

CHAPTER 8: PERIOD THREE: THE CAMPAIGNS CONFRONT THE ECONOMIC COLLAPSE

September 10-October 14

By relentlessly tying the Republican nominee to both President George W. Bush and the faltering economy, the Obama campaign met the expectations built into the forecasting models.¹ A series of McCain missteps eased that process. At the same time, with a reassuring response to the financial meltdown and steady performances in both the first debate, September 26th, and in nationally televised two minute mini-speeches, three Barack Obama undercut a key McCain charge by increasing the public's confidence that he was trustworthy. In period three McCain's reputation with voters plummeted (see figure 6.4 in chapter 6).

The Democratic rhetoric cast the amalgam of McCain/Bush/Republicans as the problem and Obama as the solution. Consistent with the forecasters' assumptions, the Democrats clustered their economic messages under three themes: 1) Republican deregulation, incestuous relations with lobbyists, tax cutting and job outsourcing had jeopardized middle class Americans' financial security; 2) like Bush, McCain was out of touch with the concerns of the country; and 3) electing McCain would mean more of the same. By contrast, the Democrat's messages of reassurance argued that Obama was the candidate of change, in touch with the Middle Class concerns, and would solve the problems precipitated by Republican deregulation and lobbyist-run Washington.

¹In the coming chapters we will suggest that in period four McCain loosened himself somewhat from both of those perceptions; in period five Obama retied the knot to produce the outcome the political science models had predicted. On Election Day, 63% of those leaving voting booths said that economy was the most important issue facing the country. All other issues drew less than 10%. Three quarters of the country thought that it was on the wrong track. Two in three disapproved of George W Bush's performance as president. Those who thought John McCain would continue George W. Bush's policies voted overwhelmingly (90%) for Barack Obama. ("Inside Obama's Sweeping Victory," Pew Research Center for the People and the Press, 5 November 2008, <http://pewresearch.org/pubs/1023/exit-poll-analysis-2008>)

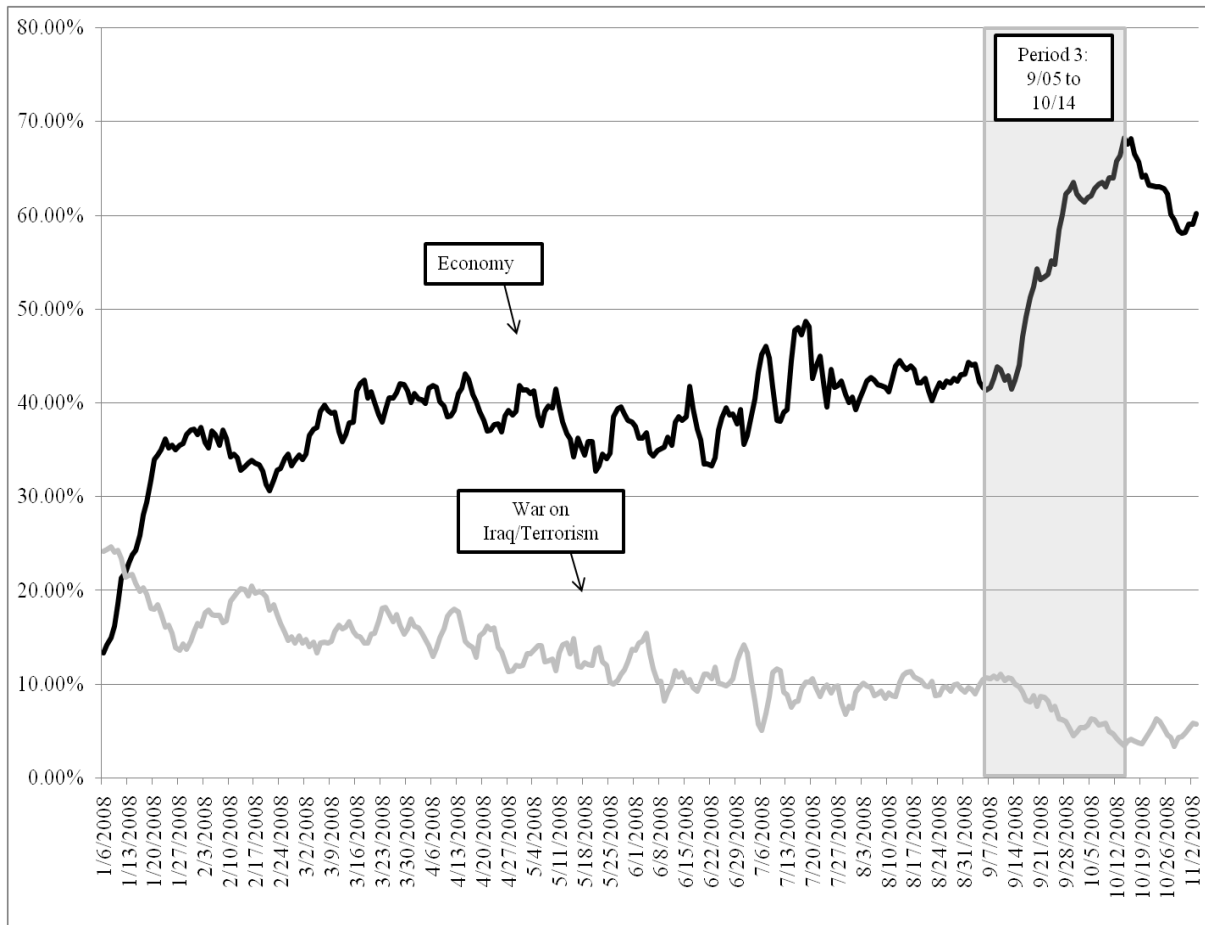
For their part, the Republicans attacked Obama on two fronts: instead of making things better, Obama's tax and spend liberalism would worsen them and the real Obama was both an old style Chicago pol and (an idea we explored in chapter four and to which we will return in period five) linked to suspect individuals. Specifically, Obama's past associations reeked of corrupt politics- as- usual while his inspiring rhetoric camouflaged a person not ready to lead.

In the contest between these disparate views of the world, the Democrat's version benefitted from the troubled economy. At the same time, even as news concentrated on the country's Wall Street induced woes, Obama's bankroll ensured that his non-economic messages would be heard in the battleground states. Meanwhile McCain's case was hobbled by a smaller bank account and resulting reliance on hybrid ads, messages jointly funded with one's political party with the proviso, in the case of attack ads, that they devote half their content to the opponent and half to his party-mates in Congress.

The Economy as the Most Pressing Issue Facing the Nation

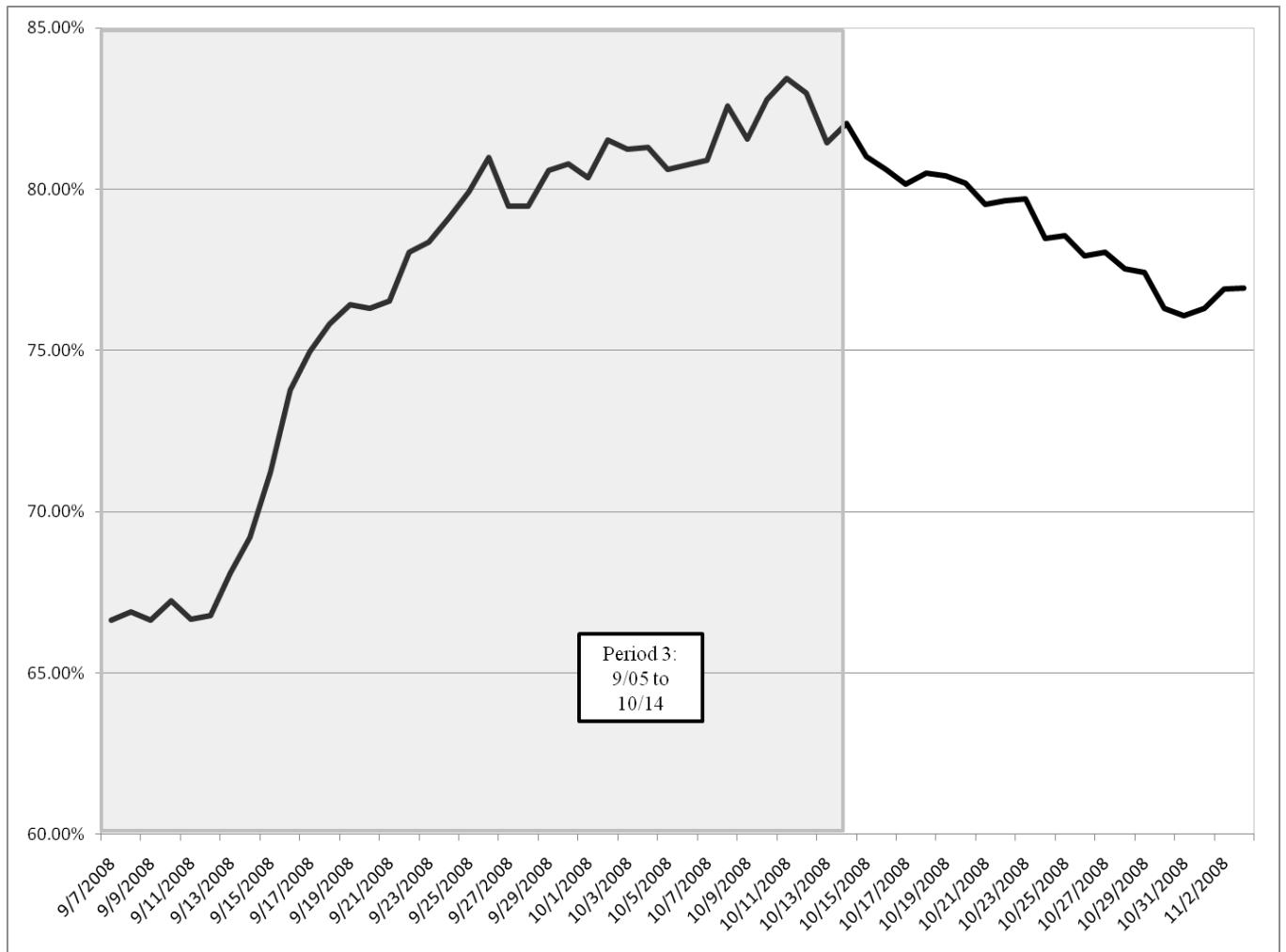
From mid-January 2008 through Election Day, the economy was the issue at the front of voters' minds. The percent seeing it as the country's most important issue rose steadily from September 14 through mid October. As figure 8.1 suggests, the short-lived period four increase in McCain's favorability that we will treat in the next chapter coincides with a drop in the percent labeling the economy the most important issue and a drop in perception that the country was on the wrong track. But even then, the percent viewing it as the top issue and the country on the wrong track remained securely above 50 percent.

Figure 8.1: Percent of Respondents Who Said Economy Was the Most Important Problem Compared to the Percent of Respondents who said the War on Iraq or Terrorism Was the Most Important Problem (5–Day PMA)



As figure 8.2 indicates, during period three, the view that the country was on the wrong track also increased as did perception that one’s own economic circumstances were worse than they had been a year earlier.

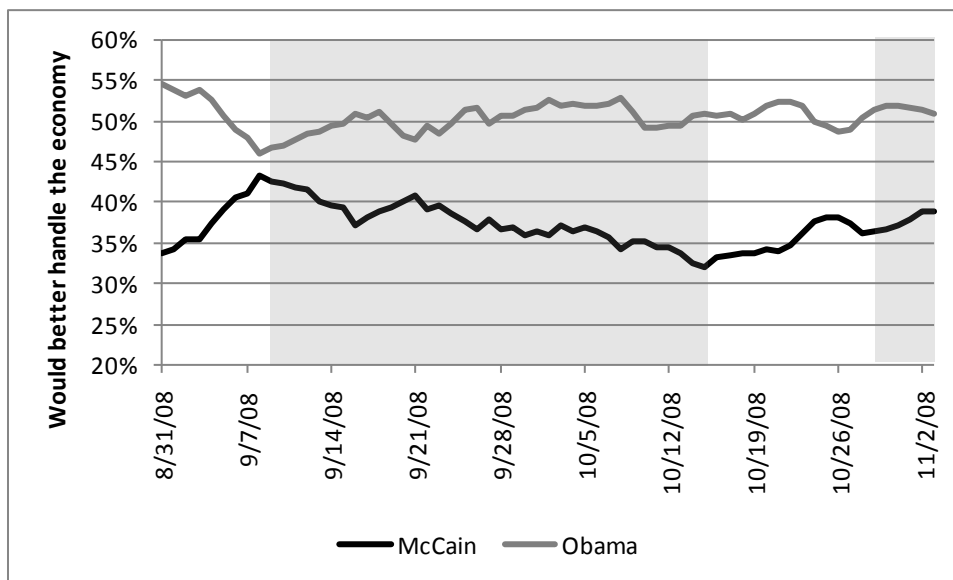
Figure 8.2: Percent of Respondents Who Said Country Was on the Wrong Track (5-Day PMA)



Throughout the five periods into which we have parsed the post primary season, Obama retained his lead on dealing with the economy. As Labor Day approached, the Illinois Senator bested his Republican counterpart by almost twenty points on that indicator. Importantly, however, the gap separating the two on what every major survey found was the most important problem facing the nation started to close after the Republican convention. Even then however, Obama’s advantage was significant. In period three, as figure 8.3 shows, Obama did not

appreciably increase the perception that he would better handle the economy; instead on this key indicator, McCain lost ground. If the election was decided on the economy, it was Obama's to lose. (The reason the percents indicating McCain and Obama do not total to 100 percent is due to the fact that some respondent said that they "did not know," said "neither candidate" or simply refused to answer the question).

