pharmaceutical companies took over drug pricing; speculators took over Wall Street; multinational corporations took over trade policies. California state comptroller. Video of Obama: we have a stake in each other. Wisconsin Governor Doyle. West Virginia Governor Manchin. Video of Hillary Clinton introducing Sen. Barbara Mikulski (Maryland). Speeches by Senate women: Mikulski on pay equity; Barbara Boxer (California) for energy policy and against polluters; Mary Landrieu (Louisiana) on Hurricane Katrina; Blanche Lincoln (Arkansas) on health care; Debbie Stabenow (Michigan) on jobs in US; Maria Cantwell (Washington) on energy independence; Clair McCaskill (Missouri) on Bush fiscal irresponsibility; Amy Klobuchar (Minnesota) on falling incomes (all of them on stage to music: sisters doing it for themselves). Pennsylvania Governor Rendell on Obama's alternative energy plan. Rep. Baldwin (Wisconsin) on health care. Rep. Becerra (California) on situation of workers. AFL-CIO President John Sweeney on people losing jobs and benefits. Michigan UAW local president on jobs and health care. Rep. Rahm Emanuel (Illinois) on problems of the middle class. Video of Obama speaking. Iowa flood victim. Rep. Hoyer (Maryland) on Bush's "country club economics." California SEIU home care worker. SEIU secretary treasurer on unions. Governor Janet Napolitano (Arizona): McCain doesn't understand the economy. Video: Obama on hard work and personal responsibility. Second town Hall meeting: questions on energy policy, gas prices, subsidies to oil companies. Fairbanks, Alaska, Mayor Whitaker (RP): endorses Obama. Oregon wind power entrepreneur. Video: Obama on people the same in their needs. Governor Sebelius (Kansas). Former Denver Mayor Pena against big oil. Rep. Nydia Velasquez (New York) on small business. Sen. Bob Casey (Pennsylvania): McCain not a maverick but a sidekick (crowd chants 'four more months'). Lily Ledbetter from Alabama, a middle-aged, thin, white woman, who lost pay equity case in Supreme Court, calmly in Southern accent tells story and calls on Congress to pass legislation – to huge applause. Former Governor Mark Warner (Virginia): nationalist on US science, defeat terrorism. Governor Ted Strickland (Ohio): McCain supports Bush. Governor Deval Patrick

(Massachusetts): American dream at risk. Governor Brian Schweitzer (Montana): versus energy dependence, money to countries not friendly to US. Video of Chelsea Clinton on Hillary (music: girl, you really got me going). Chelsea Clinton introduces Hillary. Hillary Clinton: unite, take back country; money from China to buy foreign oil: vs. Russia in Georgia: vs. McCain agenda.

(soundtrack: every move you make, sing a song, have I got news for you, I'm so excited)

Day 3: Aim: formally nominate Obama; unite Obama-Clinton factions; deal with foreign policy issues. A speech was given to nominate Hillary Clinton, with two seconding speeches: one speech to nominate Obama with three seconding. Rep. Pelosi conducted the roll call of states, listed alphabetically, where each delegation relays candidate tally. As the list progressed, Illinois passed for later consideration. Then New Mexico yielded to Illinois, and Illinois yielded to New York (delegation included Clinton); she moved to suspend the roll-call call/count and to select Obama by acclamation; convention delegates approved (to music: love train, and crowd chanting yes we can). Sen. Charles Schumer (New York) presented DP candidates for the Senate: Rep. Udall (New Mexico); middle class squeeze, former governor Strabon (New Hampshire); Oregon house speaker; a rep from Maine. Chicago Mayor Daley. Rep. Waxler (Florida): Bush national security mistakes, belligerent Iran, Obama a friend of Israel, criticism of Hamas, Hezbollah, Syria and Iran. Rep. Pelosi presented DP House women: reps from Connecticut, New York, California and Florida speak: pay equity, end war, energy independence, health care, housing, education. Rep. Cummings (Maryland): resurgent Russia, Georgia situation, Michigan veteran on unions. Rep. Clyburn (South Carolina). Miami Mayor Diaz. Sen. Jay Rockefeller (West Virginia): real threats to the US and growing; belligerent Russia; need alliances where US leads; US as energy superpower; Obama understands use of force, strong, steady; McCain has Cold War view. Iowa veteran who had served in Iraq. Sen. Harry Reid (Nevada): third world thugs' using oil for energy independence; Cheney conspired with oil companies. Retired command sergeant from DC: Obama understands veterans. Rep. Murphy, an Iraq vet on stage with other vets: treatment of vets. Former secretary Madeleine Albright: Obama has toughness, good judgment; Bush policies emboldened enemies; Iraq war strengthens radicals. Sen. Evan Bayh (Indiana): money going to hostile countries for oil. Sen. Jack Reed (Rhode Island): against Iraq war. Former Sen. Tom Daschle (South Dakota). Bill Clinton: Hillary supporters should support Obama; American dream/ leadership in trouble; Obama inspires, is intelligent and

cautious, can lead a diverse country; Biden a great choice; first must be strong at home. Marine wife from Virginia on health care problems. Sen. John Kerry (Massachusetts): Obama will close Guantanamo; McCain not a maverick, cannot question Obama's patriotism. Lt. Gen. Kennedy. Governor Bill Richardson. Rear Admiral Hutson (New Hampshire): Bush - arrogance abroad, incompetence at home. Rep. Edwards (Texas): on veterans. Video on armed forces, Iraq war vet: Iraq not connected with 9/11. Nomination of Biden. Video on Biden and family. Sen. Biden: criticizes Russia; importance of Afghanistan/Pakistan; US should lead. Obama in surprise on-stage appearance.

