

APPENDICES

Part of The First Presidential Debate (26 September 2008) – Financial Matter

LEHRER: Good evening from the Ford Center for the Performing Arts at the University of Mississippi in Oxford. I'm Jim Lehrer of the NewsHour on PBS, and I welcome you to the first of the 2008 presidential debates between the Republican nominee, Senator John McCain of Arizona, and the Democratic nominee, Senator Barack Obama of Illinois.

The Commission on Presidential Debates is the sponsor of this event and the three other presidential and vice presidential debates coming in October.

Tonight's will primarily be about foreign policy and national security, which, by definition, includes the global financial crisis. It will be divided roughly into nine-minute segments.

Direct exchanges between the candidates and moderator follow-ups are permitted after each candidate has two minutes to answer the lead question in an order determined by a coin toss.

The specific subjects and questions were chosen by me. They have not been shared or cleared with anyone.

The audience here in the hall has promised to remain silent, no cheers, no applause, no noise of any kind, except right now, as we welcome Senators Obama and McCain.

(APPLAUSE)

Let me begin with something General Eisenhower said in his 1952 presidential campaign. Quote, "We must achieve both security and solvency. In fact, the foundation of military strength is economic strength," end quote.

With that in mind, the first lead question.

Gentlemen, at this very moment tonight, where do you stand on the financial recovery plan?

First response to you, Senator Obama. You have two minutes.

OBAMA: Well, thank you very much, Jim, and thanks to the commission and the University of Mississippi, Ole Miss, for hosting us tonight. I can't think of a more important time for us to talk about the future of the country.

You know, we are at a defining moment in our history. Our nation is involved in two wars, and we are going through the worst financial crisis since the Great Depression.

And although we've heard a lot about Wall Street, those of you on Main Street I think have been struggling for a while, and you recognize that this could have an impact on all sectors of the economy.

And you're wondering, how's it going to affect me? How's it going to affect my job? How's it going to affect my house? How's it going to affect my retirement savings or my ability to send my children to college?

So we have to move swiftly, and we have to move wisely. And I've put forward a series of proposals that make sure that we protect taxpayers as we engage in this important rescue effort.

Number one, we've got to make sure that we've got oversight over this whole process; \$700 billion, potentially, is a lot of money.

Number two, we've got to make sure that taxpayers, when they are putting their money at risk, have the possibility of getting that money back and gains, if the market -- and when the market returns.

Number three, we've got to make sure that none of that money is going to pad CEO bank accounts or to promote golden parachutes.

And, number four, we've got to make sure that we're helping homeowners, because the root problem here has to do with the foreclosures that are taking place all across the country.

Now, 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. That's why I'm running for president, and that's what I hope we're going to be talking about tonight.

LEHRER: Senator McCain, two minutes.

MCCAIN: Well, thank you, Jim. And thanks to everybody.

And I do have a sad note tonight. Senator Kennedy is in the hospital. He's a dear and beloved friend to all of us. Our thoughts and prayers go out to the lion of the Senate.

I also want to thank the University of Mississippi for hosting us tonight.

And, Jim, I -- I've been not feeling too great about a lot of things lately. So have a lot of Americans who are facing challenges. But I'm feeling a little better tonight, and I'll tell you why.

Because as we're here tonight in this debate, we are seeing, for the first time in a long time, Republicans and Democrats together, sitting down, trying to work out a solution to this fiscal crisis that we're in.

And have no doubt about the magnitude of this crisis. And we're not talking about failure of institutions on Wall Street. We're talking about failures on Main Street,

and people who will lose their jobs, and their credits, and their homes, if we don't fix the greatest fiscal crisis, probably in -- certainly in our time, and I've been around a little while. But the point is -- the point is, we have finally seen Republicans and Democrats sitting down and negotiating together and coming up with a package.

This package has transparency in it. It has to have accountability and oversight. It has to have options for loans to failing businesses, rather than the government taking over those loans. We have to -- it has to have a package with a number of other essential elements to it.

And, yes, I went back to Washington, and I met with my Republicans in the House of Representatives. And they weren't part of the negotiations, and I understand that. And it was the House Republicans that decided that they would be part of the solution to this problem.

But I want to emphasize one point to all Americans tonight. This isn't the beginning of the end of this crisis. This is the end of the beginning, if we come out with a package that will keep these institutions stable.

And we've got a lot of work to do. And we've got to create jobs. And one of the areas, of course, is to eliminate our dependence on foreign oil.

LEHRER: All right, let's go back to my question. How do you all stand on the recovery plan? And talk to each other about it. We've got five minutes. We can negotiate a deal right here.

But, I mean, are you -- do you favor this plan, Senator Obama, and you, Senator McCain? Do you -- are you in favor of this plan?

OBAMA: We haven't seen the language yet. And I do think that there's constructive work being done out there. So, for the viewers who are watching, I am optimistic about the capacity of us to come together with a plan.

The question, I think, that we have to ask ourselves is, how did we get into this situation in the first place?

Two years ago, I warned that, because of the subprime lending mess, because of the lax regulation, that we were potentially going to have a problem and tried to stop some of the abuses in mortgages that were taking place at the time.

Last year, I wrote to the secretary of the Treasury to make sure that he understood the magnitude of this problem and to call on him to bring all the stakeholders together to try to deal with it.