Figure 8.3: Perceptions of which Candidate Would Best Handle the Economy (5-Day PMA)



Data: NAES08 telephone survey

The Media Primed the Belief that the Economy Was in Crisis

In the post convention period, daily media accounts ensured that anyone who was not comatose would know that housing foreclosures were up, the Dow down, 401Ks in a slide toward what some wags labeled 201Ks. When news concentrates laser-like on an issue such as the economy in extremis, agenda setting, framing and priming theories predict that that focus will magnify the likelihood that news watchers will see the economy as the central issue,

conclude that it is in crisis and evaluate candidates on their ability to fix it. And importantly, this press focus underscored the story Barack Obama was telling the electorate. “September 15th is a killer for the following reasons,” recalled McCain’s pollster Bill McInturff. “First and most importantly it fed into a narrative which is, ‘That’s it. I’ve had it. The Republicans and George Bush have helped the rich. This doesn’t work. Everything’s broken.’ And by the way, that’s a rational response.”²

The most trauma- freighted fall election season in lived memory began when, on the day after the close of the Republican convention (September 5th), the nation awoke to the news that the August jobless rate had risen to 6.1 percent, a figure that translated into nine and a half million people out of work. Economic concerns escalated from September 8-14th with reports of the federal takeover of mortgage giants Fannie Mae and Freddie Mac. According to the Pew Project for Excellence in Journalism “[t]hat event was the second-biggest newspaper story of the week...”³ We set the beginning of period three at September 9th because we see our trend lines changing there. But for practical purposes the bad economic news was escalating for the 5th onward.

From September 14th through October 12th, the economic collapse dominated the news.⁴ Not until the week of October 13-19 did that topic slide to second place behind reports on the October 15th presidential debate. The economic crisis “had other real consequences,” notes McInturff. “We stopped having a campaign. The daily press report wasn’t reporting, ‘He said, he

² Bill McInturff “The Roll of Polling.” In *Electing the President 2008: The Annenberg Election Debriefing*, edited by Kathleen Hall Jamieson (Philadelphia: University of Pennsylvania Press, 2009): 89.

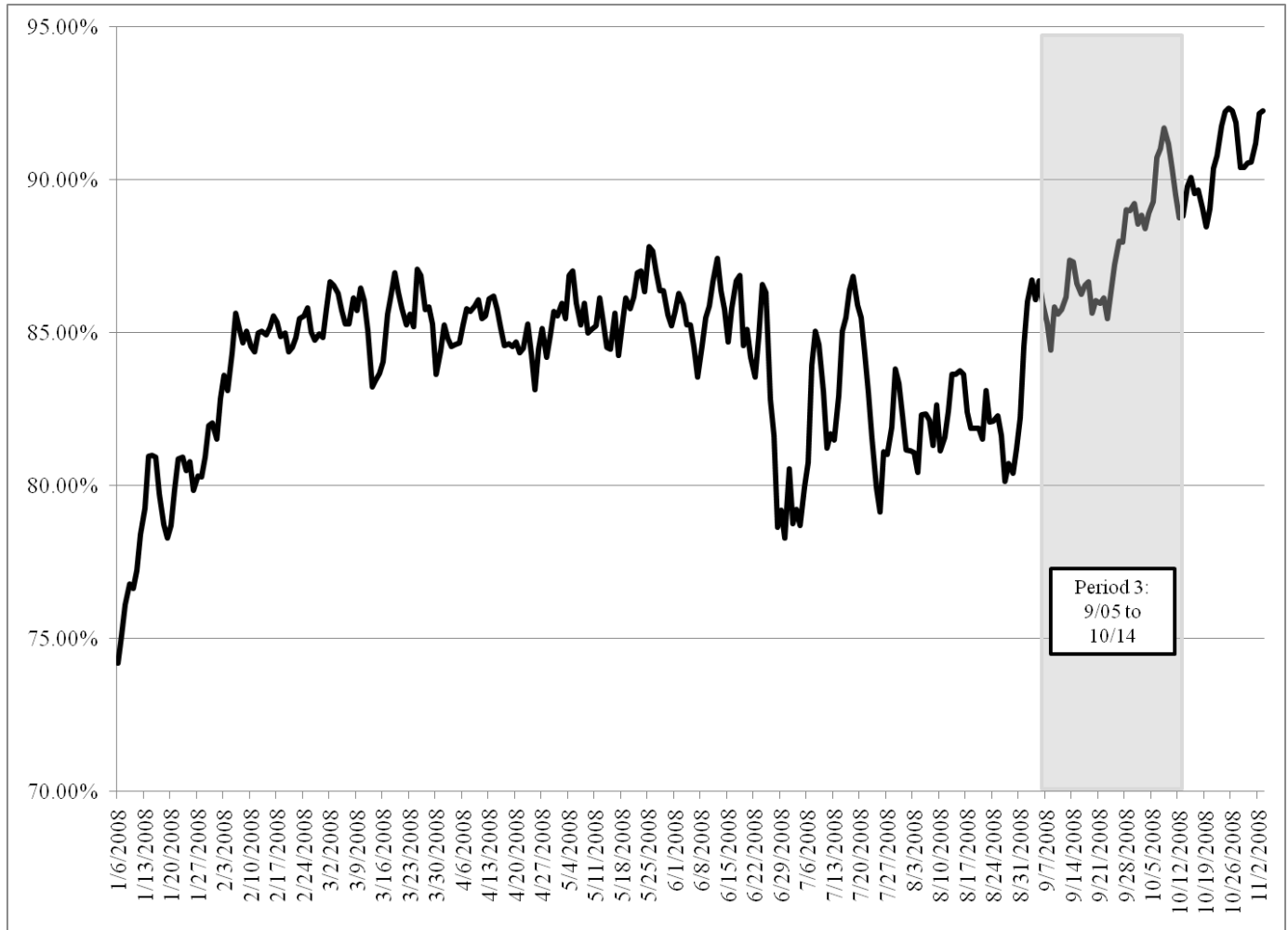
³ Mark Jurkowitz, “PEJ Campaign Coverage Index: September 8-14, 2008,” *Project for Excellence in Journalism: Understanding News in the Information Age*, <http://www.journalism.org/node/12800>.

⁴ “2008 Trends,” *Project for Excellence in Journalism*, http://www.stateofthemediamedia.org/2009/narrative_yearintheneeds_intro.php

said, back, forth, this story, this story.’ It was instead, ‘Today America's economy is falling apart. Here’s how awful everything is. Here's the candidates' reaction to it’ Despite Republicans liking to claim ‘press bias’, who among you can call up a reporter and say, ‘You should get rid of those banner headlines about how awful the economy is.’ It was a huge story. It was the most important story. And it's an important story that blew us off the front pages.”

Even before the tsunami of dire indicators and accompanying headlines, public attention to the campaign, measured as “close following,” had been high. After the first week in September that indicator shifted to stratospheric (figure 8.4).

Figure 8.4: Percent Who Said that They Were “Somewhat Closely” or “Very Closely” Following the Election



This heightened level of attention magnified the agenda setting, framing and priming effects of news consumption. Unsurprisingly, heavy news consumers were more likely than those who paid less attention to see the economy as the country’s most important problem.

According to NAES data, those closely following the election increasingly saw the economy as the more important problem facing the nation with habitual TV and print news consumers the most likely to harbor that conclusion.* (see website) Although most still regarded the economy as the most pressing issue, not all the media produced a detectable agenda-setting effect. In a finding for which we have no good explanation, Internet use was one exception. The other was talk radio exposure where avid listeners presumably heard reassurance from conservative talk hosts.

The Democratic Argument: Election of McCain Means More of the Same Economic Philosophy

In period three the Obama campaign harnessed news, ads, and debates to drive the message that on economic matters McCain was a Bush replica. Press accounts on September 15th, the day of the Lehman Brothers collapse, suggest the Democrat's success. On ABC Jake tapper reported:

JAKE TAPPER (ABC NEWS): (Voiceover) In Grand Junction, in western Colorado this afternoon, Barack Obama said the economic philosophy John McCain subscribes to is behind what he called 'the most serious financial *crisis* since the Great Depression.

SENATOR BARACK OBAMA (DEMOCRAT): It's the same philosophy we have had for last eight years, one that says we should just stick our heads in the sand and ignore economic problems until they spiral into crisis (emphasis added).⁵

On the same day McCain moved aggressively to separate himself from the toxic incumbent. On CBS Nancy Cordes reported:

⁵ "World News with Charlie Gibson 6:30PM EST," ABC, 15 September 2008.

NANCY CORDES (CBS): Senator John McCain wasted no time putting some distance between himself and President Bush in the wake of today's financial news.

SENATOR JOHN MCCAIN (REPUBLICAN PRESIDENTIAL NOMINEE): We'll put an end, as I said, to running Wall Street like a casino.⁶

As we noted in chapter two, the Democratic strategy linked Bush and McCain in an attack slogan that pervaded the period three ads: “We can’t afford more of the same.”⁷ For example, on October 10th the Obama campaign launched an ad featuring a worker named Barney Smith who called for electing a president who puts Barney Smith before Smith Barney. Reprising a key indictment offered by Democratic Party nominee John Kerry against incumbent George Bush in 2004, Smith reported supporting Obama because McCain “voted to give tax breaks to companies that export jobs... We can’t afford more of the same.” A second message that began airing the 10th criticized the Republican party nominee for wanting taxpayers to buy up bad home loan mortgages. As a Wall Street intersection sign telegraphed the answer, that ad asked, “Who wins [under McCain’s plan]?” “The same lenders that caused the crisis in the first place.” The ad closes with a picture of McCain and Bush side by side as the announcer made the Democratic claim, “We can’t afford more of the same.”

The Democratic Argument: Like Bush, McCain Is Out of Touch with the Economic Concerns of Real People

⁶ “CBS Evening News 6:30PM EST,” *CBS*, 15 September 2008.

⁷ For example, “The Bush/McCain [Social Security] privatization plan. Can you really afford more of the same?” (Obama for America, “Social Security” 16 September 2008); “Three years ago John McCain campaigned for George Bush’s plan to risk your Social Security in the stock market... So imagine if McCain and Bush had gotten their way and invested your future retirement benefits at Lehman Brothers. Bankrupt. AIG. Bailed out. Merrill Lynch. Sold. The risk is too great trying four more years of the same” (Obama for America, “Risk” 30 September 2008).

By mid September, the Obama campaign had honed the economic theme that it would drive for the remainder of the election: where the Democrat would solve the financial crisis, McCain neither could nor would. The building blocks of the new arguments were in place in earlier Democratic attacks, specifically, allegations that McCain had both admitted to not being well versed in economics and lacked empathy for the concerns of ordinary Americans.

In period three, Obama was able to turn the “not ready to lead argument” against his rival in large part because the Arizona Senator made three mistakes: saying parenthetically on September 15th what was heard as “the fundamentals of our economy are strong,” calling for a commission to study the crisis, and suspending his campaign to broker and then failing to deliver both Republican votes and a better rescue plan. Meanwhile, McCain surrogate former Hewlett-Packard CEO Carly Fiorina seemed to question both her candidate’s credentials and those of his running mate by suggesting that neither was qualified to run a large corporation.⁸ At the end of this chapter, we will hypothesize that fumbles such as these, reinforced in Democratic ads and magnified in news, contributed to a period three erosion of the perception that McCain “shares my values” and has “the judgment needed to be president”

The Fundamentals of Our Economy Are Strong

September 15th wasn’t the first time John McCain professed his faith in the underlying resilience of the economy. For the Vietnam veteran, that sort of expression of confidence was a

⁸Mr. Milhaven: Does Sarah Palin- John McCain obviously thinks she has the experience to become President of the United States. Do you think she has the experience to run a major company like Hewlett Packard?” Fiorina: “No, I don't. But you know what, that's not what she's running for.” (“McGraw Milhaven Show,” *KTRS Radio*, St. Louis, Minnesota, 16 September 2008); “Well, I don’t think John McCain could run a major corporation. I don't think Barack Obama could run a major corporation. I don't think Joe Biden could run a major corporation. But on the other hand, a major corporation is not the same as being the president or the vice president of the United States. It is a fallacy to suggest that the country is like a company.” (“Andrea Mitchell Reports,” *MSNBC*, 16 September 2008).

commonplace that had some of the characteristics of a verbal tic. Exploiting earlier reassurance by McCain, in mid August the Obama campaign stitched together a series of statements, some seriously out of context,⁹ suggesting that his opponent was more sanguine about the nation's financial well being than was the public.¹⁰ Indeed the Democrats had indicted his August 20th 2008 statement about fundamental economic strength in an earlier ad.