(soundtrack: getting ready, dancing in the streets, medley of times they are a changing/give peace a chance/born in the USA, shake, shake, shake, don't stop thinking about tomorrow, we are family)

Day 4: Aim: present Obama; show support for him in armed forces. The event was held at Invesco Field, capacity over 75,000; a semi-circular stage on the field with Roman Forum-like columns behind and many flags, and an extended platform with podium; no live band for regular music, but appearances by Sheryl Crowe, Stevie Wonder, John Legend. Iraq war vet. Army captain who served in Afghanistan. Marine captain. Marine sergeant major. Rep. Gutierrez (Illinois): McCain's broken promises to Hispanics. Rep. Schatzowsky (Illinois). Video on Obama. Several resolutions of appreciation regarding convention organizers and staff. Colorado politicians: Governor Ritter, Reps. Perlmutter, Salazar, DeGele. Video tribute to DNC chair Howard Dean. Howard Dean. Segment honoring Martin Luther King Jr.: Rep. John Lewis (Georgia), video, Rev. Bernice King (daughter), Martin Luther King III. Video of people speaking of hope for change. Video of Obama: he'll be honest and will listen. Video of Obama: put aside differences. Rep. Udall (Colorado). Governor Tim Kaine (Virginia). Governor Bill Richardson (New Mexico): respect constitution, stop spying on Americans, women's choice, unions, shut Guantanamo, stop torture (big cheers). Video on big oil and tax breaks. Video of a girl who lost mother due to lack of health coverage. Al Gore: economy, security, global warming, RP is big oil and coal, special interests control RP; Iraq, torture, choice. Tribute to retired generals: Video of Obama: people's values are the same. Susan Eisenhower (granddaughter of Ike): divisions in US, restore US leadership, endorses Obama's temperament. Gen. John Adams will: about 15-20 military officers on stage. Maj. Gen. Grallion: Obama understands use of force, complexities of 21st century: has integrity, cares for vets, military can trust. Biden introduces six ordinary people who speak on job loss, health care, education; one,

Barney Smith (former RP, TV factory worker whose plant has closed), yells 'Barney Smith before Smith Barney' (Citigroup brokerage, investment banking and asset management division) – crowd chants 'Barney, Barney.' Video of Obama: US must lead free world. Sen. Dick Durbin (Illinois): US wants change, 'yes we can.' Video of Obama at 2004 convention: in no other country is his story possible. Obama: (as he speaks, people are crying, cheering, chanting 'yes we can'): failed Bush policies, veterans sleeping on the streets, government absent during Katrina; McCain voted Bush line 90% – 'with McCain, you're on your own'; tax policy, energy independence, education, health care, pay equity; Bush/McCain foreign policy – tough talk, bad strategy; restore US leadership.

(soundtrack: freedom, ain't no mountain, it's a beautiful day, move along, I'll take you there, signed sealed delivered, you're a shining star, nothing's gonna change my world, a change would do us good, who says you can't go home, let the sunshine in, born in the USA, ain't no stopping us now)

The Republican Convention (St. Paul, 1-4 September)

In comparison to the DP convention, the RP one was shorter, with fewer speakers, videos and less music; the latter included country and western, inspirational and rock, and some of the songs I did not recognize; among those I did: go Johnny go, everyday people, Saturday night, I'm ready to play, celebrate, rock this town. The C-SPAN camera seemed to be continually scanning the crowd to find minorities – relative to the DP convention, there were far, far fewer. But the RP enthusiasm matched the Democrats – delegates danced and shouted.

Day 1: the first day was cut to less than an hour due to Hurricane Gustav. The RNC chair nominated Sen. Mitch McConnell (Kentucky) as convention chair. Credentials Committee report. Rules and Order of Business Committee report. The Permanent Organizations Committee moved that House leader Rep. John Boehner (Ohio) be convention chair. Report of the Resolutions/Platform Committee. Sen. Richard Burr (North Carolina) spoke on the platform. Resolution of appreciation of convention officers, organizers, staff. Laura Bush: first priority is safety in the Gulf of Mexico. Taped message from RP governors Perry (Texas), Riley (Alabama), Crist (Florida), Barbour (Mississippi). Laura Bush brought out Cindy McCain, and called for assistance to the Gulf states via website causegreater.com. Cindy McCain: gave a list of state agencies receiving donations. (news break: Sarah Palin's daughter is five months pregnant; Obama: families are off limits, people should back off) The RP clearly was using the hurricane to support one of its themes – service; Gustav also

seemed like a good reason for George Bush to not show up, as he was handling the crisis. Also noticeably absent was the vice-president.

Day 2: Aim: present McCain's connection to themes of service and reform. Video tribute to former RP leaders. Video of Gerald Ford handling foreign policy. Rep. Boehner: DC is broken with DP House most visible symbol, stop earmarks, RP for reform. Video with shots of Lincoln, Teddy Roosevelt, Reagan, Schwarzenegger, Martin Luther King, Eisenhower, Bush senior and junior. RNC co-chair Joann Davidson (Ohio) on reform. Sen. Norm Coleman (Minnesota): McCain for reform. Winner of Minnesota school essay contest on the meaning of the flag. A pastor: god is always with us. Mississippi teenager who started a non-profit to renovate homes for the poor, service, rebuild country. Rep. Bachmann (Minnesota): McCain and service; he has an adopted daughter. Arizona man who with McCain's adopted babies from Bangladesh after Cindy McCain's visit to a Mother Teresa orphanage. Video on Teddy Roosevelt. Former Arizona superintendent of public schools: info on phone numbers for Gulf assistance. Minnesota fire department captain on service. Video of Teddy Roosevelt and Lincoln. President of the Raza Development Fund on McCain's public service. North Dakota non-profit helping injured farmers. Retired army captain's story. Video on Navy SEAL who died saving two others in 2006: country first. A POW who was detained with McCain in Vietnam. Laura Bush: women's role in the RP; Bush success regarding education, use of faith-based charities. George Bush via video: honours McCain as a POW; against higher taxes; supported surge. Laura Bush: on Cindy McCain's foreign travels. Video on Reagan period economic expansion and break-up of the Soviet Union. Former Sen. Fred Thompson (Tennessee) on McCain family and career. Sen. Joe Lieberman (Independent, Connecticut): McCain for country over party, change in DC; Obama's eloquence is no substitute for a record, votes DP line; Palin a reformer.

