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An Exceptional Election: Performance, Values, and Crisis in the 2008 Presidential Election

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Abstract

This article examines the influences on the 2008 presidential election that led to the election of Barack Obama. There were many reasons why observers expected 2008 to be a strong year for the Democrats. The poor retrospective evaluations of the Bush presidency were thought to be too much of a burden for any Republican presidential candidate to bear successfully. On the other hand, open seat elections have been historically close, in part because successor candidates receive neither the full credit nor the full blame of incumbents. Moreover, in a period of partisan parity and ideological polarization, tight contests are to be expected. Add to these factors the fact that neither party's nominee faced an easy time winning his party's nomination and the fact that McCain was unusually moderate for a Republican presidential candidate and Obama was a northern liberal as well as the first African-American presidential candidate of a major party and there was every reason to suspect a closely decided election. That was the way that the election was shaping up in the polls until the Wall Street meltdown hit in mid-September. It was the "game changer" that tipped the election to Obama.

KEYWORDS: elections, presidency, political parties, economy, Wall Street meltdown, polarization, campaign spending, open-seat, retrospective voting

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The 2008 presidential election seemed to have it all. After several years of campaigning for the parties' nominations and then for the general election, about 131 million American voters elected Democrat Barack Obama over Republican John McCain. The unofficial vote tally at this writing in mid-December indicates that 53.7 percent of the two-party vote was cast for Obama and 46.3 percent for McCain.¹ With 365 electoral votes awarded to Obama from 28 states and the District of Columbia (plus one electoral vote from Nebraska) and 173 electoral votes awarded to McCain from 22 states, Senator Barack Obama was elected to serve as the 44th president of the United States and the first African American to occupy the office.

Based on the current vote count, the margin of Obama's popular vote victory ranks seventeenth among the thirty-six presidential elections since the Civil War. Sixteen margins were smaller and nineteen larger.² Compared to recent elections, it is larger than either of President George W. Bush's victories and slightly smaller than President Bill Clinton's 1996 election. It is about the same magnitude as President Clinton's 1992 and President George H.W. Bush's 1988 popular vote margins. In short, the size of the 2008 winning vote margin is solid but unremarkable, neither especially close nor particularly large when set in historical perspective. However, the way in which the electorate arrived at its verdict is highly unusual.

How did the electorate arrive at its decision? Early readings of the fundamentals were extremely positive for the Democrats. An unpopular president conducting an unpopular war and presiding over a sluggish economy amounted to heavy baggage for the Republicans. On closer inspection, though, the weight of this baggage might have been overstated. Several aspects of "the fundamentals" suggested that we would be in store for a close election. Partisan parity, ideological polarization, an open seat election, and nominating problems in both parties set the stage for another tight race—not unlike the two preceding elections. Polls leading up to the parties' conventions were consistent with that view.

There were even reasons why the electorate might tip toward Senator McCain. He had an unusually centrist record for a Republican presidential candidate and was running against a northern-liberal Democrat, who happened also to be the first major-party presidential candidate who was black. The polls coming out of the parties' conventions supported the view of a close election tilted toward McCain. In the end, and what was most exceptional about this election, was that it turned on the public's reaction to the financial credit crisis that struck the national economy in mid-September. What became known as the

¹The latest 2008 election data are from Dave Leip's Atlas of U.S. Presidential Elections website at <http://www.uselectionatlas.org/>.

²These election data are from CQ Press (2005).

Wall Street meltdown was the “game changer,” the October Surprise that struck in September and turned the election decisively to Obama.

A Democratic Year

Before the protracted nominating struggle between Senator Hillary Clinton and Senator Barack Obama was settled and even before the unusual Republican nominating contest drifted to Senator John McCain, the conventional wisdom was that 2008 would be a banner year for Democrats. There was widespread unhappiness with the direction of the country during President George W. Bush’s second term. Between April and July of 2008 in four Gallup polls, a mere 15 percent of respondents on average said that they were satisfied “with the way things are going in the United States at this time.”³ The verdict about the performance of the Republican administration could hardly have been clearer or more negative. In late July, Alan Abramowitz, Thomas Mann, and Larry Sabato (2008) summarized this outlook: “It is no exaggeration to say that the political environment this year is one of the worst for a party in the White House in the past sixty years.”

The fundamentals were decidedly unfavorable to the Republicans. Long before the first caucuses convened in Iowa to select delegates to the national conventions, the public had grown dissatisfied or impatient with the War in Iraq. In the months leading up to the conventions, polls showed substantial opposition to the war. Eighteen separate polls conducted by CNN/Opinion Research throughout 2007 and through July of 2008 indicated that about twice as many Americans had come to oppose the War in Iraq as support it. Despite progress in the “surge” strategy, the war was a political liability for Republicans.⁴

The economy leading into the 2008 campaign season was also bad news. Real growth in the gross domestic product (GDP) was a negative two-tenths of a point in the fourth quarter of 2007 and only nine-tenths of a point on the positive side in the first quarter of 2008.⁵ The historical record indicates that voter expectations set a growth rate of about three percent as the politically neutral point between punishing and rewarding an in-party’s economic record. Leading into the 2008 electoral season, the Republican administration had presided over half a year of economic malaise. What made economic matters worse politically was that voters were reminded of these problems every time they filled up their cars or paid their heating bills. Soaring oil prices hit voters and the economy hard throughout this period. What made matters even worse was President Bush’s

³These data were obtained from PollingReport.com at <http://www.pollingreport.com/right.htm>.