So -- so the question, I think, that we've got to ask ourselves is, yes, we've got to solve this problem short term. And we are going to have to intervene; there's no doubt about that.

But we're also going to have to look at, how is it that we shredded so many regulations? We did not set up a 21st-century regulatory framework to deal with these problems. And that in part has to do with an economic philosophy that says that regulation is always bad.

LEHRER: Are you going to vote for the plan, Senator McCain?

MCCAIN: I -- I hope so. And I...

LEHRER: As a United States senator...

MCCAIN: Sure.

LEHRER: ... you're going to vote for the plan?

MCCAIN: Sure. But -- but let me -- let me point out, I also warned about Fannie Mae (NYSE:FNM) and Freddie Mac (NYSE:FRE) and warned about corporate greed and excess, and CEO pay, and all that. A lot of us saw this train wreck coming.

But there's also the issue of responsibility. You've mentioned President Dwight David Eisenhower. President Eisenhower, on the night before the Normandy invasion, went into his room, and he wrote out two letters.

One of them was a letter congratulating the great members of the military and allies that had conducted and succeeded in the greatest invasion in history, still to this day, and forever.

And he wrote out another letter, and that was a letter of resignation from the United States Army for the failure of the landings at Normandy.

Somehow we've lost that accountability. I've been heavily criticized because I called for the resignation of the chairman of the Securities and Exchange

Commission. We've got to start also holding people accountable, and we've got to reward people who succeed.

But somehow in Washington today -- and I'm afraid on Wall Street -- greed is rewarded, excess is rewarded, and corruption -- or certainly failure to carry out our responsibility is rewarded.

As president of the United States, people are going to be held accountable in my administration. And I promise you that that will happen.

LEHRER: Do you have something directly to say, Senator Obama, to Senator McCain about what he just said?

OBAMA: Well, I think Senator McCain's absolutely right that we need more responsibility, but we need it not just when there's a crisis. I mean, 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.

And there are folks out there who've been struggling before this crisis took place. And that's why it's so important, as we solve this short-term problem, 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.

LEHRER: Say it directly to him.

OBAMA: I do not think that they are.

LEHRER: Say it directly to him.

OBAMA: Well, the -- John, 10 days ago, you said that the fundamentals of the economy are sound. And...

MCCAIN: Are you afraid I couldn't hear him?

(LAUGHTER)

LEHRER: I'm just determined to get you all to talk to each other. I'm going to try.

OBAMA: The -- and I just fundamentally disagree. And unless we are holding ourselves accountable day in, day out, not just when there's a crisis for folks who have power and influence and can hire lobbyists, but for the nurse, the teacher, the police officer, who, frankly, at the end of each month, they've got a little financial crisis going on.

They're having to take out extra debt just to make their mortgage payments. We haven't been paying attention to them. And if you look at our tax policies, it's a classic example.

LEHRER: So, Senator McCain, do you agree with what Senator Obama just said? And, if you don't, tell him what you disagree with.

MCCAIN: No, I -- look, we've got to fix the system. We've got fundamental problems in the system. And Main Street is paying a penalty for the excesses and greed in Washington, D.C., and in the Wall Street.

So there's no doubt that we have a long way to go. And, obviously, stricter interpretation and consolidation of the various regulatory agencies that weren't doing their job, that has brought on this crisis.

But I have a fundamental belief in the goodness and strength of the American worker. And the American worker is the most productive, the most innovative. America is still the greatest producer, exporter and importer.

But we've got to get through these times, but I have a fundamental belief in the United States of America. And I still believe, under the right leadership, our best days are ahead of us.

LEHRER: All right, let's go to the next lead question, which is essentially following up on this same subject.

And you get two minutes to begin with, Senator McCain. And using your word "fundamental," are there fundamental differences between your approach and Senator Obama's approach to what you would do as president to lead this country out of the financial crisis?

MCCAIN: Well, the first thing we have to do is get spending under control in Washington. It's completely out of control. It's gone -- we have now presided over the largest increase in the size of government since the Great Society.

We Republicans came to power to change government, and government changed us. And the -- the worst symptom on this disease is what my friend, Tom Coburn,

calls earmarking as a gateway drug, because it's a gateway. It's a gateway to out-of-control spending and corruption.

And we have former members of Congress now residing in federal prison because of the evils of this earmarking and pork-barrel spending.

You know, we spent \$3 million to study the DNA of bears in Montana. I don't know if that was a criminal issue or a paternal issue, but the fact is that it was \$3 million of our taxpayers' money. And it has got to be brought under control.

As president of the United States, I want to assure you, I've got a pen. This one's kind of old. I've got a pen, and I'm going to veto every single spending bill that comes across my desk. I will make them famous. You will know their names.

Now, Senator Obama, you wanted to know one of the differences. He has asked for \$932 million of earmark pork-barrel spending, nearly a million dollars for every day that he's been in the United States Senate.

I suggest that people go up on the Web site of Citizens Against Government Waste, and they'll look at those projects.

That kind of thing is not the way to rein in runaway spending in Washington, D.C.

That's one of the fundamental differences that Senator Obama and I have.

LEHRER: Senator Obama, two minutes.