Since the statement had been deployed against him before, McCain's reiteration of it on the day that the Dow plummeted by 500 points was surprising. As contextualized by Obama and the press, it raised the question, "Did he recognize that the country's economy was in dire straits?" If not, then the Democratic rhetoric insisted, he was out of touch, perhaps because he was a "country club" Republican¹¹, the wealthy owner of so many houses he couldn't recall the exact number, a kindred spirit of George W Bush, a proponent of the philosophy that had gotten the country into this mess, or simply too old to know better.

Lost in all of this was what the Senator from Arizona had actually said on September 15th, 2008 and the context in which he said it:

You know that there's been tremendous turmoil in our financial markets and Wall Street, and it is -- it's -- people are frightened by these events. Our economy, I think, still the fundamentals of our economy are strong, but these are very, very difficult times. And I promise you we will never put America in this position again. We will clean up Wall Street. We will reform government.¹²

⁹*FactCheck.org*, "Distorting McCain's Remarks," 19 August 2008, http://www.factcheck.org/elections-2008/distorting_mccains_remarks.html

¹⁰ Obama for America, "Fix the Economy" 13 August 2008.

¹¹ Obama for America, "Out of Touch" 25 August 2008.

¹² "Larry King Live," *CNN*, 15 September 2008.

The word “still” in the problematic sentence recaps the context set in the predicate “You know that there’s been tremendous turmoil in our financial markets and Wall Street and...people are frightened by these events.” In that sentence “still” means “despite these factors.” As the conclusion of the Joycean sentence suggests, the “fundamentals” statement is not an act of denial of immediate circumstances but reassurance situated within a diagnosis that included: “tremendous turmoil” “people frightened” and “very difficult times.”

Since consumer confidence shores up the economy, there is a plausible explanation for McCain’s insistence on fundamental economic strength. Put plainly, such an assertion counterbalances his own dire rhetoric to ensure that he is not seen as “talking the economy down.” Nor was the statement foolish on its face. How different, after all, is it from the suggestion that “There are a lot of individual families who are experiencing incredible pain and hardship right now. But if we are keeping focused on all the fundamentally sound aspects of our economy, all the outstanding companies, workers, all the innovation and dynamism in this economy, then we’re going to get through this. And I’m very confident about that.”¹³ When that rhetoric was offered by President Barack Obama in mid March 2009, the Dow was dramatically lower and unemployment higher than their September 15th level. Yet, the president’s pronouncement did not elicit ridicule. Nor was it taken as evidence that the Democratic incumbent was out of touch with reality or with the experience of Middle America. Instead President Obama’s statement was interpreted as “part of an accelerating campaign to project confidence that the nation can pull out of the downturn...”¹⁴

¹³ Peter Baker, “Obama Voices Optimism on the Economy,” *New York Times*, 14 March 2009, A10.

¹⁴ Peter Baker, “Obama Voices Optimism on the Economy,” *New York Times*, 14 March 2009, A10.

Setting the interpretive frame for McCain's remark were reporters' perceptions that economic matters weren't his strong suit. "Were McCain known as a student of the economy... [his] statement would matter little," noted Dan Balz in the *Washington Post*. "Because he is known as someone who is not, it matters plenty. McCain has responded by ratcheting up his rhetoric about cracking down on Wall Street and Washington."¹⁵

Within hours of McCain's stumble, Obama was indicting it as a revealing gaffe. In a speech that same day the Democrat tied it to the notion that the Republican nominee was insensitive to Middle America's pain, "It's not that I think John McCain doesn't care what's going on in the lives of most Americans. I just think he doesn't know. He doesn't get what's happening between the mountain in Sedona where he lives and the corridors of Washington where he works. Why else would he say that we've made great progress economically under George Bush? Why else would he say that the economy isn't something he understands as well as he should? Why else would he say, today, of all days just a few hours ago that 'the fundamentals of the economy are still strong?'" As it replayed in news, Obama's concise scripted response invited viewers voters to conclude that McCain was out of touch: "This morning he said that the fundamentals of the economy are still strong. Senator McCain, what economy are you talking about?", asked the candidate.^{16,17}

¹⁵ Dan Balz, "McCain's Fundamentals Problem," *Washington Post*, 17 September 2008.

¹⁶Remarks at campaign rally, Grand Junction, Colorado, 15 September 2008.

¹⁷Alone among the networks, NBC played an extended segment of the sentence in which the fundamentals statement was cast but attached the word "tried" to his explanation of what he meant, a word choice suggesting the reporter's view that McCain's effort had failed.:

JOHN YANG: At John McCain's first post-convention rally without running mate Sarah Palin and without the huge crowds she attracted today, he argued that America's economic glass is half full.

SENATOR JOHN MCCAIN: Our economy, I think, still--the fundamentals of our economy are strong, but these are very, very difficult times.

YANG: Later, in a town hall meeting, McCain tried to explain.

Within 24 hours of McCain's muddled acknowledgement of turmoil and difficult times but strong fundamentals, news accounts were setting the Obama construction of that moment in public memory by showing McCain uttering the "fundamentals" statement with the reporter simply paraphrasing the rest of what he'd said. An ABC segment proceeded to quote a statement the Republican nominee made later in the day to suggest that McCain had finally recognized the crisis, a juxtaposition of quotes helpful to the Obama's campaign's efforts to characterize McCain as "erratic."

JAKE TAPPER (ABC NEWS): (Voiceover) Obama seized on remarks McCain made in Jacksonville, Florida this morning to paint his opponent as out of touch. McCain said these are difficult times, but he also said this.

SENATOR JOHN MCCAIN (REPUBLICAN PRESIDENTIAL CANDIDATE): The fundamentals of our economy are strong.

SENATOR BARACK OBAMA (DEMOCRATIC PRESIDENTIAL CANDIDATE): Senator McCain, what economy are you talking about? What's more fundamental than knowing that your life savings are secure and that you can retire with dignity?

JAKE TAPPER (ABC NEWS): (Voiceover) Hours later, at a rally in Orlando, McCain changed his tone.

SENATOR JOHN MCCAIN (REPUBLICAN PRESIDENTIAL CANDIDATE): The American economy is in a crisis. It is in a crisis.^{18,19}

Within days, news accounts were routinely suggesting that on the day of the Lehman brothers collapse and the Dow's headlong rush toward 9,000, McCain had declared "the

MCCAIN: The American worker, in their innovation, their entrepreneurship, the small business, those are the fundamentals of America, and I think they're strong. ("NBC Nightly News 6:30PM EST," *NBC*, 15 September 2008).

¹⁸John McCain remarks at campaign rally, Orlando, Florida, 15 September 2008.

¹⁹In one September 15, 2008 *CBS* segment the context was favorable to McCain:

CBS Nancy Cordes: Stumping in Florida, McCain explained why he considers the economy fundamentally sound.

Senator McCain: Our workers have been the strength of our economy and they remain the strength of our economy today." ("CBS Evening News 6:30PM EST").

But in a second *CBS* piece on the same day, Katie Couric translated McCain's qualified statement into an affirmation of the country's fundamental economic strength and paired it with the Obama attack theme "out of touch." "Despite Wall Street woes, John McCain said that the fundamentals of the economy are strong. And that prompted Barack Obama to mock him as out of touch." ("CBS Evening News 6:30PM EST," *CBS*, 15 September 2008).

fundamentals of our economy are strong.” A search for the statement in Nexis from September 15th through November 4th produces 668 hits in newspapers and 303 in news transcripts. When the search is broadened to include “difficult times” within the same paragraph, the newspaper mentions drop by more than half to 320 newspaper and news program citations to 43. A search for the entire sentence which McCain uttered (which we conducted by adding “turmoil” to the search) produces only fifteen broadcast uses and twelve newspaper accounts.²⁰

If McCain’s statement were taken to mean that he did not recognize the seriousness of the crisis then it revealed that he and voters resided in different galaxies. After all, from mid January 2008 onward more than 50 percent of the public thought the economy was worse now than a year ago. After some improvement in perception from late July, on September 14th, the day before the McCain statement, we see a steep rise in belief that the country was worse off than it had been a year before began (figure 9.4 on an earlier page).

Within a day of the McCain remark, the Democrats began reinforcing the truncated version of it in an ad called “Fundamentals.” In screaming capital letters, the resulting indictment juxtaposed “SEPTEMBER 15, 2008: JOB LOSSES AT 605,000 FOR THE YEAR” and “SEPTEMBER 15, 2008: FORECLOSURES AT 9800 A DAY” with McCain saying “Our economy I think, still, the fundamentals of our economy are strong.” The ad closes “HOW CAN JOHN MCCAIN FIX OUR ECONOMY... IF HE DOESN’T UNDERSTAND IT’S BROKEN?” In the final frame McCain and Bush are shown side by side as McCain, in a voice over, says

²⁰This search was conducted by Annenberg researcher Jackie Dunn.

“The fundamentals of our economy are strong.” For the remainder of the campaign, the abbreviated version of the McCain statement was showcased in Democratic ads.²¹

On October 9th the Democrats added another verbal lapse from the McCain camp to their buffet of spots with an attack ad reporting that “McCain’s own campaign admits that if the election is about the economy, he’s going to lose.” That spot concludes, “But as Americans lose their jobs, homes and savings, it’s time for a president who will change the economy not change the subject.” The same Republican operative’s anonymously voiced admission took center stage in an ad moved onto air the next day that attacked John McCain for “smears and false attacks”. “With no plan to fix our economy,” says the ad, “smears are all McCain has left.”

On September 15th, Obama had urged the electorate to judge the nominees by their response to the financial crisis. “Sen. Barack Obama, D-Ill., told voters [that if they] want to understand [how] he and Sen. John McCain, R-Ariz., differ they should look at how they have responded to the housing and financial crisis,” reported ABC News on September 15th.²²

Central to that process was branding McCain with a scarlet E for “erratic.” At the Annenberg Public Policy Center’s 2008 Election Debriefing held in Philadelphia a month after the Obama won, his chief adviser David Axelrod told the McCain high command in the room, “Obviously you [the McCain campaign] required a course correct for ‘the fundamentals of the economy are strong.’” When Senator McCain moved from that position to one of crisis pretty

²¹ Beginning September 24, Spanish language TV ads in Colorado and New Mexico evoked the numbers of unemployed and children without health insurance before asking “How is it possible for John McCain to say “The fundamentals of our economy are strong?” As the announcer repeated McCain’s statement, it was visually reinforced by text reading “Que los fundamentos de nuestra economia son solidos?” In both radio and TV ads in the battleground states, the Obama campaign cited the unemployment and foreclosure rates, quoted McCain’s “fundamentals” statement and drew the link between Bush and McCain. In a Florida TV spot that began airing October 7, for example, a spot concluded, “And McCain promises more of the same failed

²²Jake Tapper and Sunlen Miller, “Obama Attacks McCain’s Response to Crisis on Wall Street,” Political Punch, ABC, 16 September 2008, <http://blogs.abcnews.com/politicalpunch/2008/09/obama-attacks-1.html>

quickly, it created a sense of inconsistency. We used the word “erratic” a lot during that period. Then you [the McCain campaigners] suspended your campaign [to go to Washington to work on pending legislation to address the crisis]. Our feeling was that there was a herky-jerky nature to what was going on [in your campaign] at the time and it played well against our solidity. And I think that was reflected in the numbers.”²³

Bush/McCain and the Republicans Are to Blame for the Economic Free Fall

For decades Democrats have morphed the GOP into the party of Wall Street and allied their own with Main Street. According to the logic of these paired associations, if Wall Street failures precipitated an economic meltdown then it was the GOP that deserved blame. Following this line of thought, a bailout of Wall Street must be benefitting those in business suits wearing Bush/ McCain buttons. By permitting the debate to be cast as “Wall Street bailout” rather than the “Middle class rescue plan,” President George W. Bush and Federal Reserve chair, Ben Bernanke, embraced language that weighted down the McCain campaign.