Day 3: Aim: present issue of the economy and role of small business. Video showing people at work. Founder of a pretzel company on US as beacon of light. Sen. Norm Coleman (Minnesota): for jobs, efficient government. A small business owner. California state Sen. Maldonado on hard work, open markets. A Kansas woman on rural, small town US. A Pennsylvania country executive on local government. President of the National Hispanic Medical Association. California Hispanic entrepreneur, previously for Hillary Clinton. Virginia restaurant franchise owner, DP but McCain for small business. Texas Railroad Commission chairman:

McCain a maverick, for change. Resident commissioner of Puerto Rico on energy policy. Former CEO eBay and co-chair McCain campaign. Video: for jobs, strong dollar, summer gas holiday, low small business taxes, Carly Fiorina, former CEO Hewlett-Packard: clear choice of government bureaucracy or by people who are empowered and making their own choices. Chair GOPAC (RP political action committee): country first, school choice, win war on terrorism. Mitt Romney (former Massachusetts governor). Former Arizona Governor Mike Huckabee: against the 'elite media'; Obama for European ideas, more government. Governor Lingle (Hawaii): Palin is authentic; Obama and Biden have zero executive experience (crowd chants zero, zero). Rudy Giuliani (former New York City mayor): censures 'left media'; McCain a true hero, his career in the Senate as service; scathingly laughs at Obama's experience as community organizer, his role in Chicago machine politics, celebrity status, while he has 'led nothing'; McCain has substance over style, on the offensive against terrorism, was right regarding the surge; Palin as governor took on the RP furor and sarcastic speech, introducing the politics of hate to the convention). Sarah Palin: against community organizers; Obama tailors talk to the audience, McCain is straight; her own achievements regarding ethics law, against wasteful spending, attacks Russia, Iran and Venezuela; Obama for big government, forfeit of Iraq rights for terrorists, tax increase (same demeanor as Giuliani).

Day 4: Aim: Portray defense as McCain's strong point. Republican National Congressional Committee chair Rep. Tom Cole (Oklahoma): against DP leaders. Candidates for the House from Minnesota, Alabama, Maine, Illinois, Connecticut. Sen. John Ensign (Nevada): against big government and unions. Video showing flags and the armed forces. Nomination of Palin. Rep. Blackburn (Tennessee): against the media. A Pennsylvania pastor on Gulf assistance. Sen. Mel Martinez (Florida): need strong commander-in-chief, against Castro, Venezuela, Iran, North Korea. Minnesota Governor Tim Pawlenty: McCain tough and compassionate. Former Senate Majority Leader Bill Frist (Tennessee): for medical volunteers abroad, Bush health assistance. A retired Marine lieutenant general from Indiana. Sen. Sam Brownback (Kansas): US exceptionalism. Rep. Fallon (Oklahoma): against terrorism, evil. Video on hostages in Iran, terrorists, 9/11, World Trade Center. A Hawaii athlete for god. Former Washington Redskins coach Joe Gibbs. Sen. Lindsey Graham (South Carolina): the surge is working. Video on Palin. Former Governor Tom Ridge (Pennsylvania): on McCain. Video on Cindy McCain's background, activities for medical assistance abroad. Cindy McCain: work abroad,

US people are generous. Video on McCain's career and family. McCain for school choice, oil drilling, nuclear power, will change DC; surge working; for lower taxes; experience as POW.

September Surprise

After the conventions, media coverage generally portrayed the race as being tied, almost as if a close contest was desired. Looking back, one can only see the conventions, two campaigns, the president and Congress as being in some kind of dreamland. Stocks and housing prices were on the decline. The subprime mortgage crisis was resulting in the creation of bizarre new jobs: in southern California near Los Angeles, as 700 families were losing their homes every day, 'trash out' companies, hired by brokers and mortgage companies, were emptying out vacated houses and dumping possessions in landfills—people had either left very quickly or could not afford a moving van; computers, furniture, toys, food, a cross on the wall—all dumped; one crew does 15 homes a day. One man started a company to spray paint the brownish lawns of vacated houses with biodegradable green paint, charging \$120 per lawn. A county code enforcer spends his days pumping water out of the swimming pools at vacated homes.¹

A diversion is warranted here, because it is not as if no one saw the economic crisis coming; rather there was a marked sense of denial and a huge lack of will, from most quarters and both parties. The subprime crisis stems from both the issuing of loans to risky customers and vast company fraud in the issuing of mortgages. In 2006 one in five home loans were subprime (value about \$600 billion (b)). By mid-2007 \$1.3 trillion (t) subprime loans were outstanding, and 20 mortgage companies had gone bankrupt. Home prices were falling and unsold inventory increasing. That month Treasury Secretary Paulson stated that the problem was "largely contained." In early April 2007 the largest subprime lender, New Century Financial, filed for bankruptcy, to be followed by American Home Mortgage. The Alt-A mortgage sector (risk rated between prime and subprime) began to be affected, with subprime and Alt-A comprising 17% of existing loans (11% and 6%). The big Alt-A lenders? IndyMac Bancorp, Countrywide Financial, a holding company of GE, a subsidiary of Bear Stearns, and Washington Mutual (WaMu). By mid-year, short-term interbank lending based on mortgage-backed securities was in crisis, with no one wanting to buy non-government-guaranteed securities; the European Central Bank, US Federal Reserve (the Fed) and other central banks released billions of dollars into the system. By the end

of 2007 Wall Street banks revealed \$50b in losses due to the subprime crisis, and estimates of total liabilities ran at \$150-400b. The value of subprime mortgage-backed bonds had fallen 60-80% that year. No one knew the value of such securities or how they were held by financial institutions.¹⁴