OBAMA: Well, Senator McCain is absolutely right that the earmarks process has been abused, which is why I suspended any requests for my home state, whether it was for senior centers or what have you, until we cleaned it up.

And he's also right that oftentimes lobbyists and special interests are the ones that are introducing these kinds of requests, although that wasn't the case with me.

But let's be clear: Earmarks account for \$18 billion in last year's budget. Senator McCain is proposing -- and this is a fundamental difference between us -- \$300 billion in tax cuts to some of the wealthiest corporations and individuals in the country, \$300 billion.

Now, \$18 billion is important; \$300 billion is really important. And in his tax plan, you would have CEOs of Fortune 500 companies getting an average of \$700,000 in reduced taxes, while leaving 100 million Americans out.

So my attitude is, we've got to grow the economy from the bottom up. What I've called for is a tax cut for 95 percent of working families, 95 percent.

And that means that the ordinary American out there who's collecting a paycheck every day, they've got a little extra money to be able to buy a computer for their kid, to fill up on this gas that is killing them.

And over time, that, I think, is going to be a better recipe for economic growth than the -- the policies of President Bush that John McCain wants to -- wants to follow.

LEHRER: Senator McCain?

MCCAIN: Well, again, I don't mean to go back and forth, but he...

(CROSSTALK)

LEHRER: No, that's fine.

MCCAIN: Senator Obama suspended those requests for pork-barrel projects after he was running for president of the United States. He didn't happen to see that light during the first three years as a member of the United States Senate, \$932 million in requests.

Maybe to Senator Obama it's not a lot of money. But the point is that -- you see, I hear this all the time. "It's only \$18 billion." Do you know that it's tripled in the last five years? Do you know that it's gone completely out of control to the point where it corrupts people? It corrupts people.

That's why we have, as I said, people under federal indictment and charges. It's a system that's got to be cleaned up.

I have fought against it my career. I have fought against it. I was called the sheriff, by the -- one of the senior members of the Appropriations Committee. I didn't win Miss Congeniality in the United States Senate.

Now, Senator Obama didn't mention that, along with his tax cuts, he is also proposing some \$800 billion in new spending on new programs.

Now, that's a fundamental difference between myself and Senator Obama. I want to cut spending. I want to keep taxes low. The worst thing we could do in this economic climate is to raise people's taxes.

OBAMA: I -- I don't know where John is getting his figures. Let's just be clear. What I do is I close corporate loopholes, stop providing tax cuts to corporations that are shipping jobs overseas so that we're giving tax breaks to companies that are investing here in the United States. I make sure that we have a health care system that allows for everyone to have basic coverage.

I think those are pretty important priorities. And I pay for every dime of it.

But let's go back to the original point. John, nobody is denying that \$18 billion is important. And, absolutely, we need earmark reform. And when I'm president, I will go line by line to make sure that we are not spending money unwisely.

But the fact is that eliminating earmarks alone is not a recipe for how we're going to get the middle class back on track.

OBAMA: And 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.

LEHRER: Respond directly to him about that, to Senator Obama about that, about the -- he's made it twice now, about your tax -- your policies about tax cuts.

MCCAIN: Well -- well, let me give you an example of what Senator Obama finds objectionable, the business tax.

Right now, the United States of American business (OOTS:ARBU) pays the second-highest business taxes in the world, 35 percent. Ireland pays 11 percent.

Now, if you're a business person, and you can locate any place in the world, then, obviously, if you go to the country where it's 11 percent tax versus 35 percent, you're going to be able to create jobs, increase your business, make more investment, et cetera.

I want to cut that business tax. I want to cut it so that businesses will remain in -- in the United States of America and create jobs.

But, again, I want to return. It's a lot more than \$18 billion in pork-barrel spending. I can tell you, it's rife. It's throughout.

The United States Senate will take up a continuing resolution tomorrow or the next day, sometime next week, with 2,000 -- 2,000 -- look at them, my friends. Look at them. You'll be appalled.

And Senator Obama is a recent convert, after requesting \$932 million worth of pork-barrel spending projects.

So the point is, I want people to have tax cuts. I want every family to have a \$5,000 refundable tax credit so they can go out and purchase their own health care. I want to double the dividend from \$3,500 to \$7,000 for every dependent child in America.

I know that the worst thing we could possibly do is to raise taxes on anybody, and a lot of people might be interested in Senator Obama's definition of "rich."

LEHRER: Senator Obama, you have a question for Senator McCain on that?

OBAMA: Well, let me just make a couple of points.

LEHRER: All right.

OBAMA: My definition -- here's what I can tell the American people: 95 percent of you will get a tax cut. And if you make less than \$250,000, less than a quarter-million dollars a year, then you will not see one dime's worth of tax increase.

Now, John mentioned the fact that business taxes on paper are high in this country, and he's absolutely right. Here's the problem: There are so many loopholes that have been written into the tax code, oftentimes with support of Senator McCain, that we actually see our businesses pay effectively one of the lowest tax rates in the world.

And what that means, then, is that there are people out there who are working every day, who are not getting a tax cut, and you want to give them more.

It's not like you want to close the loopholes. You just want to add an additional tax cut over the loopholes. And that's a problem.

Just one last point I want to make, since Senator McCain talked about providing a \$5,000 health credit. Now, what he doesn't tell you is that he intends to, for the first time in history, tax health benefits.