⁴These data were obtained from PollingReport.com at <http://www.pollingreport.com/iraq.htm>.

⁵These data are from the U.S. Bureau of Economic Analysis at <http://www.bea.gov/>.

well-known Texas oil connections. Oil men are not very popular when gas prices in July of 2008 had almost doubled from what they had been in early 2007 and nearly tripled from what they were in early 2002.⁶

The single best overall indication of the severity of this climate for Republicans was President Bush's anemic approval ratings. While presidents need not hold 50% of approval in order to win elections, they generally need ratings in the mid-40s. President Bush's approval ratings, according to Gallup, had been below 40 percent since October of 2006 and remained below 35 percent throughout 2008.⁷ In five Gallup polls conducted in the ten weeks prior to the conventions, President Bush's approval rating averaged a mere 31 percent. With fewer than a third of the public willing to indicate approval of the Republican president, there was certainly good reason to think that 2008 would be a Democratic year.

Prospects for a Close Election

There were other reasons, however, to think that 2008 would be another closely decided election. Beyond the recent history of the 2000 and 2004 elections, the history of open seat presidential elections suggested that 2008 would be narrowly decided. Table 1 presents the popular vote margins in the 35 open-seat and incumbent elections from 1868 to 2004. Elections are grouped in three categories: near dead-heats, competitive elections, and landslides.⁸ Near dead-heats are those elections in which the winning candidate received 51.5 percent of the two-party vote or less and landslides are those in which the winning candidate received more than 57 percent of the two-party vote. Competitive elections are then closer than landslides, but not as close as near dead heats.

As the table shows, near dead-heat elections are uncommon when an incumbent is in the race and common in open seat contests. Almost half of open seat elections have been near dead heats. Near-dead-heat elections are more than three times more likely without an incumbent in the race than with an incumbent. Incumbents, especially those whose party has held the White House for just one term, are not only more likely to win their elections, but more likely to win them by wide margins (Campbell 2000 and 2008, Norpoth 2008, Mayhew 2008).⁹

⁶ These data were obtained from the Energy Information Administration in "U.S. Regular All Formulations Retail Gasoline Prices (Cents per Gallon) Department of Energy" at http://tonto.eia.doe.gov/dnav/pet/hist/mg_rt_usm.htm.

⁷ The presidential approval for 2008 used throughout are from Gallup at <http://www.gallup.com/poll/1723/Presidential-Job-Approval-Depth.aspx>.

⁸ The two-party popular votes in these elections were computed from data in CQ Press (2005).

⁹ Since 1868, there have been 16 incumbents who ran and won their election. Their average winning two-party vote was 56.6%. The average winning vote for open-seat winners in this period was 53.1%.

While electoral verdicts about incumbents are more likely to be clear-cut, open seat elections are more likely to be toss-ups.

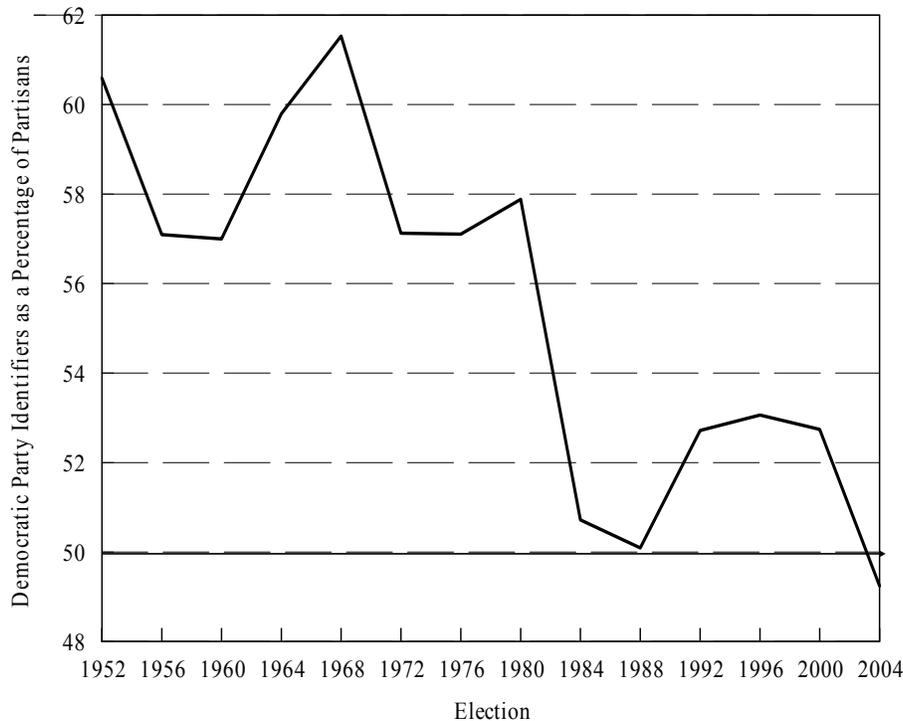
Open seat elections have been more closely decided, in part, because retrospective voting is conditional. Voter reactions to the previous administration's performance do not fully carry over to the next election when the incumbent is not running. Accountability is partly assigned to the in-party and partly to the president himself. Successor candidates receive only part of the credit or blame for the successes or failures of their predecessors (Campbell 2001, Nadeau and Lewis-Beck 2001, Norpoth 2002, Holbrook 2008, and Campbell, Dettrey, and Yin 2008). Open seat elections are, in effect, muted referenda. While Republican candidate John McCain would carry considerable baggage into the election from the perceived failings of the Bush presidency, they would be far lighter than the burden that President Bush would have borne had he been the Republican candidate.