In January 2008 the Bank of America rescued mortgage lender Countrywide. That month George Soros warned in the *Financial Times* that the subprime crisis now threatened municipal, mortgage insurance and reinsurance companies, and the credit default swap market; this was the worst economic crisis since the Second World War.¹⁵ In a panic, the Fed cut the federal funds rate by .75%. President Bush proposed a \$150b taxpayer give-back (up to \$1,200 per family), and called for the refinance of mortgages. Congress caved into Bush regarding his refusal to increase unemployment benefits, food stamps, and state and local government relief; the pundits stated that it was unclear if there would be a recession.¹⁶ In February NYU Stern School of Business professor Nouriel Roubini warned of a risk of system meltdown; foreclosures were spreading to Alt-A and prime sectors; commercial real estate was declining; credit card, auto and student loan defaults would rise; bond insurers would face problems; corporate defaults would increase; estimated total losses of \$1t.¹⁷ Gold, oil and producer prices rose. Investors were hoarding their cash. In March the Fed facilitated the sale of Bear Stearns, the smallest of the five main Wall Street investment banks, to JP Morgan Chase, and then set up a new \$200b emergency loan facility. Fears were expressed about Lehman Brothers and Merrill Lynch. Britain nationalized Northern Rock, and the Carlyle Capital Corporation fund collapsed. The Fed cut interest rates by another .75%. In April Citigroup sold a \$20b share to Abu Dhabi, Singapore and Kuwait funds. The federal mortgage assistance programme was not reaching most people. In June the Fed released \$400 b. In July Fannie Mae and Freddie Mac, private but 'government-sponsored' mortgage lenders holding half of US home mortgages, received emergency funds from the Fed (their stock prices down by about 75% since January). Federal regulators seized IndyMac, the largest savings and loan bank and biggest mortgage lender to fall so far.¹⁸ By early September 9% of homeowners with a mortgage were either behind in payments or foreclosed. Nevada closed the Silver State Bank, the 11th federally insured bank to fall in 2008.¹⁹

The Campaigns

With two months to go, the Obama campaign held a huge financial advantage. McCain, who raised \$47m in August

(for a total of \$194 m), had opted for federal campaign financing, giving him \$84m for use after the convention. In June Obama opted out of the federal programme, due to the receipt of massive donations – \$66m in August (total \$440 m), with \$150m more coming in September.²⁰

After the DP convention Obama and Biden appeared together in the key battleground states of Pennsylvania and Ohio. They spoke about the economy and energy policy, appealing to the middle and working classes. Obama's set speech model is divided into four segments: a brief bio (his or Biden's); the US is facing many problems, and McCain is like Bush; information on particular policy – taxes, health care, alternative energy; an appeal to go out and campaign and vote.²¹ In the context of parts of the media reacting to the RP convention's attacks on them and mocking of community organizers, Obama expressed 'bewilderment' at the portrayal of his record. He appeared with McCain via satellite at the convention of the American Association of Retired Persons; Obama warned of RP policy on benefits (Bush's plan to permit the investment of Social Security funds in the stock market had been defeated in Congress). In Indiana Obama criticized Palin's record vis-à-vis her attacks on accepting earmarks; later he criticized her record as a reformer. At this point, with Palin receiving so much media attention, the campaign debated whether it would be better to ignore her. But the issue became a moot one, as Palin was shown to be quite capable of undoing herself as she dealt with the media.

McCain and Palin campaigned in Wisconsin and Michigan, calling for change. In Colorado Palin referred to Biden as a relic of the Beltway establishment. In a 7 September op-ed conservative Charles Krauthammer referred to the choice of Palin as "deeply problematic," negating any criticism of Obama as inexperienced, even before the discovery of her "inevitable liabilities."²² After about a week on the trail, it was clear that part of the McCain strategy was to repeat over and over such lies as Palin's being against the 'bridge to nowhere,' and Obama as being for raising taxes.

On 11 September Palin gave her first televised interview, to Charles Gibson of ABC. He questioned her on her experience to be president. With regard to Russia's role in Georgia, Palin said that Georgia should be in NATO, and if Russia attacked then, yes, the US should go to war. Israel, she said, has a right to act with regard to the Iranian nuclear weapons programme. She did not know that the 'Bush doctrine' (of 2002) concerned US preemptive intervention. She supported going into Pakistan if necessary, and was questioned on a previous reference to the Iraq war as 'God's plan.' She

maintained that she had opposed the bridge to nowhere, could not defend the position on Obama's tax plan, and said that the legality of abortion should be left up to the states.²⁷ The general view of Palin's performance was that she had done very badly, merely repeating campaign positions that she had recently memorized.

Exit Lehman Brothers – Hello Economy

At this point, during the week of 15-19 September, both campaigns were overtaken by Wall Street. The failure to arrange a deal to save the investment bank Lehman Brothers, saddled with bad subprime mortgage debt, led to its bankruptcy on the 15th. That day it was also announced that the Bank of America would buy Merrill Lynch for \$50b, and the US stock markets experienced the biggest decline since the first trading day after 9/11. The stock of insurer AIG fell 61%, prompting New York state to open a \$20b line of credit. Eleven large world banks allocated \$77b to aid market liquidity. A day later the US government effectively nationalized AIG, providing \$85b for a 79.1% share. Barclays announced the purchase of Lehman's North American investment banking business. Investors pulled \$80b out of money market funds, panic hit the credit markets, with money being put into US government securities or hoarded; corporations could find no buyers for their commercial paper and so drew on bank credit lines. The US banned the short selling of some financial stocks. The stock exchange in Russia was forced to suspend trading on two days. Lloyds TSB bought mortgage lender HBOS. On the 18th central banks injected \$247b into the system (US share \$180b). Investment banks Morgan Stanley and Goldman Sachs agreed to convert themselves into deposit-taking bank holding companies – the last two main investment banks were history. President Bush made his first appearance of the week, issuing a remarkably short statement. That night Fed chair Bernanke and Treasury Secretary Paulson met with Congressional leaders regarding a \$500b plan, causing stocks to rise on Friday the 19th. Bush announced that federal guarantees would be extended to mutual funds, and the ban on short selling was extended to about 800 financial institutions.