So you may end up getting a \$5,000 tax credit. Here's the only problem: Your employer now has to pay taxes on the health care that you're getting from your employer. And if you end up losing your health care from your employer, you've got to go out on the open market and try to buy it.

It is not a good deal for the American people. But it's an example of this notion that the market can always solve everything and that the less regulation we have, the better off we're going to be.

MCCAIN: Well, you know, let me just...

LEHRER: We've got to go to another lead question.

MCCAIN: I know we have to, but this is a classic example of walking the walk and talking the talk.

We had an energy bill before the United States Senate. It was festooned with Christmas tree ornaments. It had all kinds of breaks for the oil companies, I mean, billions of dollars worth. I voted against it; Senator Obama voted for it.

OBAMA: John, you want to give oil companies another \$4 billion.

MCCAIN: You've got to look at our record. You've got to look at our records. That's the important thing.

Who fought against wasteful and earmark spending? Who has been the person who has tried to keep spending under control? Who's the person who has believed

that the best thing for America is -- is to have a tax system that is fundamentally fair? And I've fought to simplify it, and I have proposals to simplify it.

Let's give every American a choice: two tax brackets, generous dividends, and, two -- and let Americans choose whether they want the -- the existing tax code or they want a new tax code.

And so, again, look at the record, particularly the energy bill. But, again, Senator Obama has shifted on a number of occasions. He has voted in the United States Senate to increase taxes on people who make as low as \$42,000 a year.

OBAMA: That's not true, John. That's not true.

MCCAIN: And that's just a fact. Again, you can look it up.

OBAMA: Look, it's just not true. And if we want to talk about oil company profits, under your tax plan, John -- this is undeniable -- oil companies would get an additional \$4 billion in tax breaks.

Now, look, we all would love to lower taxes on everybody. But here's the problem: If we are giving them to oil companies, then that means that there are those who are not going to be getting them. And...

MCCAIN: With all due respect, you already gave them to the oil companies.

OBAMA: No, but, John, the fact of the matter is, is that I was opposed to those tax breaks, tried to strip them out. We've got an emergency bill on the Senate floor right now that contains some good stuff, some stuff you want, including drilling

off-shore, but you're opposed to it because it would strip away those tax breaks that have gone to oil companies.

LEHRER: All right. All right, speaking of things that both of you want, another lead question, and it has to do with the rescue -- the financial rescue thing that we started -- started asking about.

And what -- and the first answer is to you, Senator Obama. As president, as a result of whatever financial rescue plan comes about and the billion, \$700 billion, whatever it is it's going to cost, what are you going to have to give up, in terms of the priorities that you would bring as president of the United States, as a result of having to pay for the financial rescue plan?

OBAMA: Well, there are a range of things that are probably going to have to be delayed. We don't yet know what our tax revenues are going to be. The economy is slowing down, so it's hard to anticipate right now what the budget is going to look like next year.

But there's no doubt that we're not going to be able to do everything that I think needs to be done. There are some things that I think have to be done. We have to have energy independence, so I've put forward a plan to make sure that, in 10 years' time, we have freed ourselves from dependence on Middle Eastern oil by increasing production at home, but most importantly by starting to invest in alternative energy (OOTS:AEGC) , solar, wind, biodiesel, making sure that we're developing the fuel-efficient cars of the future right here in the United States, in Ohio and Michigan, instead of Japan and South Korea.

We have to fix our health care system, which is putting an enormous burden on families. Just -- a report just came out that the average deductible went up 30 percent on American families.

They are getting crushed, and many of them are going bankrupt as a consequence of health care. I'm meeting folks all over the country. We have to do that now, because it will actually make our businesses and our families better off.

The third thing we have to do is we've got to make sure that we're competing in education. We've got to invest in science and technology. China had a space launch and a space walk. We've got to make sure that our children are keeping pace in math and in science.

And one of the things I think we have to do is make sure that college is affordable for every young person in America.

And I also think that we're going to have to rebuild our infrastructure, which is falling behind, our roads, our bridges, but also broadband lines that reach into rural communities.

Also, making sure that we have a new electricity grid to get the alternative energy to population centers that are using them.

So there are some -- some things that we've got to do structurally to make sure that we can compete in this global economy. We can't shortchange those things. We've got to eliminate programs that don't work, and we've got to make sure that the programs that we do have are more efficient and cost less.

LEHRER: Are you -- what priorities would you adjust, as president, Senator McCain, because of the -- because of the financial bailout cost?

MCCAIN: Look, we, no matter what, we've got to cut spending. We have -- as I said, we've let government get completely out of control.

Senator Obama has the most liberal voting record in the United States Senate. It's hard to reach across the aisle from that far to the left.

The point -- the point is -- the point is, we need to examine every agency of government.

First of all, by the way, I'd eliminate ethanol subsidies. I oppose ethanol subsidies.

I think that we have to return -- particularly in defense spending, which is the largest part of our appropriations -- we have to do away with cost-plus contracts.

We now have defense systems that the costs are completely out of control.

We tried to build a little ship called the Littoral Combat Ship that was supposed to cost \$140 million, ended up costing \$400 million, and we still haven't done it.

So we need to have fixed-cost contracts. We need very badly to understand that defense spending is very important and vital, particularly in the new challenges we face in the world, but we have to get a lot of the cost overruns under control.