Table 1. Closeness of the Popular Vote in Incumbent and Open Seat Elections, 1868-2004		
<i>Size of the Two-Party Vote for the Winning Presidential Candidate</i>	<i>Incumbent in the Race</i>	<i>Open Seat Race</i>
Near dead-heats (51.5% or less)	14% (3)	46% (6)
Competitive (51.6% to 57.0%)	45% (10)	38% (5)
Landslides (57.1% or more)	41% (9)	15% (2)
Total	100% (22)	100% (13)

Source: Data compiled from CQ Press (2005).

Beyond the general tendency of open seat elections to be closely decided, the parity in partisanship for recent elections coupled with the increased ideological polarization of the electorate have increased the odds of closely and intensely fought elections. Figure 1 displays how macropartisanship among reported voters has changed from 1952 to 2004 (MacKuen, Erikson, and Stimson 1989, 1128). Macropartisanship is computed as the percentage of major party identifiers who claim a party identification with the Democrats. Following Keith et al.(1992), leaners are counted as partisans. The NES data have been reweighted to match the actual turnout rate of the voting eligible population and the vote division of actual voters.

Figure 1. Macropartisanship among Voters, 1952-2004



Note: Includes NES reported voters. Leaners are counted as partisans of the party that they lean toward. The corrected NES data were reweighted to reflect the actual divisions of voters and nonvoters (the VEP measure of turnout) and the partisan division of the presidential vote.

As the figure shows, the balance of party identification that strongly favored Democrats from the 1950s to the 1970s shifted to parity in elections since the mid-1980s. Entering the 2008 election, there was good reason to suppose that the electorate's predispositions would lead to a fairly even division of the presidential vote. Democrats outnumbered Republicans in 2004 by about 9 percentage points among all respondents, but by about 5 points among registered voters and by only one point (not reweighted) among reported voters. While Democrats may have gained some ground in party identification since 2004, the division of party identification likely remained somewhere close to parity.¹⁰

¹⁰ Some pre-election polls indicated growth in a Democratic party identification gap, but whether this is true or simply reflects greater Democratic enthusiasm this year is unclear. The national exit polls, however, did indicate an expanded Democratic Party advantage among those who voted in 2008. The party identification gap, not including leaning independents as partisans, was 7 points (39% Democrats and 32% Republicans). There was no gap in 2004. It remains unclear whether this is an expansion of a party identification advantage or a turnout-enthusiasm surge of partisans for the Democrats. The exit poll data used throughout were obtained from

The ideological polarization of the parties and of public opinion, moreover, has reinforced the effects of partisan parity. There is no question that the staggered realignment of the parties from the 1960s to the 1990s involved a sorting out of ideologues into a more homogeneously conservative Republican Party and a more homogeneously liberal Democratic Party (Campbell 2006a, Paulson 2007, Fiorina 2006). In addition to the parties becoming more ideologically homogeneous, the electorate overall became more ideological and less moderate (Abramowitz 2006, Campbell 2006b).¹¹ About half of voters were moderates or unaware of their ideological orientations in the 1970s and the 1980s. By the 1990s and 2000s, the percentage of voters who were self-described moderates or ideologically unaware had dropped to only about 40 percent. As a result, both partisanship and ideological orientations have become more strongly correlated with the vote choice (Abramowitz and Saunders 1998, Bartels 2000, Hetherington 2001, Campbell 2008). One would expect that the increased polarization of the electorate and the parties would discourage partisan defections and keep the division of the vote closer to the even division of partisans.

The likely muting effect of partisan parity and polarization on retrospective evaluations is evident in an examination of where President Bush lost approval between his 2004 reelection and the 2008 election. As Table 2 shows, as measured by Gallup, President Bush's popularity dropped 17 points from an approval rating of 48 to only 31 percent between his reelection in 2004 and July of 2008 – not good news for his would-be Republican successor. However, the internals of Bush's approval ratings suggest that his low overall rating might not have been the unbearable burden it appeared to be. The growth in President Bush's detractors was largely among his own partisans. Perhaps because of polarization, very few Democrats approved of President Bush in 2004, so there was not much room for further decline by 2008. Polarization may have also been responsible for the President's sky-high approval ratings in 2004 among his fellow Republicans (Jacobson 2007). Eventually, even though polarized, Republicans drifted away by 2008. The upside for McCain, however, was that Republicans and some independents disgruntled with President Bush would be constituencies more easily won back in 2008. The many conservative Republicans disapproving of President Bush were unlikely Obama voters, which is exactly what exit polls later confirmed. Among the 21 percent of voters who "somewhat disapproved" of President Bush's job performance, McCain actually beat Obama by more than two-to-one (65 to 31 percent).