Early in the week McCain stated that the "fundamentals of our economy are strong," but then he soon shifted to talk of a crisis. Obama hit out at the Bush/REP policies, and his campaign attacked McCain for using tactics similar to those used by Bush against McCain in the 2000 race, and for adopting Obama's theme of change. McCain then called for the regulation of Wall Street, and Obama for measures to support homeowners; both were vague. In Wisconsin McCain

called for firing Securities and Exchange Commission chair Cox: a campaign ad linked Obama to the former heads of Fannie Mae and Freddie Mae. Obama met with his economics advisors, including former Fed chief Paul Volker. Warren Buffett and Robert Rubin Jr called for a second stimulus package. McCain called for the formation of a government trust to aid mortgage and finance companies. Biden campaigned in Pennsylvania, Ohio and Michigan.²⁸ As the now \$700b bailout plan emerged, both candidates stated support.

Week of 22-26 September

As Congress considered the plan, amidst the increased freezing of short-term interbank lending, McCain revived the attacks on Obama's past ties to the Chicago DP machine and to Tony Rezko, a Chicago real estate developer and fast-rise magnate. Rezko had political ties to the state governor, and in June was convicted on 16 counts of fraud and money laundering regarding the extracting of money from companies seeking state contracts, to be used for campaign contributions.²⁹ With polls showing Obama ahead of McCain on the issue of dealing with the economy, on the 21st McCain announced that he was suspending his campaign, called on Obama do the same, called for the first presidential debate (26th) to be delayed, and dramatically returned to Washington to deal with the economic crisis. President Bush addressed the nation and appealed for support for the plan, and set a meeting for the next day with the two candidates, congressional leaders of both parties and his officials. At the meeting Republicans presented a new plan that had originated among a group of House members, and the meeting broke down; Paulson begged Speaker Pelosi to have the legislation passed. The take on the candidates roles that week was illustrated in the titles of key press articles.³⁰ That day also, WaMu, the largest savings and loan, collapsed, to be taken over by JP Morgan Chase. Biden campaigned in Virginia, amidst signs that the state might go to Obama. An article in the *Washington Post* detailed 41 gifts Palin had received during her 16 months as governor.³¹ On the 26th, with talks on the plan to run on a non-stop basis over the weekend, McCain agreed to participate in the debate that night.

The Candidates on Stage

First Presidential Debate – 26 September

The 90-minute debate was scheduled to focus on foreign policy, but given the circumstances national security and

domestic economic policy became tied in ways unusual in the US. Indeed, the first question included a quote from President Eisenhower regarding security and solvency, querying the candidates' views on economic strength as the basis for military security. Obama stated that the US was fighting two wars amidst a crisis caused by the shredding of government regulations; he was optimistic that the plan would be done, but that more measures would also be needed. McCain: both parties were aiming for a solution, accountability was needed, and he believed in the American worker. To get out of the crisis, spending had to be controlled and earmarks cut; Obama supported earmarks. Obama: earmarks had been abused, but such allocations totaled only \$18b; McCain was for the \$300b Bush tax cuts for the wealthy, while Obama's plan would lower taxes for 90% of households. McCain: he had fought against corruption all his career, Obama was for new programmes, McCain wanted to cut. Obama explained in detail his tax plan. McCain: for a \$5,000 tax credit to families to pay for health insurance, and a cut in business taxes. Obama: there are business tax loopholes, McCain would tax people's health care benefits received under employer plans. The candidates were asked what they would give up, given the current crisis. Obama: his plans regarding energy independence, health care and education/science/technology had to be started. McCain: cut ethanol subsidies and examine every agency including defense for possible cuts; institute a spending freeze for all but veterans affairs and defense. Obama: wind down the Iraq war, costing \$10b a month. McCain: he would not hand over health care to the federal government.

With regard to Iraq, McCain: the US would win, he was for the surge and Obama against. Obama: he was against going into Iraq. More troops were needed for Afghanistan as soon as possible. McCain: the US made mistakes on Afghanistan after the Soviet Union left; criticized Obama for saying he would go after Osama bin Laden in Pakistan. Obama: referenced McCain's remarks against North Korea, Iran, and his support for President Musharraf. McCain: he had supported the US role in Iraq and Bosnia/Kosovo, was against the action in Somalia; he has a record regarding sending troops, while Obama only first visited Afghanistan recently. Iran could not be allowed to obtain nuclear weapons, and he was for sanctions: a League of Democracies should be formed; and Russia was preventing united action in the UN Security Council. Obama: the war in Iraq had strengthened Iran, US policy had not worked, sanctions were needed and direct diplomacy; the US should work with other countries; its isolation strengthened Iran and North Korea. Russian action in Georgia was unacceptable, but the US should work

with Russia on common initiatives such as nuclear proliferation. McCain: Obama's restraint was naive, he did not understand the situation, that Russia was run basically by a KGB apparatchik. Obama did not understand the Iraq-Qaeda link. Obama: McCain, like Bush, viewed the world through the single lens of Iraq, while China is active in Africa and Latin America; a broader strategic vision was needed. McCain: Obama lacks experience and knowledge.

Sarah Palin and Katie Curic (CBS)

Sarah Palin was definitely not up to handling the astute questioning by Katie Curic. Palin claimed that living in Alaska, in close proximity to Russia, gave her foreign policy experience. She seemed to not understand that the economic bailout plan aimed to deal with the freeze in credit lines. Palin came out against abortion, even in the case of rape or incest, and the morning after pill; she was skeptical of the connection between man and global warming. In response to a question on what newspapers and magazines she read, Palin said, "I've read most of them," but couldn't give examples. She referred to the elite media's 'gotcha journalism.'²⁸

Week of 29 September-3 October

The week began with a significant Monday morning op-ed in the *Washington Post* by Fareed Zakaria (editor, *Newsweek International*), entitled "Bow Out, Governor – Palin's Unreadiness Is Now Painfully Clear." Zakaria called Palin "unqualified" to be the vice-president, and said that McCain's choice was "fundamentally irresponsible."