I know how to do that.

MCCAIN: I saved the taxpayers \$6.8 billion by fighting a contract that was negotiated between Boeing and DOD that was completely wrong. And we fixed it

and we killed it and the people ended up in federal prison so I know how to do this because I've been involved these issues for many, many years. But I think that we have to examine every agency of government and find out those that are doing their job and keep them and find out those that aren't and eliminate them and we'll have to scrub every agency of government.

LEHRER: But if I hear the two of you correctly neither one of you is suggesting any major changes in what you want to do as president as a result of the financial bailout? Is that what you're saying?

OBAMA: No. As I said before, Jim, there are going to be things that end up having to be ...

LEHRER: Like what?

OBAMA: ... deferred and delayed. Well, look, I want to make sure that we are investing in energy in order to free ourselves from the dependence on foreign oil. That is a big project. That is a multi-year project.

LEHRER: Not willing to give that up?

OBAMA: Not willing to give up the need to do it but there may be individual components that we can't do. But John is right we have to make cuts. We right now give \$15 billion every year as subsidies to private insurers under the Medicare system. Doesn't work any better through the private insurers. They just skim off \$15 billion. That was a give away and part of the reason is because lobbyists are able to shape how Medicare works.

They did it on the Medicaid prescription drug bill and we have to change the culture. Tom -- or John mentioned me being wildly liberal. Mostly that's just me opposing George Bush's wrong headed policies since I've been in Congress but I think it is that it is also important to recognize I work with Tom Coburn, the most conservative, one of the most conservative Republicans who John already mentioned to set up what we call a Google for government saying we'll list every dollar of federal spending to make sure that the taxpayer can take a look and see who, in fact, is promoting some of these spending projects that John's been railing about.

LEHRER: What I'm trying to get at this is this. Excuse me if I may, senator. Trying to get at that you all -- one of you is going to be the president of the United States come January. At the -- in the middle of a huge financial crisis that is yet to be resolved. And what I'm trying to get at is how this is going to affect you not in very specific -- small ways but in major ways and the approach to take as to the presidency.

MCCAIN: How about a spending freeze on everything but defense, veteran affairs and entitlement programs.

LEHRER: Spending freeze?

MCCAIN: I think we ought to seriously consider with the exceptions the caring of veterans national defense and several other vital issues.

LEHRER: Would you go for that?

OBAMA: The problem with a spending freeze is you're using a hatchet where you need a scalpel. There are some programs that are very important that are under funded. I went to increase early childhood education and the notion that we should freeze that when there may be, for example, this Medicare subsidy doesn't make sense.

Let me tell you another place to look for some savings. We are currently spending \$10 billion a month in Iraq when they have a \$79 billion surplus. It seems to me that if we're going to be strong at home as well as strong abroad, that we have to look at bringing that war to a close.

MCCAIN: Look, we are sending \$700 billion a year overseas to countries that don't like us very much. Some of that money ends up in the hands of terrorist organizations. We have to have wind, tide, solar, natural gas, flex fuel cars and all that but we also have to have offshore drilling and we also have to have nuclear power.

Senator Obama opposes both storing and reprocessing of spent nuclear fuel. You can't get there from here and the fact is that we can create 700,000 jobs by building constructing 45 new nuclear power plants by the year 2030. Nuclear power is not only important as far as eliminating our dependence on foreign oil but it's also responsibility as far as climate change is concerned and the issue I have been involved in for many, many years and I'm proud of the work of the work that I've done there along with President Clinton.

LEHRER: Before we go to another lead question. Let me figure out a way to ask the same question in a slightly different way here. Are you -- are you willing to acknowledge both of you that this financial crisis is going to affect the way you rule the country as president of the United States beyond the kinds of things that you have already -- I mean, is it a major move? Is it going to have a major affect?

OBAMA: There's no doubt it will affect our budgets. There is no doubt about it. Not only -- Even if we get all \$700 billion back, let's assume the markets recover, we' holding assets long enough that eventually taxpayers get it back and that happened during the Great Depression when Roosevelt purchased a whole bunch of homes, over time, home values went back up and in fact government made a profit. If we're lucky and do it right, that could potentially happen but in the short term there's an outlay and we may not see that money for a while.

And because of the economy's slowing down, I think we can also expect less tax revenue so there's no doubt that as president I'm go doing have to make some tough decision.

The only point I want to make is this, that in order to make the tough decisions we have to know what our values are and who we're fighting for and our priorities and if we are spending \$300 billion on tax cuts for people who don't need them and weren't even asking for them, and we are leaving out health care which is crushing on people all across the country, then I think we have made a bad decision and I want to make sure we're not shortchanging our long term priorities.

MCCAIN: Well, I want to make sure we're not handing the health care system over to the federal government which is basically what would ultimately happen with Senator Obama's health care plan. I want the families to make decisions between themselves and their doctors. Not the federal government. Look. We have to obviously cut spending. I have fought to cut spending. Senator Obama has \$800 billion in new spending programs. I would suggest he start by canceling some of those new spending program that he has.

We can't I think adjust spending around to take care of the very much needed programs, including taking care of our veterans but I also want to say again a healthy economy with low taxes would not raising anyone's taxes is probably the best recipe for eventually having our economy recover.