The Republicans and McCain/Bush Deserve the Blame for the Crisis

The Obama campaign annotated its arguments about McCain’s inadequate grasp of the economy with the notion that the Republican philosophy of deregulation and McCain’s close association with financial sector lobbyists either caused or exacerbated the problems facing American workers. At the same time, in speeches whose sound bites migrated to news, the Democratic standard bearer alleged that McCain’s solutions, including a commission to study the

²³David Axelrod, “Campaign Organization and Strategy.” In *Electing the President 2008: The Annenberg Election Debriefing*, edited by Kathleen Hall Jamieson (Philadelphia: University of Pennsylvania Press, 2009): 75.

crisis's causes and remedies, were a typical and hence flawed Washington-insider's response.

The implication was that the Republican nominee was well meaning but out of touch. "I certainly don't fault Senator McCain for these problems. But I do fault the economic philosophy he subscribes to," argued the Democratic standard bearer on September 15th.²⁴

Obama then upped the ante by blaming the Republican philosophy of deregulation for the convulsions on Wall Street. Without mentioning Bush or McCain by name, the first of Obama's two minute national ads both primed economic distress and invited voters to import the earlier Democratic attacks on Bush-McCain into this indictment of Washington politics:

In the past few weeks, Wall Street's been rocked as banks closed and markets tumbled. But for many of you --the people I've met in town halls, backyards and diners across America our troubled economy isn't news. 600,000 Americans have lost their jobs since January. Paychecks are flat and home values are falling. It's hard to pay for gas and groceries and if you put it on a credit card they've probably raised your rates. You're paying more than ever for health insurance that covers less and less.

This isn't just a string of bad luck. *The truth is that while you've been living up to your responsibilities Washington has not.* That's why we need change. Real change (emphasis added).²⁵

The attack on Washington serves as a sub-theme in the Obama positive ads as well. In late September, one advised viewers that Obama had a health care plan "to cut costs and cover everyone." The Illinois Senator closes, "I'm Barack Obama and I approve this message because we have to fix Washington." The ad concludes with the Democratic nominee saying "I approve this message because to fix healthcare, we have to fix Washington." Included in that message was an appeal to "stop the bickering and the lobbyists."²⁶

²⁴ Barack Obama, "Lou Dobbs Tonight 7:00PM EST," *CNN*, 15 September 2008.

²⁵Obama for America, "Plan for Change" 17 September 2008.

²⁶Obama for America, "Mother General" 30 September 2008.

Obama's second nationally aired two minute general election ad debuted September 30. In it Obama explicitly indicted the Bush economic philosophy. "For eight years," said the candidate speaking in a medium shot, "we've been told that the way to a stronger economy was to give huge tax breaks to corporations and the wealthiest Americans. And somehow prosperity would trickle down. Well, now we know the truth. It didn't work." Obama then catalogued the drop in family income, loss of jobs and deficits before contrasting his tax plan with McCain's and concluding "The old trickle-down theory has failed us. We can't afford four more years like the last eight."²⁷

The Obama campaign carried its indictment of Republican economic theory into news coverage as well. "Reacting to the financial crisis, the Democratic party nominee repeatedly cast John McCain as a champion of the deregulation... faulted for the current turmoil on Wall Street in a 40 minute address today that focused heavily on the economic crisis," reported Nick Timiraos in the *Wall Street Journal*.²⁸ Similarly, on CBS evening news, Obama is shown saying, "John McCain cannot be trusted to reestablish proper oversight of our financial markets for one simple reason: he has shown time and again that he does not believe in it."²⁹

²⁷ Obama for America, "Same Path" 30 September 2008.

²⁸ Nick Timiraos, "Obama Continues Attack on McCain's Economic Credentials," *Wall Street Journal*, 16 September 2008, <http://blogs.wsj.com/washwire/2008/09/16/obama-continues-attack-on-mccains-economic-credentials/>

²⁹ Maria Gavrilovic, "Obama: McCain's Backs Failed Economic Policy," CBS News, 16 September 2008, <http://www.cbsnews.com/blogs/2008/09/16/politics/fromtheroad/entry4453126.shtml>

The same message got through on network broadcast news. On September 15th CBS Nightly News, Dean Reynolds reported:

REYNOLDS: In new, more confrontational remarks, Obama tried to yoke John McCain to an economic philosophy that he says has brought America to the brink.

SENATOR OBAMA: Now instead of prosperity trickling down, the pain has trickled up.

REYNOLDS: And he followed that up by questioning McCain's grasp of the nation's number one issue.

SENATOR OBAMA: This morning he said that the fundamentals of the economy are still strong. Senator McCain, what economy are you talking about?

REYNOLDS: The speech featured a long indictment of past McCain positions, including opposition to increases in Social Security and the minimum wage, and it accused him of being a captive of special

McCain's Message Was Diluted by Hybrid Ads

Before detailing McCain's period three message, it is important to note that the playing field on which the campaigns jostled was anything but level. As we noted in chapter one and will treat in greater detail in chapter twelve, Obama outspent McCain. In an attempt to diminish that Obama advantage, the McCain team turned to hybrid advertising, an FEC approved form that split the cost of ads with the RNC. Doing so required that the resulting spots bifurcate their attack with half of each ad assaulting Obama and the other half generically attacking the Democrats. The McCain thirty second hybrid titled "Dome" illustrated the resulting problems. At a cost of just under eight million dollars, this was the second most aired message of the McCain campaign. In it, the Republicans deployed traditional attacks by arguing that Obama and his allies were liberals whose election would bring bigger government, wasteful new spending, and increased taxes.

ANNOUNCER: When our economy's in crisis, a big government casts a big shadow on us all. Obama and his liberal Congressional allies want a massive government, billions in spending increases, wasteful pork. And, we would pay -- painful income taxes, skyrocketing taxes on life savings, electricity and home heating oil. Can your family afford that?³⁰

The most aired McCain ad was also a hybrid. At a cost of almost eight million dollars in air time, throughout September, "Expensive Plans" said:

ANNOUNCER: Take away the crowds, the chants. All that's left are costly words. Barack Obama and out of touch congressional leaders have expensive plans. Billions in new government spending, years of deficits, no balanced budgets and painful tax increases on working American families. They're ready to tax, ready to spend, but not ready to lead.³¹

interests and whose claims to be a change agent are laughable.

SENATOR OBAMA: And if you think those lobbyists are working day and night for John McCain just to put themselves out of business, well, I've got a bridge to sell you up in Alaska.

³⁰McCain-Palin 2008/RNC, "Dome" 17 September 2008.

³¹McCain-Palin 2008/RNC, "Expensive Plans" 1 September 2008.

One of the least coherent hybrid ads appeared October 10th. Its message indicted Obama's "blind ambition." "When convenient he worked with terrorist Bill Ayers," says the ad. "When discovered, he lied. Obama. Blind ambition. Bad judgment." Then the non sequitur. "Congressional liberals fought for risky subprime loans..."³²

So incomprehensible were some of the McCain-RNC hybrids that Republican operative and CNN commentator Alex Castellanos e-mailed McCain ad maker Chris Mottola suggesting "If you have any time left at the end of the [hybrid]spot, you need to say, 'If anyone has any idea what this spot is about, call 1-800-McCain-Palin.'"³³

"When you create hybrid ads you have to involve lawyers who say you need to have 30 words for McCain, and 30 for the RNC," explained Mottola. "You've got to equal those out. So you've got lawyers rewriting spots. Our lawyers were great and they were trying to protect the campaign and John McCain and everybody from liability but the list of great political spots written at 8:00 at night by lawyers with FCC training is zero." Believing them ineffective, the McCain campaign ultimately abandoned the hybrid ads. "[Finally] in October, we made a decision to stop doing the hybrid ads and to ship all the remaining money to the RNC," recalls Steve Schmidt. "[We made that decision] on the simple basis that the hybrid ads that the campaign was producing made no sense."³⁴

This meant sacrificing McCain campaign use of RNC funding that could have backed ads that both made the case for McCain and for Republicans or against Obama and Democrats.

³²McCain-Palin 2008/RNC, "Ambition" 10 October 2008.

³³Chris Mottola, "Advertising." In *Electing the President 2008: The Annenberg Election Debriefing*, edited by Kathleen Hall Jamieson (Philadelphia: University of Pennsylvania Press, 2009): 114.

³⁴Steve Schmidt, "Campaign Organization and Strategy." In *Electing the President 2008: The Annenberg Election Debriefing*, edited by Kathleen Hall Jamieson (Philadelphia: University of Pennsylvania Press, 2009): 57.

Democrats Are Responsible for the Economic Meltdown

The fact that McCain's ads were often tacitly or explicitly reacting to Obama's charges reflects the Republican campaign's struggle to grab hold of the campaign agenda. Responding to the omnibus Obama claim that McCain was out of touch with the economy, one Republican spot tried to turn the tables by saying "Obama has no background in economics." The ad, which we discussed in chapter four, then pivoted to indict a supposed Obama's adviser, Franklin Raines, as a Washington insider responsible for the economic meltdown.³⁵

Where Obama tagged McCain with an alliance with Washington lobbyists, McCain also responded by tying Obama to Jim Johnson, the former Fannie Mae head. Like others, this ad links the notion that Obama's rhetoric is either empty or suspect to a specific issue claim. In the ad titled "Jim Johnson," Obama is shown saying "It would be unacceptable for executives of these institutions to earn a windfall" with the overlay "What Obama says... is not what he does." "Meet Jim Johnson, former Fannie Mae CEO," notes the announcer as a picture of Johnson appears under a quote from the *Washington Post* saying, "Fannie Mae Lobbies Hard to Protect its Tax Break." "Fannie cooked the books and Johnson made millions" says the ad. "Then Obama asked him to pick his VP and raise thousands for his campaign. Barack Obama. More empty words."³⁶

Obama and McCain each blamed the other's party for the economic crisis. Challenged for supporting the outsourcing of jobs³⁷, McCain fielded an ad in Michigan (shortly before the campaign pulled its resources from that state) saying that "Michigan manufacturing jobs are

³⁵McCain-Palin 2008, "Advice" 20 September 2008.

³⁶McCain-Palin 2008, "Jim Johnson" 21 September 2008.

³⁷FactCheck.org found the attack to be inaccurate. (*FactCheck.org*, "Obama Trade Trickery" 26 September 2008, http://www.factcheck.org/elections-2008/obamas_trade_trickery.html).

going overseas. Barack Obama and his liberal allies are to blame.” The reason? Democrats had voted against “making healthcare more affordable” against “reduce[d] energy costs” against “lower taxes.”³⁸ Short of funds, the Republicans decided on October 2 to withdraw from electoral vote-rich Michigan in order to place resources elsewhere.³⁹ The reason given by McCain’s pollster was the vulnerability created by McCain’s statement to Michigan workers in the primary season that “the [auto industry] jobs aren’t coming back,”⁴⁰ a statement President Obama himself offered without a hint of irony as “a hard truth” on July 14, 2008.⁴¹

After airing ads castigating Democrats, McCain inexplicably put up a spot in early October in which he said “What a week. Democrats blamed Republicans. Republicans blamed Democrats. It shouldn’t take a crisis to pull us together. We need a president who can avert crisis...” The bipartisan rhetoric was short lived. On October 10th a hybrid McCain RNC ad alleged that “Congressional liberals fought for risky sub-prime loans. Congressional liberals fought against more regulation. The housing market collapsed, costing you billions.” The spot closed by attacking “judgment,” the trait on which Obama had built his candidacy. “We need leadership,” it said, “not bad judgment.”⁴²

Although the percent blaming the Democrats for the economic mess rose from the end of September to Election Day (see figure 8.5), in the contest over which party should shoulder responsibility, the public affixed the blame to the Republicans. Importantly, however,

³⁸McCain-Palin 2008/RNC, “Overseas” 19 September 2008.