The battles that took place for the two major-party presidential nominations were also a factor conducive to a close election. Neither party had

<http://www.cnn.com/ELECTION/2008/results/polls/#val=USP00p1>.

¹¹ For the contrary view, that Americans are not polarized, see Fiorina (2006). The data used here are from the National Election Study's Cumulative File.

the advantage of having a candidate coast to the nomination with an enthusiastic and unified party base. Democrats were enthusiastic about their prospects, but unusually divided over whether their candidate should be Hillary Clinton or Barack Obama. In another exceptional aspect of this year's election, defying all of the conventional wisdom about front-loading and a quick nominating decision, Clinton and Obama conducted a protracted battle over the Democratic nomination.

	<i>2004</i>	<i>2008</i>	<i>Change</i>
Overall	48	31	-17
Democrats	11	7	-4
Independents	42	28	-14
Republicans	93	67	-26

Note: The 2004 approval percentages are from Gallup's October 29-31, 2004 survey. The 2008 pre-campaign approval percentages are from Gallup's July 10-13, 2008 survey. Source: <http://www.gallup.com/poll/1723/Presidential-Job-Approval-Depth.aspx>.

Despite Clinton's winning many of the large states (including New York, California, Pennsylvania, and Ohio) and nine of the final fifteen primaries, Obama did well enough in the proportional representation primaries and in the caucus states, along with the party's super-delegates, to secure the nomination. Still, Clinton did not concede the nomination to Obama until June 7, more than five months after the Iowa caucuses started the official process of delegate selection. Although Clinton and Obama were ideologically quite similar, both with strong liberal credentials during their service in the Senate, their intense battle for the nomination left the party with some scars.¹²

While the Democrats were enthusiastic about their chances though divided over their party's standard-bearer, the Republicans were neither optimistic about the election nor enthusiastic about their nominee, John McCain. Lacking a clearly conservative candidate who could energize the party's base, McCain was able to secure the Republican nomination from a crowded field of hopefuls. With the help of independents and crossover votes in open primary states, McCain pulled

¹²The exit polls indicate that there was some fallout from the Democratic nomination battle. Of voting Democrats who had favored Clinton for the Democratic nomination, 83 percent reported voting for Obama over McCain. Among other voting Democrats, 93 percent reported voting for Obama.

out to a commanding delegate lead over his closest rivals, former governors Mitt Romney of Massachusetts and Mike Huckabee of Arkansas, by Super Tuesday (February 5). McCain effectively secured the nomination when Romney dropped out of the race two days later. Though Republicans settled on their nominee months before the Democrats, their nominee did not excite the base. The long and the short of it is that both Barack Obama and John McCain had troubled nominating campaigns. Neither had an easy ride to their conventions, and their roughly equal nomination troubles (though of very different natures) might have set the stage for a roughly equal November vote.

The candidates are the final factors to augur a closely decided election. Again, we had the ingredients of an exceptional election. In Barack Obama, the Democrats had nominated an inspiring, articulate, and charismatic candidate. The news media did little to hide the fact that they were spellbound by him. On the downside, however, was the fact that no other African American had ever received the presidential nomination of a major party, much less been elected president.¹³ In addition, Obama had the disadvantage of being a northern liberal. While pundits would speculate about the role that race might play in the election, the ideological liability required no speculation. The history of northern liberal defeats was clear: Humphrey in 1968, McGovern in 1972, Mondale in 1984, Dukakis in 1988, and Kerry in 2004.

On the Republican side, because of the candidate void on the right, Republicans nominated a moderate conservative. John McCain was a self-described maverick, virtually a bipartisan candidate. Indeed, McCain had been courted by John Kerry in 2004 to be his running-mate. McCain had broken from his party on numerous occasions, from campaign finance reform to working with a group of moderate Senators to block the so-called “nuclear option” on judicial nominations. Even during the campaign, McCain frequently criticized his own party and President Bush, particularly on matters of fiscal policy and earmarks.

The Senate voting records for McCain and Obama are a study in contrasts. Combining the liberal Americans for Democratic Action roll-call scores with the American Conservative Union roll-call scores (flipped to make them comparable) for 2006 and 2007, McCain had a rating of 24 percent liberal.¹⁴ He was almost perfectly positioned between a 50 percent moderate score and a perfectly consistent conservative score. Obama, on the other hand, voted 95 percent of the time in the liberal direction. Assuming that critical swing votes are won in the

¹³ For a view that race would cause a disjunction between retrospective evaluations and both the preference polls and the election results, see Lewis-Beck and Tien 2008.

¹⁴ The ADA data were obtained at <http://www.adaction.org/pages/publications/voting-records.php> and the ACU data were obtained at <http://www.acuratings.org/>.

political center (or even somewhat right of center in modern American politics), McCain seemed better positioned for the general election campaign.