And spending restraint has got to be a vital part of that. And the reason, one of the major reasons why we're in the difficulties we are in today is because spending got out of control. We owe China \$500 billion. And spending, I know, can be brought under control because I have fought against excessive spending my entire career. And I got plans to reduce and eliminate unnecessary and wasteful spending and if there's anybody here who thinks there aren't agencies of government where spending can be cut and their budgets slashed they have not spent a lot of time in Washington.

OBAMA: I just want to make this point, Jim. 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.

LEHRER: Quick response to Senator Obama.

MCCAIN: It's well-known that I have not been elected Miss Congeniality in the United States Senate nor with the administration. I have opposed the president on spending, on climate change, on torture of prisoner, on - on Guantanamo Bay. On a -- on the way that the Iraq War was conducted. I have a long record and the American people know me very well and that is independent and a maverick of the Senate and I'm happy to say that I've got a partner that's a good maverick along with me now.

Table 1. List Of Data

No	Data	Strategy
1.	<p>Moderator: Where do you stand on the financial recovery plan?</p> <p>Obama: You know, we are at a defining moment in our history. Our nation is involved in two wars, and we are going through the worst financial crisis since the Great Depression.</p> <p>And although we've heard a lot about Wall Street, those of you on Main Street I think have been struggling for a while, and you recognize that this could have an impact on all sectors of the economy.</p> <p><u>And you're wondering, how's it going to affect me?</u></p> <p><u>How's it going to affect my job? How's it going to affect my house? How's it going to affect my retirement savings or my ability to send my children to college?</u></p>	Repetition
2.	<p>Obama: <u>Number one</u>, we've got to make sure that we've got oversight over this whole process; \$700 billion, potentially, is a lot of money.</p>	Specific level of description

	<p><u>Number two</u>, we've got to make sure that taxpayers, when they are putting their money at risk, have the possibility of getting that money back and gains, if the market -- and when the market returns.</p> <p><u>Number three</u>, we've got to make sure that none of that money is going to pad CEO bank accounts or to promote golden parachutes.</p> <p>And, <u>number four</u>, we've got to make sure that we're helping homeowners, because the root problem here has to do with the foreclosures that are taking place all across the country</p>	
3.	<p>Obama: Now, 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 <u>somehow prosperity will trickle down.</u></p>	<p>Specific level of description, Irony, History as lesson</p>

4.	Obama: That's why I'm running for president, and that's what I hope we're going to be talking about tonight.	History as lesson, Implication
5.	McCain: We're not talking about failure of institutions on Wall Street. We're talking about failures on Main Street, and people who will lose their jobs, and their credits, and their homes, if we don't fix the greatest fiscal crisis, probably in -- certainly in our time, and I've been around a little while. But the point is -- the point is, we have finally seen <u>Republicans and Democrats sitting down and negotiating together and coming up with a package.</u>	No strategies used
6.	McCain: <u>This package</u> has transparency in it. <u>It has to have accountability and oversight.</u> It has to have <u>options for loans to failing businesses, rather than the government taking over those loans.</u> We have to -- it has to have a package with <u>a number of other essential elements</u> to it.	Specific level of description, Vagueness
7.	McCain: But I want to emphasize one point to all Americans tonight. <u>This isn't the beginning of the end of this crisis. This is the end of the beginning, if we come out with a package that will keep these</u>	Antimetabole, Implication

	<u>institutions stable.</u>	
8.	McCain: And we've got <u>a lot of work</u> to do. And we've got <u>to create jobs</u> . And one of the areas, of course, is <u>to eliminate our dependence on foreign oil</u> .	General level of description, Vagueness
9.	Obama: <u>We haven't seen the language yet. And I do think that there's constructive work being done out there.</u> So, for the viewers who are watching, I am optimistic about the capacity of us to come together with a plan	Hedging
10.	Obama: But we're also going to have to look at, how is it that we shredded so many regulations? <u>We did not set up a 21st-century regulatory framework to deal with these problems.</u> And that in part has to do with an economic philosophy that says that regulation is always bad.	History as lesson
11.	Moderator: Are you in favor of this plan? McCain: <u>I -- I hope so. And I...</u> Moderator : As a United States senator... McCain : <u>Sure.</u>	No strategies used
12.	McCain: Sure. But there's also the issue of responsibility. You've mentioned President Dwight	Illustration

	<p>David Eisenhower. President Eisenhower, on the night before the Normandy invasion, went into his room, and he wrote out two letters.</p> <p>One of them was a letter congratulating the great members of the military and allies that had conducted and succeeded in the greatest invasion in history, still to this day, and forever.</p> <p>And he wrote out another letter, and that was a letter of resignation from the United States Army for the failure of the landings at Normandy.</p> <p>Somehow we've lost that accountability. I've been heavily criticized because I called for the resignation of the chairman of the Securities and Exchange Commission. We've got to start also holding people accountable, and we've got to reward people who succeed.</p>	
13.	<p>McCain: As president of the United States, <u>people are going to be held accountable in my administration.</u> And I promise you that that will happen.</p>	<p>Passive sentence structure</p>