³⁹Adam Nagourney, “McCain Pulls Out of Michigan,” *New York Times*, 2 October 2008, <http://thecaucus.blogs.nytimes.com/2008/10/02/mccain-pulls-out-of-michigan/>

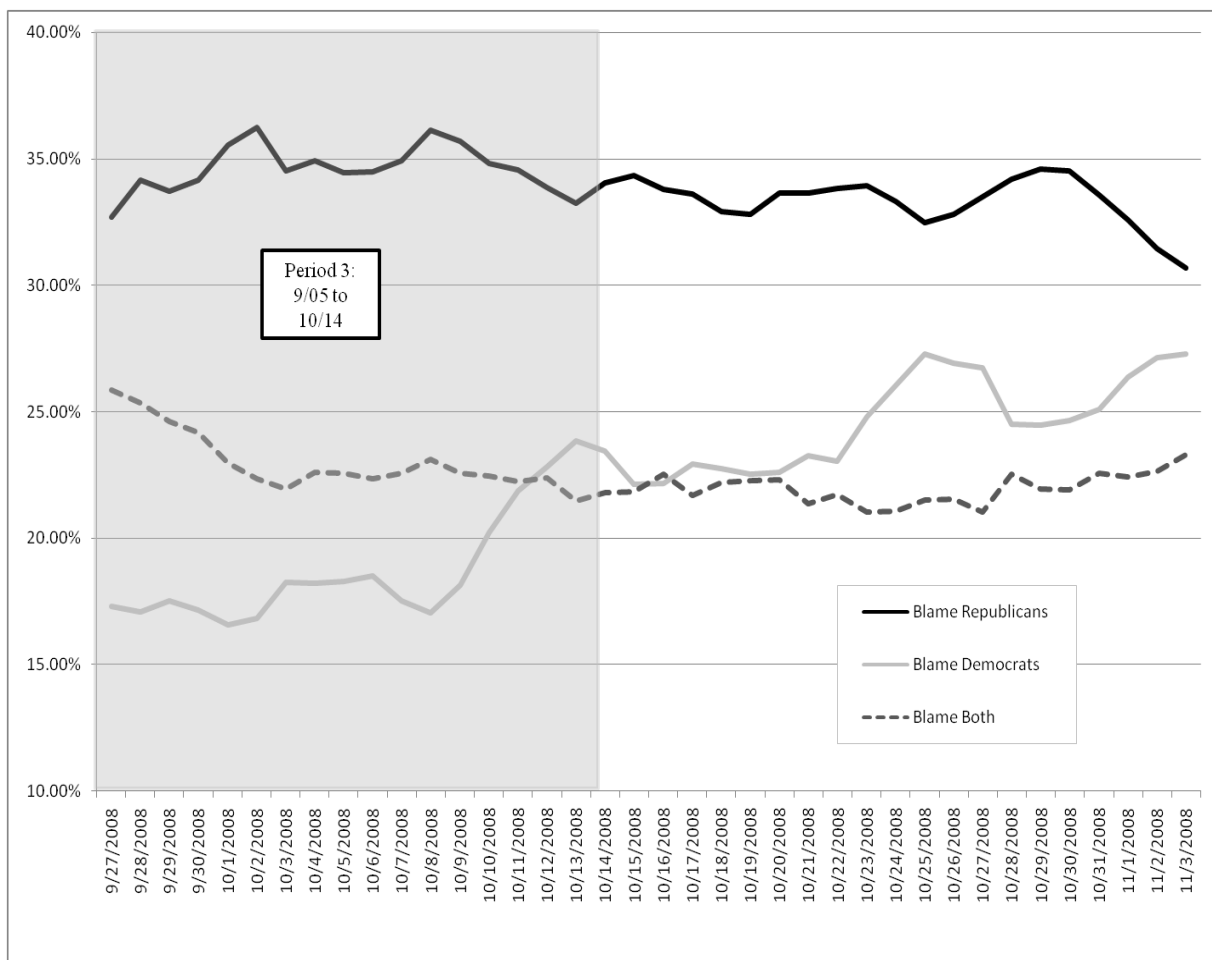
⁴⁰Bill McInturff, “The Roll of Polling.” In *Electing the President 2008: The Annenberg Election Debriefing*, edited by Kathleen Hall Jamieson (Philadelphia: University of Pennsylvania Press, 2009): 92.

⁴¹“Many laid-off workers are seeking new skills and new career paths under the assumption that, as Mr. Obama said Tuesday, ‘the hard truth is that some of the jobs that have been lost in the auto industry and elsewhere won’t be coming back.’” Jim Rutenberg, “Obama Attacks Over Economy and Offers Community College Aid,” *New York Times*, 15 July 2009, A14.

⁴²McCain-Palin 2008, “Ambition” 10 October 2008.

accountability was increasingly attached to the Democrats. NAES data show that pointing fingers at the Republicans predicted an Obama vote and indicting the Democrats did the same for a vote for McCain. The increase in blaming Democrats meant that by associating Obama with the Democrats in DC, the Republicans opened the possibility that in the blame game they might gain some ground.* (see website)

Figure 8.5: Attribution of Blame for “Current Financial Crisis Facing the United States”⁴³



⁴³Exact question wording “Who is more responsible for the current financial crisis facing the United States, (ROTATE) the Democrats in Congress or the Republicans in Congress?”

Electing A Tax and Spend Liberal Would Make Matters Worse

As we forecast in chapter two, throughout period three, McCain's ads linked his prospective presidency to "change" and allied Obama with a discredited liberal past tied to big government, massive spending increases and tax hikes. In one McCain RNC hybrid ad, the words "MASSIVE GOVERNMENT" appear over a smiling picture of Obama superimposed on the capitol dome. The ad makes explicit its assumption that bigger government would exacerbate the crisis. "Obama and his liberal congressional allies want a massive government. Billions in spending increases, wasteful pork" The announcer then repeats the single most often aired deception of the McCain campaign, the notion that Obama would raise taxes on everyone. "And we would pay painful income taxes, sky-rocketing taxes on life savings, electricity and home heating oil. Can *your* family afford that (emphasis added)?" Over McCain's picture, the tag proclaims, "Change is coming."⁴⁴ From early September through mid October, the McCain campaign rotated two tags on their ads "Change is coming: and "The original maverick" and occasionally reprised their spring and summer theme "Experience and Leadership" adding "in a time of crisis."⁴⁵

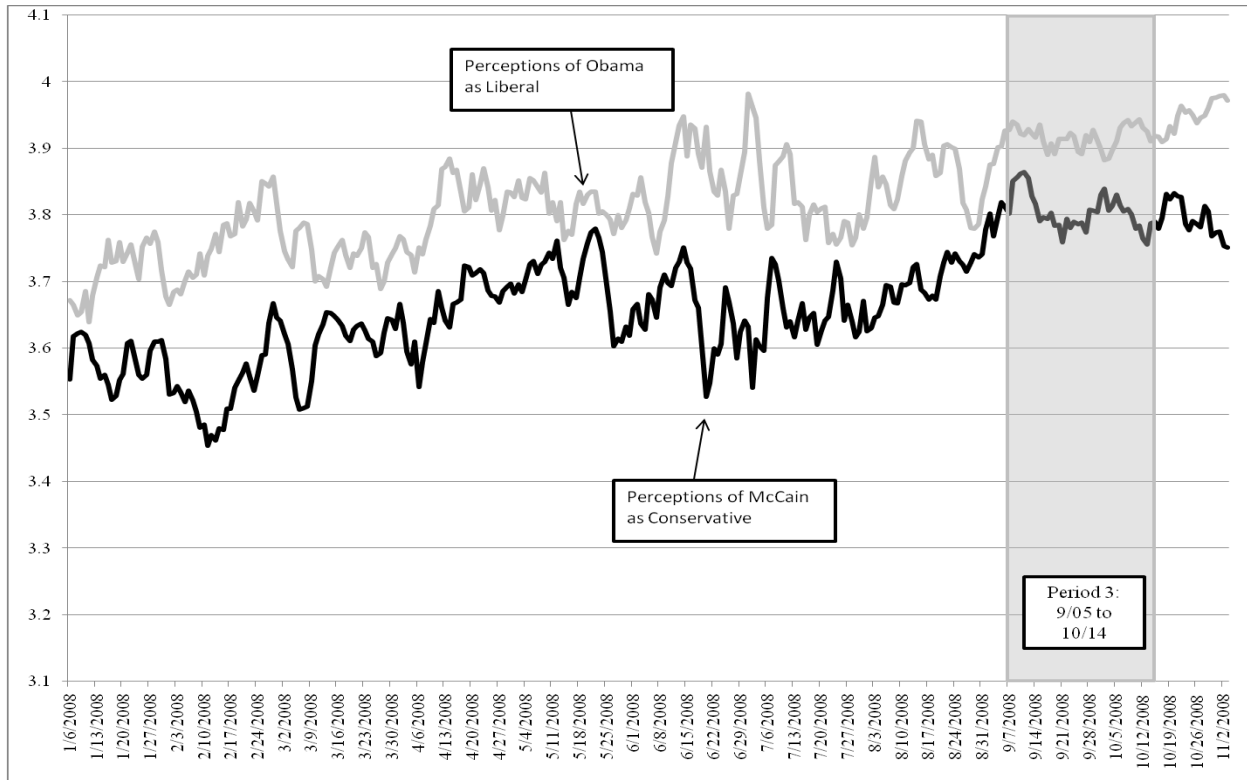
⁴⁴McCain-Palin 2008, "Dome" 17 September 2008.

⁴⁵ The tax indictment was reiterated in an ad titled "Foundation" that tied the two McCain attack lines into one argument: "My opponent's only solutions are talk and taxes" (McCain-Palin 2008, 18 September 2008) .It appeared as well in a hybrid ad that defended past Republican behavior by saying that "McCain and his congressional allies led. Tough rules on Wall Street, stop CEO rip offs, protect your savings and pensions." (McCain-Palin 2008/RNC, "Mum" 24 September 2008). The ad then asked "Obama and his liberal allies?" and answered with a claim undercut by the specific policy details Obama was offering in his ads. "Mum on the market crisis because no one knows what to do." The ad then returns to the staple of the Republican ads "More taxes. No leadership. A risk your family can't afford."

In mid October a McCain hybrid ad tried to ally the tax attack to wasteful spending, the liberal congress and Tony Rezco. "Obama rewards his friends with your tax dollars," said the announcer. "Tony Rezko, \$14 million. Allison Davis, \$20 million. Kenny Smith. \$100 thousand. That's unethical. Congressional liberals promise to raise your taxes to reward their friends with wasteful pork. Taxes for you. Pork for them." (McCain-Palin 2008/RNC, "Unethical" 14 October 2008).

McCain’s efforts to increase perceptions that Obama was a liberal had little effect in period three (see figure 8.6). Importantly after a month and half of campaigning, that perception had returned only to its set point after the Republican convention.

Figure 8.6: Perceptions of the Candidates Ideology on a Five-Point Scale



Obama Is Not Ready To Lead

September 15th was a circled date in the McCain calendar as well. It was during that week that the Republican campaign had planned to begin to lay in place pieces of Obama’s biography that would build on the celebrity ads of summer to underscore the notion that the Democratic nominee was not ready to lead. Unlike the earlier foray into this argument, which in August attracted substantial cable news attention, in October, press preoccupation with the economic

crisis wiped out the possibility that the McCain themes would gain traction in that venue. Instead, the news on the economy featured the blunders by McCain and his surrogates we treated earlier.

All of this frustrated the Republican campaign's plans. "People say, 'Why didn't you run a campaign against Obama?'" recalled McCain pollster Bill McInturff. "We had a campaign against Obama. It started in September ... with the Chicago ad. That's the start of what was going to be a six or seven week narrative saying, 'He's not quite the guy you think he is.' 'He's not quite the guy you think he is. He's not quite ready.'" Accordingly these ads raised such questions as, "Is he really going to be president? What's he really done? Is he experienced enough?" McInturff reasoned, "There're a lot of fundamental questions. You can feed into that by saying, 'In fact, there's more about him you need to know. He's not the reformer you think he is. He's part of this Chicago machine. We have these concerns. Here's in fact—'. We were going to start with the Chicago story, because in fact the guy did have a layer of protection. If you started with the issues, people said, 'No, that doesn't fit. Doesn't fit. Doesn't fit. That's not the guy I'm seeing.' We had to raise fundamental questions about the guy they were seeing." But instead of focusing on the attacks, the press focused on "what's happening to the economy. And our typical campaign stuff gets blown off the air."⁴⁶

Where the Democrats hammered home the notion that McCain was McSame, the Republicans tried to break through with the idea that Obama was "not ready to lead." One ad tying Obama to a discredited presumed adviser closed by charging "Barack Obama. Bad advice.

⁴⁶ Bill McInturff, "The Roll of Polling." In *Electing the President 2008: The Annenberg Election Debriefing*, edited by Kathleen Hall Jamieson (Philadelphia: University of Pennsylvania Press, 2009): 89.

Bad instincts. Not ready to lead.” “Not ready to lead” is also the tag on an ad associating him with the Chicago political machine and convicted felon Tony Rezko that we discussed in chapter four. An allied notion, “Too risky for America,” is the closing line in the ad debuting October 6th that took Obama’s words out of context to say “He says our troops in Afghanistan are ‘just air-raiding villages and killing civilians.’”⁴⁷

A series titled “Who is Barack Obama?” was added to the McCain mix on that date in early October. Included in one of these ads was the claim that Obama’s Social Security, health care attack and stem cell attacks on McCain were all untrue. “Barack Obama. He promised better” it says. “He lied.”⁴⁸ One of the ads in that schedule answered the question, “Who is Barack Obama?” with “The *National Journal* says he’s the Senate’s most liberal. How extreme.”⁴⁹

McCain vs. Obama as Reassuring Leader

In period three McCain struggled to overcome the negative framing of his comments on the economy that we treated earlier. Before offering reassurance that he could handle the economic meltdown, the Arizonan needed to convince the public that, contrary to the Obama allegations, he understood that the country was in an economic crisis. To address the “fundamentals” gaffe, the Republicans aired declarations that the state of the economy was dismal. For example, the hybrid “Dome,” with which we dealt a moment ago, overlaid a shot of the nation’s capitol with the words “Our Economy in Crisis” as the announcer offered a statement that made little sense: “When our economy’s in crisis a big government casts a big

⁴⁷ McCain-Palin 2008/RNC, “Dangerous” 6 October 2008.