The relative positioning of the two candidates was reflected during the campaign in a number of ways. The differences were even suggested in the campaigns' themes. In keeping with his centrist background, McCain's theme of "Country First" emphasized national unity. Recognizing their greater strength on the performance dimension, Obama's theme of "Change We Can Believe In" deemphasized values and emphasized performance considerations.

The exit polls suggested that the candidate-ideological differences were evidenced in both issue and candidate evaluations. Energy was a prime example. With both gas prices and concerns about dependence on foreign oil soaring, many centrists and conservatives wanted the government to expand offshore drilling. The popular catch-phrase was "drill, baby, drill" and McCain's "all of the above" position on energy more closely fit national opinion than did Obama's. Exit polls found that two-thirds of voters favored expanding offshore drilling, and McCain won this vote 59 to 39 percent. In more general terms, 42 percent of exit poll voters said that they considered Obama to be "too liberal" and 89 percent of them voted for McCain.¹⁵ Of the 30 percent of voters in the exit polls saying that the candidate quality that mattered to them most was whether the candidate "shares my values," McCain beat Obama by two-to-one (65 to 32 percent). In short, though Obama held a clear advantage on retrospective grounds, this was offset to some degree by McCain's advantage on prospective or values grounds.

Tracking the Campaign

Anticipation of a closely decided election seemed well-founded leading into the two party conventions in late August. Figure 2 displays McCain's percentage of the two-party support in Gallup tracking polls of registered voters from August 1 through Election Day. As the figure shows, though there is variation, the race was fairly close through August, especially in the weeks immediately before the conventions. Gallup's mean August pre-convention polls of registered voters (August 1 through August 24) had the race at 51.3 percent Obama to 48.7 percent McCain. The Real Clear Politics average of polls over the same period had the race at 51.7 percent Obama to 48.3 percent McCain.¹⁶ A swing of less than two points separated the candidates. If you also consider the higher propensity of

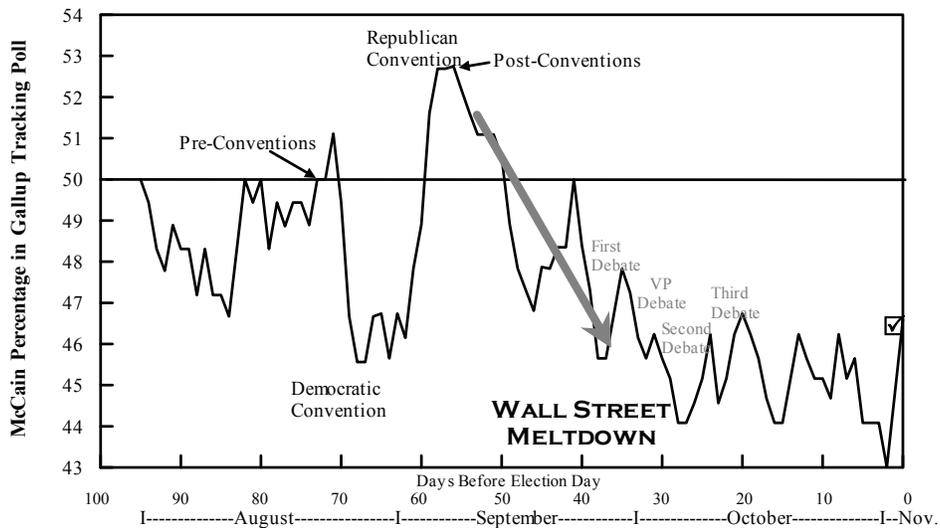
¹⁵ It is interesting to note that the exit poll did not even ask about McCain's position on the issues as being too liberal or too conservative. This might be interpreted as the ultimate testimony to McCain's centrism.

¹⁶ Throughout the campaign, the Gallup data were obtained at <http://www.gallup.com/Home.aspx> and the Real Clear Politics averages of the polls were collected from <http://www.realclearpolitics.com/polls/>.

registered Republicans to turn out to vote, then going into the conventions the race was a toss-up.¹⁷

Moreover, both Gallup and the Real Clear Politics average of polls had McCain closing on Obama in the days before the Democrats convened in Denver. Over the ten days leading up to the Democratic convention, Gallup's polls averaged 50.6 percent for Obama to 49.4 percent for McCain, and the final two pre-convention Gallup polls had the race tied. Despite Iraq, a sluggish economy, an unpopular president, and all the elements of the Democratic year, McCain was still quite clearly in the game.

Figure 2. Percentage of Support for In-Party Candidate John McCain, 2008



Source: Gallup.com

In late August and early September, both parties staged successful conventions. Democrats reunified around Obama. Largely through McCain's choice of Alaska Governor Sarah Palin, Republicans became energized about their ticket. The net effect slightly favored the Republicans. Comparing the poll standings in the seven days prior to the Democratic convention to the seven days after the Republican convention, McCain gained 2.6 percentage points among Gallup's registered voters, 2.3 points among the Real Clear Politics average of polls, and 1.2 in James Stimson's composite of polls.¹⁸ McCain came out of the

¹⁷ The higher turnout rate of registered Republicans compared to registered Democrats is evident in National Election Study data for every election from 1952 to 2004. An examination of the Democratic vote and the Democrat's standing in the early September Gallup Poll of registered voters in elections since 1948 indicates that a Democrat needs to have 51.5 percent in the poll to be expected to receive 50 percent of the vote.

