



## Is Obama the money man?

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**Herald Sun**

Geoffrey Garrett  
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**AFTER an extraordinary week, the US Congress is set to pass a financial bailout package, and Barack Obama seems a step closer to the White House.**

Congress's deal may help stabilise financial markets.

But it won't do much for the US's underlying economic malaise, adding \$US700 billion to the estimated two trillion dollars that has been wiped off the value of America's housing stock, as everyone in the country pays the price for buying into the fantasy that real estate prices can only go up.

So long as the US's economic dire straits remain at the top of the minds of American voters, Obama must be favoured to win November's election.

But, with the expanded war on terrorism agenda the next president will inherit (adding Iran and Pakistan to Iraq and Afghanistan), it is a wonder Obama and John McCain are fighting so hard for the job.

More Wall St mayhem last week transformed George W. Bush from cheerleader-in-chief to prophet of economic doom, somberly calling for sacrifice from all Americans in a dramatic national TV address.

McCain and Obama went so far as to suspend campaign hostilities to join the President in rallying around the financial flag -- almost as if war had been declared on America.

Given the enormity of events, it was no surprise "Will he, won't he?" McCain finally showed up to debate Obama. No surprise, either, that the first half of the debate was all about the staggering economy.

The debate was full of hand-wringing about Wall St's obscene ill-gotten gains and embracing Main St's virtuous pain. But neither candidate offered a real plan for turning around the US economy and both avoided at all costs associating with the Wall St bailout no one wants to own.

The sparring over foreign policy was intense. But below the surface of the old fight over the decision to go to war in Iraq, and duelling homilies of experience versus judgment, there weren't too many big differences between the two candidates.

The presidential debate was supposed to be a pivotal event in the campaign, the beginning of the final stretch in the race of the Oval Office.

If so, the debate ended in a blurry photo finish.

This was much better news for Obama than it was for McCain.

The problem for McCain is that the election is no longer a referendum on Obama -- is an anxious America ready to take the chance on the untested Obama over the battle-tested McCain? -- that he was not winning.

After September's financial meltdown, the election is now shaping up as a referendum on the Bush Administration, with McCain being declared guilty by association.

Obama's strongest line in the debate was to call the election a final verdict on eight years of failed economic policies promoted by George Bush, supported by Senator McCain.

The early evidence is that Obama is right. From being several percentage points ahead in opinion polls at the beginning of September, McCain is now several points behind and seemingly falling further behind Obama by the day.

The Wall St meltdown has exposed McCain's pair of achilles heels. He

is just not comfortable talking about the economy.

Choosing a former CEO such as Mitt Romney as his running mate would have shored up McCain's economic credentials, but McCain lived up to his self-styled maverick status by opting instead for the pitbull with lipstick, Sarah Palin.

Even more importantly, the financial crisis is making it very hard for McCain to distance himself from a profoundly unpopular incumbent administration and counter Obama's charge that electing him would be nothing more than a third Bush term.

Up until Wall St's implosion, McCain was holding his own with Obama in the battle to be the real outsider and agent of change.

But now McCain is being tarred with the anti-Bush brush. Tax cuts for the rich, deregulation allowing multi-millionaires to gamble away Middle America's hard-earned money on the Wall St casino, and now allowing the bankers to walk away from the carnage scot free. Middle America is mad as hell, and wants to take it out on someone at the ballot box.

McCain must be praying the bailout package immediately causes financial stability to rise, phoenix-like, from the rubble of Wall St.

Injecting liquidity back into the credit markets would be welcomed all around the world, but it would not turn around the woes on Main St America.

Even if the US economy does not fall into official recession, the economic pain felt by regular Americans overwhelmed by anxiety about their jobs, incomes, houses, health and retirements is only likely to get worse.

In 1992, Bill Clinton rode to the White House on the mantra "It's the economy, stupid". History seems to be repeating itself in 2008.

Electing Barack Obama would be a historic event. But America and the world can only hope that whoever is the next president, the economy will do as well in 2009 and beyond as it did in the 1990s.

Professor Geoffrey Garrett is chief executive of the United States Studies Centre at the University of Sydney

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