⁴⁸ McCain-Palin 2008, “Hypo” 7 October 2008.

⁴⁹ McCain-Palin 2008, “Folks” 8 October 2008.

shadow on us all.” If there was a shadow, the giant was known by names such as Lehman Brothers and AIG. Moreover it was not big government’s intrusion in the market that was the culprit in the stories the media was telling of what went wrong but rather decisions to reduce governmental power through deregulation. And as we will show in a moment, McCain was calling for more not less regulation.

Hoping to dispatch the Obama claim that McCain’s response to the crisis was “erratic,” Republican ads telegraphed unambiguous pronouncements about McCain’s plans. “I’ll meet this financial crisis head on,” says McCain in one. “Reform Wall Street. New rules for fairness and honesty. I won’t tolerate a system that puts you and your family at risk.”⁵⁰ In another, the Arizonan affirms “I’ll reform Wall Street and fix Washington. I’ve taken on tougher guys than this before.”⁵¹ Of course, these ads worked only to the extent that the viewer granted McCain’s credibility on the issue, credibility being called into question by the Obama campaign. As we will note in a moment, during this period as in those that followed, Obama counterbalanced his attacks on McCain with his own rhetoric of decisive leadership and reassurance.

Period three is not simply the story of a drop in McCain’s favorable ratings but the tale as well of a rise in perception of Obama’s credentials. Two factors are at play in this second narrative: Obama’s use of 60 and 120 second direct- to- camera ads and his successful performance in the first presidential debate September 26th.

Two Minute Ads

When the charges being levied against a candidate contain the words “unready” and “risk,” one effective response offers reassuring exposure to the attacked candidate. On

⁵⁰ McCain-Palin 2008, “Enough Is Enough” 17 September 2008.

⁵¹ McCain-Palin 2008, “Foundation” 18 September 2008.

September 17th at a cost of just under 4 million dollars, the Democrats reached into a bank account brimming with dollars raised outside the federal finance system to pay for a two minute ad titled “Real Change.” In it, their candidate comforted and counseled the country in a fashion designed to shore up national polls and battleground state votes:

.... Here’s what I believe we need to do. Reform our tax system to give a \$1,000 tax break to the middle class instead of showering more on oil companies and corporations that outsource our jobs. End the “anything goes” culture on Wall Street with real regulation that protects your investments and pensions. Fast track a plan for energy “made-in-America” that will free us from our dependence on mid-east oil in 10 years and put millions of Americans to work. Crack down on lobbyists -- once and for all -- so their back-room deal-making no longer drowns out the voices of the middle class and undermines our common interests as Americans. And yes, bring a responsible end to this war in Iraq so we stop spending billions each month rebuilding their country when we should be rebuilding ours.

Doing these things won’t be easy. But we’re Americans. We’ve met tough challenges before. And we can again. I’m Barack Obama. I hope you’ll read my economic plan. I approve this message because bitter, partisan fights and outworn ideas of the left and the right won’t solve the problems we face today. But a new spirit of unity and shared responsibility will.⁵²

The ad was successful in influencing perceptions of Obama’s “trustworthiness.” In a regression model predicting the difference in the trustworthy scales (Obama minus McCain), the ad buy data for the two-minute advertisement produced a significant and positive relationship in the presence of controls.* (see website)

On the same day the Republicans countered with a half a million dollar buy to air “Foundation.” In this message which was a quarter the length of the Obama’s speech, the Republican nominee suggested, as we noted a moment ago, that all Obama offered was “talk and taxes”, an argument undercut by the policy detail in the Obama two minute soliloquy:

⁵²Obama for America, “Real Change 120” 18 September 2008.

JOHN MCCAIN: You, the American workers, are the best in the world. But your economic security has been put at risk by the greed of Wall Street. That's unacceptable. My opponent's only solutions are talk and taxes. I'll reform Wall Street and fix Washington. I've taken on tougher guys than this before.

ANNOUNCER: Change is coming. John McCain.⁵³

The First Debate—September 26, 2008

As important as the hair-raising news about the economy was the fact that the Dow Industrial average declined dramatically on three of the four days on which general election debates were held, losing more than 2500 points between the first and last of these presidential encounters. Moreover, between the first presidential debate on September 26 and the showdown between the vice presidential nominees, October 2nd, this key economic index crashed through the 11,000 floor. In the brief period between that vice presidential exchange and the second presidential debate, October 7th, the Dow plunged through the 10,000 mark. In the week between the second and third presidential face-off, the 9,000 barrier was breached. The day of that final debate, October 15th, it plunged 733 points, its second largest single day drop ever.⁵⁴

Downward drafts in the Dow matter in part because, as the Investment Company Institute reports, 55.3 million households own mutual funds, a number that means that nearly half of U.S. households have a stake in the stock market.⁵⁵ And importantly, the *Wall Street Journal*/NBC poll found in March 2009 that “Americans most likely to have stock investments—those with family incomes above \$50,000—also are markedly more likely to say

⁵³ McCain-Palin 2008, “Foundation” 18 September 2008.

⁵⁴Alexandra Twin, “Another Huge Dow Loss,” *CNN*, 15 October 2008, http://money.cnn.com/2008/10/15/markets/markets_newyork/index.htm

⁵⁵Gerald F. Seib, “Stocks Should Matter to Obama,” *Wall Street Journal*, 6 March 2009, A2.

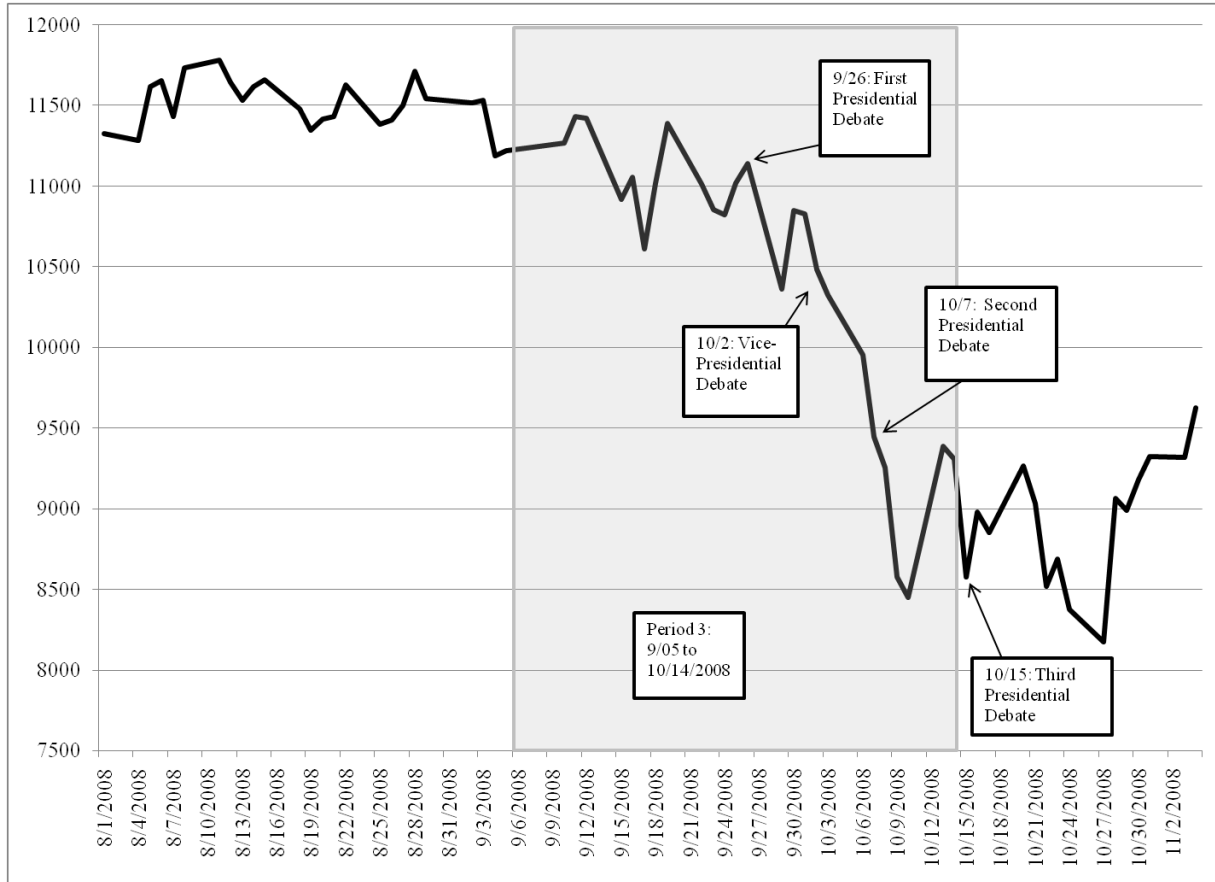
they are very dissatisfied with the economy.”⁵⁶ Consistent with this finding, in September and October 2008 NAES respondents with family income over \$50,000 were significantly more likely than those with lower incomes to report that the economy has gotten worse.

Dow closing on days of presidential debates 2008:

Date	Index
9/26/2008	11143.13
10/2/2008	10482.85
10/7/2008	9447.11
10/15/2008	8577.91

⁵⁶Gerald F. Seib, “Stocks Should Matter to Obama,” *Wall Street Journal*, 6 March 2009, A2.

Figure 8.7: Dow Closing Average



The first debate was the only one on which the Dow was up day-over-day (see figure 8.7). At the close of business on the September 26th, the increase over the day before was 200 points on what Erin Burnett on NBC News called “the hopes of ... a possible bailout.”⁵⁷

However, even then the economic signals were, as Brit Hume reported on Fox News, “mixed.”

⁵⁷Erin Burnett, “Economic Bailout Plan Thought To Be on Its Way, But Hits Snag Thursday,” *Today 7:00AM EST*, NBC News, 26 September 2008.

“The Dow was up a little more than 121. The Nasdaq dropped about three and a quarter, and the S&P gained just four.”⁵⁸

With Obama scheduled to appear at the first debate, and the bailout unresolved, McCain had little choice but to rethink his pledge to forego the nationally televised event, a decision originally made in order to stay in Washington to help resolve the legislative deadlock. But here too the economic collapse undermined him. Where the candidates had agreed that the first debate would concentrate exclusively on foreign affairs, this new climate dictated that half the candidates' encounter be devoted to the economy.

Throughout the debate Obama pinned the crisis squarely on Bush and McCain:

We also have to recognize that this is a final verdict on eight years of failed economic policies promoted by George Bush, supported by Senator McCain, a theory that basically says that we can shred regulations and consumer protections and give more and more to the most, and somehow prosperity will trickle down. It hasn't worked. And I think that the fundamentals of the economy have to be measured by whether or not the middle class is getting a fair shake.⁵⁹

At every opportunity Obama advanced his economic argument against McCain in ways that reinforced his ads and the sound bites that had infiltrated news:

We've had years in which the reigning economic ideology has been what's good for Wall Street, but not what's good for Main Street... [It's important that we] look at some of the underlying issues that have led to wages and incomes for ordinary Americans to go down, the -- a health care system that is broken, energy policies that are not working, because, you know, 10 days ago, John said that the fundamentals of the economy are sound.

.... when you look at your tax policies that are directed primarily at those who are doing well, and you are neglecting people who are really struggling right now, I think that is a continuation of the last eight years, and we can't afford another four.

⁵⁸Brit Hume, “Preparing for the Debate,” *Fox Special Report with Brit Hume 6:00PM EST*, Fox News, 26 September 2008.

⁵⁹Barack Obama, First Presidential Debate, University of Mississippi, Oxford, Mississippi, 26 September 2008.