¹⁸ Stimson's data were obtained from his website at <http://www.unc.edu/~jstimson/>.

conventions with a small lead according to the Gallup and Real Clear Politics readings, but still trailed slightly in Stimson's composite. McCain held the lead in the Gallup poll for ten days and eleven in Real Clear Politics, and this is accepting both at face value, without adjusting for the Republicans' historically higher turnout rate.

The fact that McCain had a lead of any sort after the conventions is both important and exceptional, given the strong retrospective evaluations of the Democratic year. McCain's post-convention poll lead was exceptional because it broke from the historical link of retrospective evaluations of the sitting president and preferences for the in-party's presidential candidate. Table 3 displays the history since 1948 of the association between presidential approval ratings in July of election years and the in-party candidate's level of support among registered voters in early September. The elections are ordered by the president's July approval rating.

As the table shows, when the president's July approval rating has been higher than 46 percent, the in-party candidate has also led in the September polls. Conversely, when the July approval rating has been under 46 percent, the in-party candidate has trailed in the September polls—except this year. Despite President Bush being tied for the lowest standing in the July approval ratings, John McCain held a September poll lead. This might be dismissed if the approval ratings were just shy of the 46 percent threshold, but President Bush's approval rating was fully 15 points below that. Or it might be dismissed if McCain's lead was very narrow and in only a few polls, but it appeared in a number of polls over at least ten days. All of the factors that made 2008 so clearly a Democratic year were not enough to establish Obama as the post-convention frontrunner.

There were also historical reasons to consider McCain's post-convention poll to be important to the election. In the 15 elections from 1948 to 2004, 12 had candidates with discernable leads in the Gallup polls of early September, with one candidate having at least a 52 to 48 percent lead over his opponent. Eleven of these 12 poll leaders went on to win their elections. Tom Dewey in 1948 is the only candidate with a clear poll lead in early September to lose his election, until 2008. It is normally the case that convention bump effects largely dissipate and that the competitive pressures of the campaign reduce whatever lead that a candidate might hold in the early September polls. So after the conventions, there was every reason to suppose that McCain's lead in the polls would shrink and that we were in for another intensely battled election ending with a close division of the vote. Instead, the floor fell out from under the McCain campaign. How and why did this happen?

Table 3. Presidential Approval in July and the In-Party Preference Poll Standing in September, 1948-2008		
<i>Election</i>	<i>July Approval</i>	<i>September Preference Poll</i>
1964	74	69.2
1956	69	55.9
2000	59	52.1
1996	57	60.8
1972	56	62.9
1984	52	60.2
1988	51	54.4
1960	49	50.5
2004	47	50.5
1976	45	40.0
1968	40	41.9
1948	39	45.6
1980	33	48.7
1952	32	42.1
1992	31	41.9
2008	31	52.7
46 percent or more in approval: 9 of 9 over 50 percent in the poll		
46 percent or less in approval: 6 of 7 under 50 percent in the poll		

Source: The approval data were from the Roper Center and originally collected by Gallup. The preference poll data is from Gallup.

The Wall Street Meltdown

Exceptional events happened that derailed the normal campaign and dramatically changed the course of the election. The Wall Street meltdown crisis in financial institutions hit in mid-September, dominated the remainder of the campaign, and shifted a significant portion of the vote from McCain to Obama. It was not merely a downturn in an already weak economy. It was a crisis, a game changer, the final straw for many voters who had been willing to tolerate a good deal of dissatisfaction with the Republican administration up to that point.

The reasons for the Wall Street meltdown went back many years and developed slowly over time. They are too long and complicated to explain in much depth here. The basic facts were that financial institutions for a variety of reasons over many years made insufficiently secured mortgages, and this fueled an unsustainable run-up in real estate prices, a real estate bubble. When energy prices soared out of control, economic growth slowed, causing the real estate bubble to burst. This dealt a severe blow to the financial institutions that held the paper on these bad loans. Before the conventions, the problem seemed limited to a few isolated financial institutions (e.g., Bear Stearns), with others having some problems that they could probably weather. In early September, however, the breadth and depth of the problem became clearer. At that point, a number of huge financial institutions were on the brink of insolvency, credit markets froze, and the economy was in crisis, perhaps teetering on the brink a deep recession or even a depression.

At the party conventions, the looming Wall Street meltdown was nowhere in sight: the issue was on neither party's radar screens. The first sign that the subprime mortgage mess amounted to something considerably more than a few isolated bankruptcies was on September 7 when the government seized control of Fannie Mae and Freddie Mac, the two huge government-sponsored mortgage institutions. Eight days later, Lehman Brothers declared bankruptcy while a distressed Merrill Lynch was bought by Bank of America. The next day, September 16, the government made an \$85 billion bailout loan to insurance giant AIG. On September 19, President Bush called the crisis "a pivotal moment for America's economy" and asked Congress to "act now to protect our nation's economic health from serious risk" (Bush 2008). The administration proposed a \$700 billion financial institutions bailout bill and Congress reconvened to consider it.