Over the weekend Congress and administration officials finished the plan, which would: disburse \$700b in three stages; increase oversight of Treasury; allow the government to obtain shares in companies; limit executive compensation; provide measures regarding foreclosures. On Monday Asian markets fell; the European Central Bank injected \$173b, and the Fed increased funds available to nine central banks to \$620b; and Citigroup announced that it was going to buy Wachovia Bank. Then early in the afternoon, the House voted down the plan by 12 votes; the RP rank and file had revolted against party leadership (228-205; 140 DP and 65 RP for; 95 DP and 133 RP against). After the vote the House adjourned for the two-day Jewish holiday. After that, markets fell globally: the Dow down by a record 778 points (7%), the Nasdaq 9.1%, and S&P 500 by 8.8% – \$1.2t in value was wiped out. Even though McCain had said that he'd formed a yes vote coalition, the RP and McCain first blamed Speaker

Pelosi and the Democrats; Obama called on both parties to return to negotiations. On Tuesday interbank lending was frozen, with lending rates spiking. The Senate worked on its own bill, passing it on Wednesday night. 1 October (74-25; 9 DP and 15 RP against McCain and Obama both voted yes and called for unity). The same day, Warren Buffett (Berlshire Hathaway) bought a \$12b stake in GE, whose financial arm was said to be in trouble. On 2 October markets again fell. The week saw European action to support financial systems or rescue institutions; Ireland's guarantee of all deposits. Fitch in a Harolux rescue. Bradley & Bingley nationalized. Glitnar (Iceland), Hypo real estate (Germany), Dexia.

First Presidential Debate – 2 October

After her two interviews with the press, it was obvious that Sarah Palin had to do well. Biden's challenge was to be very respectful and watch out for his practice of ad libbing. The subject of the 90-minute debate was the economy. Biden attacked Bush policies and McCain's support for deregulation. Palin said McCain was for reform and Obama for tax increases. Biden said that Obama's plan to increase taxes only on people earning more than \$250,000 was an issue of fairness; Palin said that it was redistributing the wealth and would hurt small business; Biden said that 95% of small businesses earned less than \$250,000; McCain's \$5,000 tax credit for health insurance would not go far when plans cost about \$12,000 – this was the ultimate bridge to nowhere. Palin said that global warming had both cyclical and manmade causes, but instead of looking at causes the focus should be on what to do; Biden said the solutions required an understanding of causes. Palin said that she was for diplomacy, but that Obama is dangerous; Biden replied that US allies are for diplomacy, Bush sent a diplomat to Iran, and McCain won't even sit down with the leader of ally Spain. Regarding the role of the vice-president, and Cheney's belief that the position had both executive and legislative roles, Palin said that she agreed with Cheney; Biden said that Cheney was one of history's most dangerous vice-presidents; the constitution says the only legislative role is to break a Senate tie vote; the vice-president has no authority relative to Congress.

There was no doubt that Palin was very well prepared for the debate, and that she is a quick study; she continued with her mocking and aggressive tone. Biden was fully under control and did what he had to do. The next day, the 3rd, in addition to coverage of the debate, the *Washington Post* ran stories on: Mark Buse, a former Freddie Mac lobbyist who is now a McCain aide; Judicial Confirmation Network attacks

on Obama's ties to Rev. Wright, Tony Rezko and William Ayers (former Weather Underground); the Alaska Troopergate probe, set to continue as a judge ruled against RP legislators trying to stop it. That day, the House approved the Senate plan (263-171); 108 RP and 63 DP against; and Bush signed it. The McCain campaign announced new attacks on Obama's character. Late in the day, Palin released her tax returns, showing a net worth between \$880,000 and \$2.1m.

Week of 6-13 October

Markets fell globally all week, averaging a 20% loss (\$1.6t), and central banks coordinated a .75% interest rate cut. European countries announced their own plans. On the 10th there was panic, and Bush met with G7 finance ministers; governments agreed to purchase bank shares and insure deposits. Bush made a rare appearance at the G20 meeting on the 11th.

The McCain campaign stepped up attacks on Obama's links to terrorists and Ayers. There was said to be a "lynch mob" atmosphere at McCain rallies, with people yelling "terrorist" and "traitor."¹⁰ It seems, however, that the tactic may have backfired, with polls showing that Obama was identified more with addressing issues and McCain with attacking. As noted by Ari Berman, the right-wing smear groups rely on the mainstream media to spread their message far, and the Obama campaign aggressively challenged the accusations.¹¹ At the end of the week McCain himself seemed uncomfortable, in Minnesota saying that Obama is a decent person, who people need not fear as president (to boot). Due to increased support for Obama, the McCain campaign pulled its ads from Michigan.

The Alaska legislative probe of Troopergate issued its verdict that Palin had abused her power by pressing subordinates to fire her brother-in-law; while it was in her power to dismiss the state commissioner, she had violated state ethics law by using her office for personal gain. Her husband had played a role, which Palin had not stopped.

Second Presidential Debate – 7 October

A lot of what was said during this debate had been said at the first, especially regarding economic plans and taxes. In response to a question regarding priorities of health care, energy policy and reform of entitlement programmes, McCain places entitlements first, followed by energy and health care; Obama said energy, health care and entitlements. With regard to the idea of reforming Social Security within

two years, Obama said it needed to be trimmed, but in conjunction tax policy had to be solved; McCain said it would not be hard to reform. McCain said the provision of health insurance was a responsibility, Obama a right.

Week of 13-17 October

Given the severity of the previous week's market rout, President Bush announced that the government would buy up to \$250b worth of shares in nine banks, including Morgan Stanley and Goldman Sachs, and insure interbank loans. European countries announced their own plans, worth a total of over \$2t.

Obama detailed a plan for Congressional action after the 4 November election: a 90-day moratorium on foreclosures; extension of unemployment benefits, allowing the withdrawal of some funds from retirement accounts without taxation. Hillary Clinton addressed a rally in Philadelphia, and along with Obama appeared in New Hampshire. The campaign announced that people could figure out their taxation level under Obama's plan by going online. On the 17th Obama received the endorsements of the *Chicago Tribune* (never endorsed a DP candidate) and *Washington Post*.