.... John mentioned me being wildly liberal. Mostly that's just me opposing George Bush's wrongheaded policies since I've been in Congress

.... John, it's been your president who you said you agreed with 90 percent of the time who presided over this increase in spending. This orgy of spending and enormous deficits you voted for almost all of his budgets. So to stand here and after eight years and say that you're going to lead on controlling spending and, you know, balancing our tax cuts so that they help middle class families when over the last eight years that hasn't happened I think just is, you know, kind of hard to swallow.⁶⁰

Conventional wisdom says that first presidential debates advantage the candidate being attacked for being inexperienced or risky. John Kennedy gained an advantage in the first Kennedy –Nixon debate. So too did John Kerry in his first debate with incumbent president George W. Bush in 2004. That was the case in 2008, as well. Viewing the first presidential debate predicted a significant increase in perception that Obama would do a better job than McCain handling the economy in the presence of controls.* (see website) As worrisome for the McCain campaign is the finding that viewing the debate also predicted a significant increase in perception that electing McCain would in effect produce a third Bush term.* (see website)

These data are consistent with David Axelrod's belief that "this race was won between September 15th and September 26th." At the Annenberg debriefing Obama's chief strategist argued, "I really think this race was over after the first debate. I think that the lines of demarcation were the first day of the Lehman Brothers collapse, the global crisis, and Senator McCain's comment that the fundamentals of the economy were strong, which just seemed completely discordant with everybody's perception of what was going on. It fed our narrative that he, like the President, was completely out of touch with the reality of the economy. We drove it hard in ads...." By contrast Obama "was very measured throughout. I think he looked

⁶⁰Barack Obama, First Presidential Debate, University of Mississippi, Oxford, Mississippi, 26 September 2008.

very Presidential, and very thoughtful, and very focused, and consistent through that nine day period.”⁶¹

Nor did the environment improve for the Republican nominee in the following week. Instead it became clear that McCain’s efforts in Washington to create bipartisan support for the rescue plan had failed. “On September 29th, the Monday of the vote,” Schmidt notes, “I was on a plane with Governor Palin and watching the split screen of the markets collapsing and the bill being voted down. Then the news conference when the Republicans said they did this because Nancy Pelosi gave a mean speech.”⁶² “I very rarely sleep on planes,” notes Schmidt. “But I took off my headphones (it was a Jet Blue charter) and fell asleep almost instantly like I was being anaesthetized in a doctor's office.”⁶³

Nor did the ultimate passage of the bill [October 3rd] improve McCain’s prospects. “After being larded up with an extra \$150 billion dollars in what some considered pork and others saw as a process of quid pro quo needed to secure Republican votes,” Schmidt adds, “the bailout

⁶¹David Axelrod, “Campaign Organization and Strategy.” In *Electing the President 2008: The Annenberg Election Debriefing*, edited by Kathleen Hall Jamieson (Philadelphia: University of Pennsylvania Press, 2009):74.

⁶²At that press conference House Republican leader John Boehner said, “The speaker [Nancy Pelosi] had to give a partisan voice (sic) that poisoned our conference, caused a number of members who we thought we could get to go south.”⁶² (*CQ Transcripts*, Washington D.C., 29 September 2008). Not to be outdone, deputy Republican whip Eric Cantor added, "Right here is the reason, I believe, why this vote failed. And this is Speaker Pelosi's speech that, frankly, struck the tone of partisanship that, frankly, was inappropriate in this discussion." (*CQ Transcripts*, Washington D.C., 29 September 2008).

⁶³Steve Schmidt, “Campaign Organization and Strategy.” In *Electing the President 2008: The Annenberg Election Debriefing*, edited by Kathleen Hall Jamieson (Philadelphia: University of Pennsylvania Press, 2009): 62.

finally passed ...and contrary to what the public had been led to expect, in subsequent days the market dropped another 1800 points.”⁶⁴

The Vice Presidential Debate and the Dow

The economic news on the evening of the October 2nd Vice Presidential debate was anxiety- producing as well. The evening before, the “rescue package” had passed the Senate overwhelmingly. But it failed in the House the first time it went to the floor. On October 2nd it was not clear whether the bill would make it through on the second try. “The importance of tonight’s debate might be overshadowed by the country’s financial meltdown,”⁶⁵ observed David Gregory on MSNBC. On the evening of the debate, ABC News’ Charlie Gibson attributed the 348 point drop in the Dow that day in part “to fears the economic rescue package pending in the House won't pass.”⁶⁶

The Second Debate—October 7, 2008 and the Dow

Unlike the “mixed” news from Wall Street on the night of the first presidential debate, on the evening of the second, the message was clear. Where the day before the vice presidential debate the Dow dropped 350, on October 7th, the day of the second presidential debate, it was in a free fall, closing 508 points down from the previous day’s low. “For the first time in four years,” noted Maggie Rodriguez on CBS, “the Dow was below 10,000, and at one point dropped 800 points.”⁶⁷

⁶⁴The House rejected the stimulus bill on September 29, 2008. The Senate passed a version of the bill on October 1, and the House followed suit on October 3, 2008, and the bill was sent to President Bush to sign (“The Crisis: A Timeline,” *CNN*, http://money.cnn.com/galleries/2008/news/0809/gallery.week_that_broke_wall_street/20.html).

⁶⁵David Gregory, “Race for the White House with David Gregory 6:00PM EST,” *MSNBC*, 2 October 2008.

⁶⁶“Worlds News Tonight with Charlie Gibson 6:35PM EST,” *ABC*, 2 October 2008.

⁶⁷“The Early Show 7:00AM EST,” *CBS*, 7 October 2008.

Coming into that debate, the press focus on horse race cast McCain, who was behind in the polls, in a negative light. Speaking from Belmont University in Nashville, Tennessee, the site of the second presidential debate, MSNBC moderator Chris Matthews observed that “Tonight’s debate could be a last opportunity for John McCain to change the direction of the presidential race. McCain’s poll numbers have been headed downward along with the economy, and he didn’t get any help from Wall Street today. The Dow Jones fell more than 500 points today, bringing the total one-year decline to an awesome 5,000 points.”⁶⁸

Obama may have gained marginally from the second presidential debate as well. We find that watching the second debate is positively related to the perception that Obama would handle the economy better and the perception that a McCain election would equal a Bush third. Importantly, however, these relationships do not reach conventional levels of statistical significance.* (see website)

More important is our finding that debate viewing is significantly associated with the favorability ratings for Obama but not McCain.* (see website) The more of multiple debates respondents reported watching, the more likely they were to report a higher favorable assessment of the Democratic candidate. By contrast, none of the debate viewing coefficients were significant predictors of the Republican candidates’ favorability ratings. The limits of cross-sections mean that we can’t justify strong causal claims that debate viewing produced an increase in Barack Obama and Joe Biden’s favorability ratings. However, since these associations were significant in the face of a robust set of controls, we think we can make a plausible case for such an effect.

⁶⁸“Hardball 5:00PM EST,” *MSNBC*, 7 October 2008.

Overall Obama's candidacy was helped and McCain's hurt in period three. In this time frame, the gap separating them on judgment and "experience needed to be president," two traits that had advantaged McCain, narrowed and the spread between the two on "shares my values" expanded, all to McCain's disadvantage (see figures 8.8, 8.9 , and 8.10). Aggregate level correlation between these trait variables and the date of survey shows that in period three the changes outlined in the following charts are statistically significant. In each case McCain lost more than Obama gained.

Figure 8.8: Perceptions of the Candidates on the Trait “Has the Experience Needed to Be President”

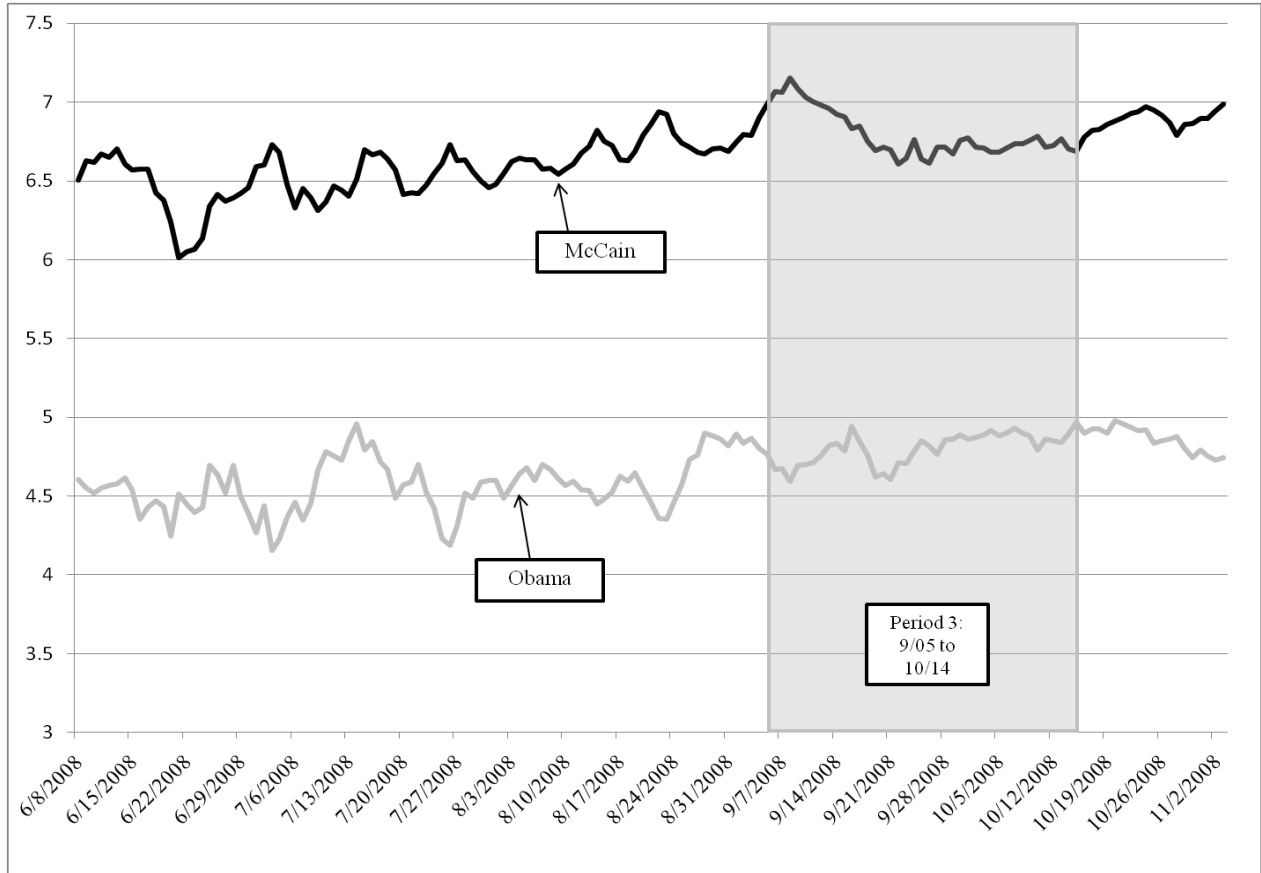


Figure 8.9: Perceptions of the Candidates on the Trait “Has the Judgment Needed to be President”