14.	<p>Obama: <u>Well, I think Senator McCain's absolutely right that we need more responsibility, but we need it not just when there's a crisis.</u> I mean, 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.</p>	Disclaimer
15.	<p>Obama: And there are folks out there who've been struggling before this crisis took place. And that's why it's so important, as we solve this short-term problem, 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, <u>because, you know, 10 days ago, John said that the fundamentals of the economy are sound</u> and I just fundamentally disagree.</p>	Irony
16.	<p>Obama: And unless we are holding ourselves accountable day in, day out, not just when there's a crisis for folks who have power and influence and can hire lobbyists, but for the nurse, the teacher, the police officer, who, frankly, at the end of each month, they've got a little financial crisis going on.</p> <p>They're having to take out extra debt just to make</p>	Explanation, Irony

	<p>their mortgage payments. We haven't been paying attention to them. <u>And if you look at our tax policies, it's a classic example</u> (15).</p>	
17.	<p>McCain: No, I -- look, we've got to fix the system. We've got fundamental problems in the system. And Main Street is paying a penalty for the excesses and greed in Washington, D.C., and in the Wall Street.</p> <p>So there's no doubt that we have a long way to go. And, obviously, stricter interpretation and consolidation of the various regulatory agencies that weren't doing their job, that has brought on this crisis.</p> <p>But I have a fundamental belief in <u>the goodness and strength of the American worker</u>. And the American worker is <u>the most productive, the most innovative</u>. America is still <u>the greatest</u> producer, exporter and importer.</p>	<p>General level of description, Vagueness</p>
18.	<p>Moderator: Using your word "fundamental," are there fundamental differences between your approach and Senator Obama's approach to what you would do as president to lead this country out of the financial crisis?</p>	<p>Evidentiality, Number Game</p>

	<p>McCain: Well, the first thing we have to do is get spending under control in Washington. It's completely out of control. It's gone -- we have now presided over the largest increase in the size of government since the Great Society.</p> <p>We Republicans came to power to change government, and government changed us. And the-- the worst symptom on this disease is what my friend, Tom Coburn, calls earmarking as a gateway drug, because it's a gateway. It's a gateway to out-of-control spending and corruption.</p> <p>And we have former members of Congress now residing in federal prison because of the evils of this earmarking and pork-barrel spending.</p> <p><u>You know, we spent \$3 million to study the DNA of bears in Montana. I don't know if that was a criminal issue or a paternal issue, but the fact is that it was \$3 million of our taxpayers' money.</u> And it has got to be brought under control.</p>	
19.	<p>McCain: As president of the United States, I want to assure you, <u>I've got a pen. This one's kind of old. I've got a pen, and I'm going to veto every single</u></p>	Metaphor

	<p><u>spending bill that comes across my desk. I will make them famous. You will know their names. (19)</u></p>	
20.	<p>McCain: <u>I suggest that people go up on the Web site of Citizens Against Government Waste, and they'll look at those projects. (20)</u></p> <p>That kind of thing is not the way to rein in runaway spending in Washington, D.C. That's one of the fundamental differences that Senator Obama and I have.</p>	Evidentiality, Number Game
21.	<p>Obama : <u>Well, Senator McCain is absolutely right that the earmarks process has been abused, which is why I suspended any requests for my home state, whether it was for senior centers or what have you, until we cleaned it up.</u></p> <p>And he's also right that oftentimes lobbyists and special interests are the ones that are introducing these kinds of requests, although that wasn't the case with me.</p> <p><u>But let's be clear: Earmarks account for \$18 billion</u></p>	Disclaimer, Passive Construction, Number Game

	<p><u>in last year's budget. Senator McCain is proposing --</u></p> <p><u>and this is a fundamental difference between us--</u></p> <p><u>\$300 billion in tax cuts to some of the wealthiest</u></p> <p><u>corporations and individuals in the country, \$300</u></p> <p><u>billion.</u></p>	
22	<p>Obama: <u>Now, \$18 billion is important; \$300 billion</u></p> <p><u>is really important. And in his tax plan, you would</u></p> <p><u>have CEOs of Fortune 500 companies getting an</u></p> <p><u>average of \$700,000 in reduced taxes, while leaving</u></p> <p><u>100 million Americans out.</u></p>	Irony
23.	<p>Obama: <u>So my attitude is, we've got to grow the</u></p> <p><u>economy from the bottom up. What I've called for is</u></p> <p><u>a tax cut for 95 percent of working families, 95</u></p> <p><u>percent.</u></p> <p><u>And that means that the ordinary American out there</u></p> <p><u>who's collecting a paycheck every day, they've got a</u></p> <p><u>little extra money to be able to buy a computer for</u></p> <p><u>their kid, to fill up on this gas that is killing them.</u></p> <p>And over time, that, I think, is going to be a better recipe for economic growth than the--the policies of President Bush that John McCain wants to -- wants to follow.</p>	Specific level of decription, Illustration