The McCain campaign started a wave of auto phone calls in swing states, linking Obama to terrorists and attacking his position on abortion. People could go to the McCain website to see the cost of Obama's programmes. Then, on Friday night, Minnesota Rep. Michele Bachmann (RP) stated on MSNBC's *Hardball* show that she feared Obama's anti-American views, and that anti-American members of Congress should be investigated. Within the next six days her DP challenger for the House seat, Elwyn Tinklenberg, raised \$1.3m from 20,000 people, and the race is now a toss up. Bachmann was criticized by Colin Powell, and the National Republican Campaign Committee pulled funding for her. Bachmann tried to deny the intent of her words, but this rep may be history.³¹

Third Presidential Debate – 15 October

With regard to Obama's tax policy, McCain accused him of "class warfare." On cutting the budget deficit, Obama said that any spending increases had to be matched with other cuts; McCain came out for a spending freeze. McCain criticized Obama for opposing the free trade agreement with Colombia – the country is fighting drugs, Obama has never been there, the issue is a "no brainer." Obama countered that in Colombia labour leaders are assassinated, with no

prosecutions following; human rights and labour issues must be included in agreements. With regard to Supreme Court nominees, McCain said there was no litmus test for nominees, but *Roe v. Wade* was a bad decision, and policy should be left to the states. Obama said women were in the best position to make such a decision; there is a right to privacy in the constitution, which is not subject to state referendum. On education, Obama came out for increased early childhood education, tuition help/credit for return community service, and better pay for teachers. McCain was for school choice and competition.

Over the weekend Bush met with Sarkozy, the EU Commission president, Paulson and Condoleezza Rice at Camp David. McCain stated that Obama's economic stimulus plan sounded a lot like socialism, and when questioned said he did not know if Obama was a socialist. Palin said that Obama and Biden are for higher taxes and spreading the wealth – which sounds more like socialism. On Sunday the 19th, while appearing on *Meet the Press*, retired General Colin Powell (Bush secretary of state 2001-04) came out with a surprise endorsement for Obama. One reason, he said, was the importance of future Supreme Court nominees. He said that Obama can inspire, his campaign is inclusive, he has rhetorical abilities and substance; he was troubled by the RP, the choice of Palin (not ready to be president), and the use of the Ayers/terrorist issue. The RP, he said, has moved further to the right, and the choice of Palin indicated a further shift in that direction. McCain was unsure as to how to deal with economic problems.³²

20-31 October

While some thaw was starting to be seen in the credit markets, fears of a global recession led to stocks falling across the world. Negative corporate earnings reports were revealed for Wachovia, Boeing, Merck, and more. Profits for many companies would be further reduced over the next two years due to the cash needed to fully fund pension plans after market losses. Treasury announced a new plan to buy mutual fund CDs, bank notes and commercial paper. World leaders are set to meet in DC on 15 November. Investors pulled money out of Eastern Europe, Latin America and Asia; there was a sell-off of Russian shares. The IMF made a deal with Iceland, and was in talks with Hungary, Ukraine, Belarus, Serbia, Pakistan and Turkey. On the 23rd, amidst signs that a run was beginning on hedge funds, NYU Professor Roubini warned that hundreds will fail, with investors dumping assets, and necessitating the closure of markets for a week or more; at month's end he predicted a period of 'stag-deflation.'³³ For

the week ending on the 24th the Dow fell 5.1%, Nasdaq 9.3%, and S & P 500 6.8%. The FBI called for the public's help in tracing the sender of letters containing (harmless) white powder (anthrax letters) to Chase, the FDIC, and US Office of Thrift Supervision. Leaders from Asia and Europe met in China over the weekend. On the 27th most markers were down, the Nikkei to its lowest since 1982. Treasury announced that agreements to buy stock had been signed with nine banks. Macey's cut the credit rating of General Motors to 'junk' status, amid negotiations for its merger with Chrysler. The Fed cut interest rates by another .5% (to 1.5% for the period July-September, the US was in recession (down 0.5%).

The McCain campaign stopped placing new ads in New Hampshire and Wisconsin, and focused on Pennsylvania. On the 24th Palin testified under oath for the first time regarding Troopergate before the Alaska Personnel Board, which will decide if there has been a violation of law; polls showed that about half of respondents now viewed her negatively. McCain campaigned in Nevada, Colorado and New Mexico, and then headed to Iowa, Ohio, Pennsylvania and Florida. He was forced to deal with dissension within his campaign, as Palin was at odds with her RP handlers and staff morale ran low in the face of defeat. In Ohio McCain sounded his main theme: Obama, "Barack the Redistributor," was more interested in controlling wealth than creating it; rather, opportunity must be spread.²¹

Obama spent part of the week visiting his ailing grandmother in Hawaii. The campaign focussed heavily on Indiana and Virginia; the latter last went DP in 1964. On the 23rd Obama was endorsed by former RP Governor Arno Carson of Minnesota; on the 24th by former White House press secretary Scott McClellan and former RP Massachusetts Governor William Weld; and on the 29th by former RP Sen. Charles Mathias (Maryland). Obama also received the endorsement of the *New York Times*.²² In a lengthy editorial the paper referred to eight years of failed Bush leadership, and to Obama's "cool head and sound judgment." McCain has retreated further to the fringe, "running a campaign on partisan division, class warfare and even hints of racism." Palin was "so evidently unfit for office," and the choice of her was a "final act of opportunism and bad judgment." By contrast, the choice of Biden was illustrative of Obama's "good judgment." McCain is still for deregulation and anti-rax policies, has no plan for Iraq, and is silent on the Bush attacks on the constitution and rule of law. The newspaper had chosen him as the best RP candidate during the primary season, but now McCain sought to "placate the limitless

demands and narrow vision" of the far-right wing; he had abandoned his standing as an independent thinker. The *Times* criticized the politics of fear, division and character assassination. On the 26th the *Anchorage Daily News*, Alaska's largest newspaper, also endorsed Obama, noting his handling of the economic crisis and saying that while Palin had been a good governor, she was not ready to be president. Other endorsements came from the *Denver Post* and *Los Times*; and on the 30th from the *Economist*, which would have preferred the 'old McCain' who did not embrace "theocratic culture warriors."²³ On the 27th the FBI announced that two white supremacists were being held in a photo of all students at a majority-Black school, and then drive towards Obama shooting, fully expecting to be killed themselves.