On September 24, John McCain suspended his campaign to return to Washington for the bailout talks and called for the postponement of the first presidential debate, scheduled just days later. After being turned back in the initial House vote, a revised version of the \$700 billion Bipartisan Emergency Economic Stabilization Act was passed and signed by the President on October 3.

Meanwhile, the crisis spread. Washington Mutual was seized by the FDIC on September 29. From September 8 to October 9, the stock market lost a quarter of its value (a 25 percent drop in the Dow Jones index and a 28 percent drop in the Standard and Poor's index).

The Wall Street meltdown was felt widely by the American public. A USA Today and Gallup poll on September 24 asked a national sample how they would describe "the current situation." Forty percent said that it was "the biggest financial crisis in [their] lifetime." Another 24 percent said that it was "a crisis but not the worst in [their] lifetime." Only 10 percent said it was not a major problem. An ABC-Washington Post poll on September 29 asked respondents their opinion about the potential impact of "the country's current financial situation" on the broader economy. Fifty-two percent said it was "a crisis", and another 43 percent said "a serious problem but not a crisis." Only five percent thought it was not a crisis or a serious problem. Other polls made it clear that the public blamed the President and Republicans generally for the problem.¹⁹

The political fallout was clear. Despite President Bush's low approval ratings going into the election and the polarization of the electorate, his ratings sank even lower during the meltdown. The Gallup Poll conducted from September 5-7 indicated that only 33 percent of the public approved of the President's job performance. As low as that was, the October 3-5 Gallup Poll indicated that it had dropped another eight points to 25 percent. In a little over three weeks from September 14 to October 6 (allowing some time for the convention bump to recede), John McCain's share in Gallup's tracking poll dropped six points from 51 to 45 percent. The Real Clear Politics poll average dropped about 4.4 points over the same time. The polls in the remaining four weeks bounced around a bit without much real change. The election had been decided.

The Wall Street meltdown was truly an exceptional event. It was an entirely unexpected crisis, not even raised as an issue in the conventions just weeks before. It is difficult to think of an unexpected event occurring during a previous campaign that was even close to this magnitude. For a significant number of voters who apparently had been willing to look past their displeasure with the Bush administration's performance, the meltdown was the last straw: 9/11, Iraq, Katrina, now the meltdown. Enough was enough. Time to try something different. For a polarized center-right nation struggling with values that drew them to a center-right candidate and performance evaluations that tilted them toward a candidate pledged to "change," the meltdown tipped the decision

¹⁹ These survey data are from PollingReport.com's Business Issues in the News on November 11, 2008 at <http://www.pollingreport.com/business.htm>.

to performance considerations.²⁰ Americans were worn out by crises and wanted change. Barack Obama was the beneficiary of that sentiment. Exit polls would later show that 48 percent of voters said that they were “very worried” that the “economic crisis” would hurt their families, and 63 percent of them voted for Obama.

A Simple Retrospective Election?

One might easily conclude that the 2008 election was simply a retrospective election. The electorate was sour on the in-party’s performance in office and “turned the bums out.” There was no way that McCain could have won or that the election could even have been close. A review of the fundamentals suggested that 2008 would be a Democratic year and it was. It was, however, not so simple.

The simple retrospective reading of the election misses much of what happened in the election and why the election was decided as it was. The early retrospective perspective only goes so far. It does not account for why McCain was nearly even with Obama in the month before the election, nor does it explain why McCain had a lead over Obama after the conventions. With retrospective conditions so favorable to the Democrats, Obama should have been trouncing McCain both before and after the conventions. But he was not. If the strongly pro-Democratic retrospective perceptions in place before the campaign structured the election, the Wall Street meltdown crisis should have turned a 53 or 54 percent Obama victory into a 58 or 59 percent Obama landslide. But it did not.

The simple retrospective perspective on 2008, that the pre-election pro-Democratic conditions preordained an Obama victory, is just not consistent with the course of the campaign that led to the Obama victory. Pre-campaign retrospective evaluations were important, but were muted because of the open seat nature of the contest and political polarization, and were further offset by candidate considerations that favored the moderate-conservative McCain over the northern-liberal Obama. Race may or may not have also played a role in this respect. The intervention of the Wall Street meltdown during the campaign recast retrospective evaluations far more negatively and decisively against the Republicans.

²⁰A similar but competing explanation of McCain’s strong pre and post-convention poll standings relates to race rather than ideology. Lewis-Beck and Tien (2008), for instance, contend that racial prejudice caused support for Obama to be less than what it would normally be in such a Democratic year. This reasoning suggests that racial biases prevented some people from supporting Obama and that these were only overcome by their reactions to the Wall Street meltdown.

Beyond the Meltdown

Other factors may have also contributed to Obama's victory, though the extent of their impact appears marginal compared to that of the Wall Street meltdown. Of all the other factors potentially affecting the election, Obama's money advantage may have been the most potent. In opting out of the public financing system for presidential campaigns, Obama was able to far outspend McCain. The most complete accounting at this point of spending by the two campaigns and their allied party committees indicates that the Obama campaign from June forward spent over one billion compared to the McCain campaign's six hundred million (Rove 2008). By these numbers, Obama outspent McCain by about \$460 million or more than five times the amount of public funding for a presidential campaign.