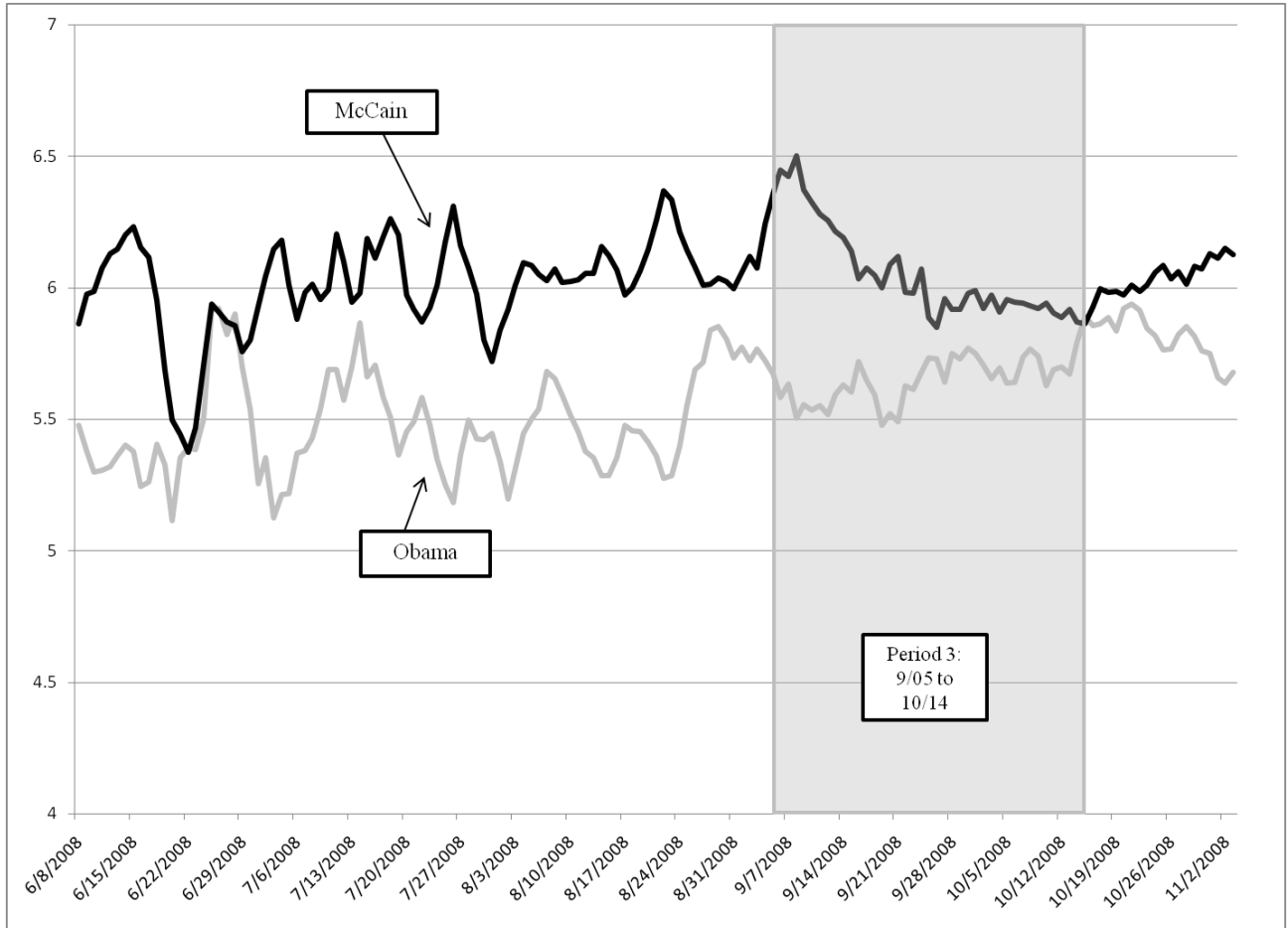
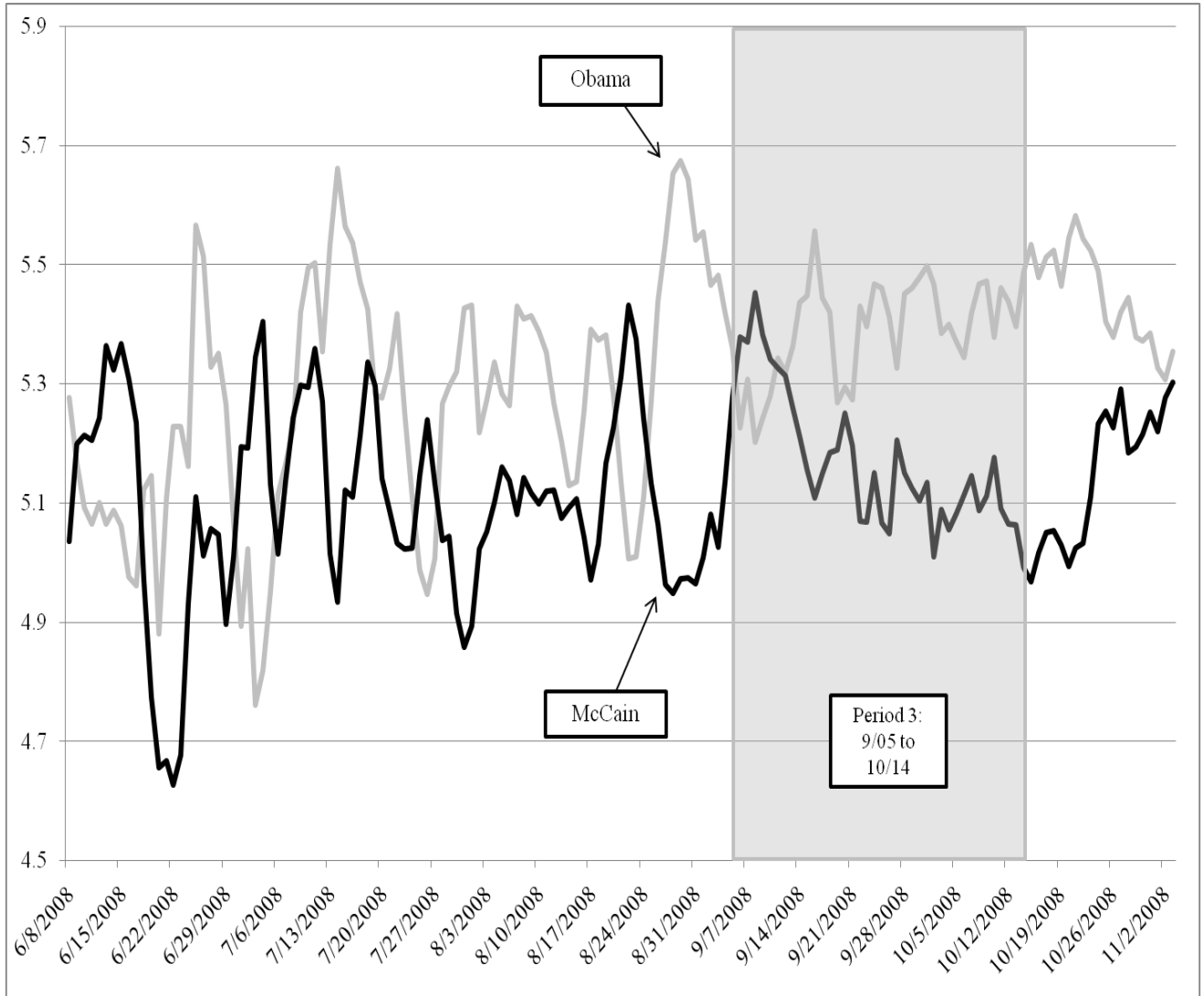


Figure 8.10: Perceptions of the Candidates on the Trait “Shares My Values”

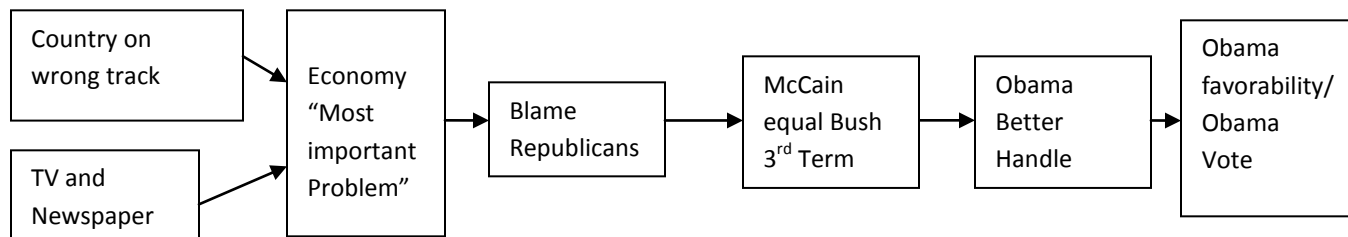


In our model, the beliefs that the country is on the wrong track, the economy is the most important issue and Republicans should be blamed for the crisis predict the notion that electing McCain equals a Bush third term and also increase the likelihood of a favorable rating of Obama. A series of regression analyses indicate the interrelations among these variables.* (see website)

TV and newspaper use and the perception that the country is on the wrong track are significantly related to economic concerns, a conclusion consistent with the agenda setting and priming effects forecast earlier. Concern about the economy is significantly and positively related to the belief that the Republicans are responsible for the economic meltdown. Blaming the GOP significantly predicts the belief that electing McCain is the same as electing Bush for a third term. These variables are significantly and positively related to the belief that Obama can handle the economy better than McCain which in turn predicts Obama favorability and an Obama vote.

Figure 8.11 illustrates our logic.

Figure 8.11: Theoretical Progression to Obama Vote through Economic Concerns



In period three, perception that the country is on the wrong track rises and with it perception that the economy is the major issue facing the country. At the same time perception that the Republicans are to blame for the crisis remains high and the tie between McCain and Bush is tightened. Each independently predicts an increased likelihood of a vote for Obama.

As important is the fact that the plummeting economy unnerved a key Republican constituency. In period three McCain lost support among educated white men, a reliable part of a Republican candidate's base. Where in 2004 Bush had carried this group by x in 2000 by y in 2004 **XXXBRUCE: RUN THIS WHEN YOU GET TIMEXXX**, McCain's margin was in single digits.

For college educated white males the model we just sketched works in the same way that it does for population as a whole. Perception that the country is on the wrong track, perception that the Republicans are responsible for the economic crash and that belief that electing McCain is the same as a Bush third term all independently predict an increased likelihood of a vote for Obama among white educated males.* (see website)

Taken together this analysis suggests that period three dramatically circumscribed McCain's chances and significantly boosted Obama's as well. This sort of movement is of course consistent with the notion that, in the face of an unpopular Republican incumbent and faltering economy, voters will increasingly do what the models suggest and move to the Democrat. Surprisingly, in period four that forecast did not prove true. Instead after the third and final presidential debate, October 15th, McCain began to gain traction. After a pause to examine the effect of early voting we will turn to this in chapter eleven.

Figure 8.12: Vote: White Males with at least 4 Years of College (2008 NAES)

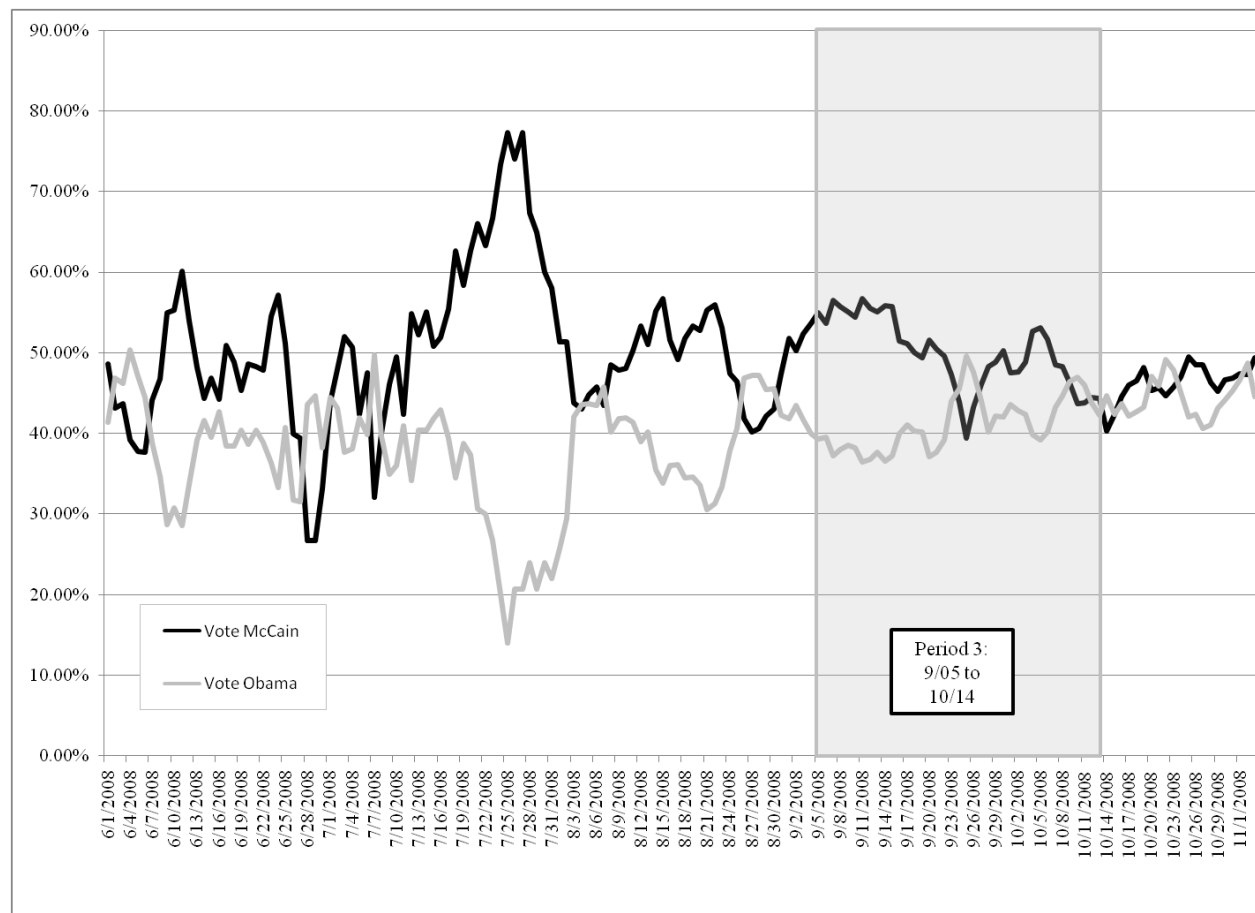


Figure 8.13: Favorability of the Two Candidates: White Males with at least 4 Years of College (2008 NAES)