Obama, like McCain, shifted to Ohio and Pennsylvania, giving his "closing argument speech" that day in Canton, Ohio. He came out against trickle down economic policy; honored McCain, but said he had not broken with Bush on the economy; with no plan, McCain had rather attacked by name calling. He said that the economy had to be grown from the bottom up – what McCain called socialism, Obama called opportunity; it was not a question of bigger or smaller government, but of better and more competent government. He harkened back to his 2004 speech: no city or town was more patriotic than another; there are Democratic and Republican patriots; pro- and anti-war patriots; soldiers of all parties are fighting together; they have not served a Blue or a Red America, but a United States of America. The speech was better than the one he gave at the Democratic convention.²⁴ Then, on the 29th, the campaign spent about \$4 million to run a half-hour ad on CBS, NBC, FOX, BET, Univision, MSNBC and TV One; 34 million people watched. The ad showed clips of Obama speaking, people discussing problems, and endorsements, with a focus on the economy, and a message of change and hope. Obama's tone was empathetic and calm; people's stories were presented as a "chronicle of despair" – an old man going to work at Walmart; a Louisville autoworker who had his hours cut in half; a sick person unable to afford medicine; teachers taking second jobs in order to buy the basics. John Nichols of *The Nation* called it a 30-minute slice of an American story that was crying to be told ... and that Barack Obama heard.²⁵ McCain said the speech was a "gauzy, feel-good commercial."²⁶

Later that night Obama appeared with Bill Clinton in Orlando, Florida. Clinton was at his oratorical best. He backed Obama for four reasons: his philosophy; policies; ability to make

decisions; and to execute them. Obama was right: the US worked from the bottom up; under the RP the country had seen the biggest redistribution of wealth (upward) since the 1920s. Obama's plans on the economy, education, health care and energy were better than McCain's. During the campaign, the two most important decisions were: the choice of vice-president, and Biden was a great one; and the reaction to the financial crisis – Obama had talked to his advisors, talked to Bill Clinton and his economic advisors, Hillary Clinton, Warren Buffett and Paul Volker; Obama had said, 'tell me the right thing to do,' not what would be popular. Clinton said that the world is full of good people who can't turn good ideas into real changes; Obama had run a great campaign, he could execute decisions. Clinton warned that the country was "hanging in the balance."⁴⁰ As the week ended, Al Gore campaigned in West Palm Beach and Ft. Lauderdale, Florida. Obama headed to Iowa, Indiana and Nevada.

A Few Days to Go

With the economy remaining the number one issue of concern, Obama being seen as more focused on issues and better on that one, and voter turnout expected to be very high, an Obama win is predicted. This year there are over 8.5 million new voters – comprising about 12% of total voters in Nevada, 10% in Virginia, and 8% in Ohio and New Mexico.⁴¹ Already the 30+ states that allow early voting are seeing huge numbers show up. States that were formerly in play are not so any more, with more turning to Obama.

Under the US system, the Electoral College actually chooses the president, not a direct plurality of votes. Each state has a certain number of electors, based on the total number of senators (2) and reps (number based on state population); states choose the electors before the election, and then all meet on 13 December to vote; all but Maine and Nebraska award electors on a winner-take-all basis. Of the 538 electors, 270 are needed to win. Thus, one sees the importance of states such as California (55 electors), Texas (34) and New York (31). As of 29 October, one source estimated that Obama had secured 259 electors (plus 52 leaning DP), McCain 142 (plus 15 leaning), with 85 a toss up; the toss up states were Florida (27), North Carolina (15), Missouri (11), Indiana (11), Georgia (15), and Montana (3). Of 10 polls taken between 23 and 29 October, the pro-Obama number ranged from 47 to 52%, with Obama's average lead being 49.7 to 43.8%.⁴² In addition to the toss up states listed above, watch for the close races in Ohio (20), Virginia (13), Arizona (10), Colorado (9), New Mexico (5), Nevada (5), and West Virginia (5).

The results will start coming in as soon as the polls close on the East Coast, sometime after 5:30 am Sri Lanka time on the 5th. The next and final article will deal with these. Also covered will be the Senate, where 1/3 of seats are up for election (current 51-49 DP, with support of 2 Independents), and the DP should gain at least five. Watch the races in Minnesota (DP Al Franken challenging), New Hampshire (RP John Sununu may be defeated), North Carolina (RP Elizabeth Dole may lose her seat), Kentucky (RP minority leader McConnell in a close race), Oregon (RP Gordon Smith may lose), New Mexico, Colorado, Mississippi, Georgia and Alaska; in the latter, RP Sen. Ted Stevens, convicted this week on seven felony counts for lying about \$250,000 worth of gifts, is set to lose to the DP mayor of Anchorage, after 40 years in office. In the House, all seats are up for election, with the DP likely to increase its lead by at least 20 (now 235-199). Eleven states are holding contests for governor (current 28-22 DP advantage).

The only question seems to be by how much Obama and the DP will win; but even a few days is a very long time, and a lot of people are holding their breath. Me, too – matching the enthusiasm I saw at ground level is a fear for the safety of Obama, the realization that the Bush administration may produce a foreign policy stunt, and a wariness about the soundness of the polling system, especially in states with a RP administration. However, if for any reason the results are seen to have been tampered with, watch for the real fireworks to begin.

Notes

¹ Two good articles on McCain's career are: Michael Tomasky, "Who Is John McCain?" nybooks.com, 12.6.08; and David D. Kirkpatrick, "The Long Run: Taste of Senate Set Capt. McCain on a New Path," nytimes.com, 29.5.08.

² Jonathan Weisman, "Candidates Begin to Show Where They Might Be Vulnerable – Obama's Switches: Flip-Flopping or Pragmatism?"; and Los Angeles Times, "Pushing Labels," *Hartford Courant*, 30.6.08.

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