There is some evidence that this Obama money advantage made a difference. The Obama campaign had more paid staff, bought more media, and took their campaigns to more states. Although McCain's campaign was hardly run on a shoe-string, it could not afford to run the kind of intense campaign that they wanted in all of the potential swing states. Nowhere was this clearer than in the McCain campaign's much-covered decision to pull out of Michigan in early October. An initial state-by-state analysis, reported by Karl Rove, found that "Mr. Obama outspent Mr. McCain in Indiana nearly 7 to 1, in Virginia by more than 4 to 1, in Ohio by almost 2 to 1 and in North Carolina by nearly 3 to 2. Mr. Obama carried all four states" (Rove 2008).

It is also clear that Obama's money advantage allowed the campaign to contact more voters and get them to the polls. The national exit poll indicates that 26 percent of voters were contacted by the Obama campaign and 18 percent by the McCain campaign. The eight percentage-point advantage in contacting for Obama (coupled with Obama's appeal to younger potential voters who have historically low turnout rates) undoubtedly brought some voters to the polls who might not have made it there otherwise, but probably made no more than a point or so difference to the vote.²¹

The other factors that have been suggested as additional or alternative contributors to the Obama vote probably made a smaller difference, if any. Other than the question of whether the first debate would be held or postponed, due to McCain suspending his campaign during consideration of the \$700 billion bailout bill, the debates were quite uneventful. Obama gained 2.6 points in Gallup and less than one point in the Real Clear Politics average from before the first debate

²¹Of those contacted by only one party, about 80 percent reported voting for the contacting candidate. Of course, this may be largely a selection effect since the opposite party is unlikely to waste resources contacting those unlikely to vote for it. On the other hand, the contacting party is also unlikely to waste resources on those who are sure to vote for it. It is probably safe to say that this contacting makes a marginal difference in getting out the vote.

to after the third debate. Most of the significant change had occurred before the debates.

The selection of Alaska Governor Sarah Palin as John McCain's running mate has also been suggested by some as contributing to McCain's plunge in the polls. Palin's choice initially energized the conservative base at the Republican Convention, but her first campaign interviews were widely regarded as disasters. Still, vice presidential candidates have historically made little difference one way or the other. The exit polls shed some light on the issue: though 40 percent of voters claimed that the Palin pick was an important factor in determining their votes, these voters split almost evenly between McCain and Obama (51 percent McCain to 49 percent Obama).²² In effect, it would appear that Palin's presence on the ticket may have helped McCain as much as it hurt him. There is no question that it won McCain points with a Republican base that had continued to harbor misgivings about his conservative bona fides.

The Exceptional Election in Perspective

Although Obama's campaign spending advantage very likely made some difference and the impact of the Palin vice-presidential candidacy made only a slight difference, if any, it is quite clear that one factor dominated all others and decided the election—the Wall Street meltdown. With a crisis of this magnitude breaking in the middle of the campaign, it is difficult to imagine anything that McCain could have done differently to have changed the election's outcome.

Even though the Wall Street meltdown made the critical difference to the 2008 election and could easily have happened seven weeks after the election as seven weeks before it, it would be a mistake to dismiss the role that other factors in this election played. While McCain might have weathered the poor evaluations of the Bush administration (recall table 3), those evaluations placed the party in the position that it could not have also weathered the Wall Street meltdown crisis. Whether by poor judgment, bad luck (faulty intelligence in Iraq and the strike of a once-every-two-hundred-years storm in New Orleans), or decisions to expend political capital for vital public purposes (the war against terrorism), evaluations of the Bush administration's performance offset the party's advantage on values, and that allowed the meltdown crisis to make the critical difference.

²²Assuming that those thinking Palin was important to their decision are representative of the partisan distribution in the electorate, the even split suggests no Palin effect. If, however, Republicans were disproportionately among those thinking Palin was important to their votes, then the even division would indicate that Palin had been a liability—since one would expect a much stronger McCain vote from them. In short, a determination of Palin's effect, if any, awaits multivariate analysis.

While it is true that the timing of the Wall Street meltdown was about as bad as it could have possibly been for the Republicans, it would also be a mistake to consider Obama's election simply a case of bad luck for them, that is, an accidental Democratic president. Liberal Democrats won despite the fact that America remains a right-of-center nation. Self-described conservatives continued to outnumber self-described liberals in the exit polls by a wide margin (34 to 22 percent). But what matters most is that this center-right electorate elected Obama and the Democrats. Moreover, Obama and the Democrats exhibited especially strong appeals to both young and Latino voters, two groups likely to play larger roles in future elections. What began as voter frustration with the Wall Street meltdown crisis could become an opportunity to change history.

President-elect Obama and the Democrats have been given an exceptional opportunity to govern. With control of the presidency and both chambers of Congress, they will be held responsible for governing in the years ahead. The next few years will reveal what they regard as responsible governance and whether 2008 was simply a venting of frustration or a turning point in history.

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