24.	<p>McCain: <u>Senator Obama suspended those requests for pork-barrel projects after he was running for president of the United States. He didn't happen to see that light during the first three years as a member of the United States Senate, \$932 million in requests.</u></p> <p>Maybe to Senator Obama it's not a lot of money. But the point is that -- you see, I hear this all the time. "It's only \$18 billion." Do you know that it's tripled in the last five years? Do you know that it's gone completely out of control to the point where it corrupts people? It corrupts people.</p> <p>That's why we have, as I said, people under federal indictment and charges. It's a system that's got to be cleaned up.</p>	Irony
25.	<p>McCain: <u>I have fought against it my career. I have fought against it. I was called the sheriff, by the -- one of the senior members of the Appropriations Committee. I didn't win Miss Congeniality in the United States Senate.</u></p> <p>Now, Senator Obama didn't mention that, along with his tax cuts, he is also proposing some \$800 billion in new spending on new programs.</p>	Metaphor

	<p>Now, that's a fundamental difference between myself and Senator Obama. I want to cut spending. I want to keep taxes low. The worst thing we could do in this economic climate is to raise people's taxes.</p>	
26.	<p>Obam: <u>I -- I don't know where John is getting his figures.</u> Let's just be clear. <u>What I do is I close corporate loopholes, stop providing tax cuts to corporations that are shipping jobs overseas so that we're giving tax breaks to companies that are investing here in the United States. I make sure that we have a health care system that allows for everyone to have basic coverage.</u> (26)</p> <p>I think those are pretty important priorities. And I pay for every dime of it.</p>	Hedging
27.	<p>Obama: But let's go back to the original point. John, nobody is denying that \$18 billion is important. <u>And, absolutely, we need earmark reform. And when I'm president, I will go line by line to make sure that we are not spending money unwisely.</u></p> <p><u>But the fact is that eliminating earmarks alone is not a recipe for how we're going to get the middle class</u></p>	Disclaimer, Irony

	<p><u>back on track.</u></p> <p><u>And 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.</u></p>	
28.	<p>McCain : Well--well, let me give you an example of what Senator Obama finds objectionable, the business tax.</p> <p><u>Right now, the United States of American business (OOTC:ARBU) pays the second-highest business taxes in the world, 35 percent. Ireland pays 11 percent.</u></p> <p><u>Now, if you're a business person, and you can locate any place in the world, then, obviously, if you go to the country where it's 11 percent tax versus 35 percent, you're going to be able to create jobs, increase your business, make more investment, et cetera.</u></p>	Illustration
29.	<p>McCain: I want to cut that business tax. I want to cut it so that businesses will remain in -- in the United States of America and create jobs.</p>	Irony, Metaphor

	<p>But, again, I want to return. It's a lot more than \$18 billion in pork-barrel spending. I can tell you, it's rife. It's throughout.</p> <p>The United States Senate will take up a continuing resolution tomorrow or the next day, sometime next week, with 2,000 -- 2,000 -- look at them, my friends. Look at them. You'll be appalled.</p> <p><u>And Senator Obama is a recent convert, after requesting \$932 million worth of pork-barrel spending projects.</u></p>	
30.	<p>McCain: <u>So the point is, I want people to have tax cuts. I want every family to have a \$5,000 refundable tax credit so they can go out and purchase their own health care. I want to double the dividend from \$3,500 to \$7,000 for every dependent child in America.</u></p>	Specific Level of Description, Number Game
31.	<p>McCain: <u>I know that the worst thing we could possibly do is to raise taxes on anybody, and a lot of people might be interested in Senator Obama's definition of "rich."</u> (31)</p>	Irony
32.	<p>Obama: My definition -- here's what I can tell the American people: 95 percent of you will get a tax cut. And if you make less than \$250,000, less than a</p>	Disclaimer

	<p>quarter-million dollars a year, then you will not see one dime's worth of tax increase.</p> <p><u>Now, John mentioned the fact that business taxes on paper are high in this country, and he's absolutely right. Here's the problem: There are so many loopholes that have been written into the tax code, oftentimes with support of Senator McCain, that we actually see our businesses pay effectively one of the lowest tax rates in the world.</u></p> <p><u>And what that means, then, is that there are people out there who are working every day, who are not getting a tax cut, and you want to give them more.</u></p>	
33.	<p>Obama: It's not like you want to close the loopholes. You just want to add an additional tax cut over the loopholes. And that's a problem.</p> <p><u>Just one last point I want to make, since Senator McCain talked about providing a \$5,000 health credit. Now, what he doesn't tell you is that he intends to, for the first time in history, tax health benefits.</u></p> <p><u>So you may end up getting a \$5,000 tax credit. Here's the only problem: Your employer now has to</u></p>	Specific Level of Description

	<p><u>pay taxes on the health care that you're getting from your employer. And if you end up losing your health care from your employer, you've got to go out on the open market and try to buy it.</u></p> <p>It is not a good deal for the American people. But it's an example of this notion that the market can always solve everything and that the less regulation we have, the better off we're going to be.</p>	
34.	<p>McCain: I know we have to, but <u>this is a classic example of walking the walk and talking the talk.</u></p> <p><u>We had an energy bill before the United States Senate. It was festooned with Christmas tree ornaments. It had all kinds of breaks for the oil companies, I mean, billions of dollars worth. I voted against it; Senator Obama voted for it.</u></p>	Metaphor
35.	<p>Obama: John, you want to give oil companies another \$4 billion.</p> <p>McCain: <u>You've got to look at our record. You've got to look at our records. That's the important thing.</u></p>	Hedging, Implication, General Level of Description
36.	<p>McCain: <u>Who fought against wasteful and earmark spending? Who has been the person who has tried to keep spending under control? Who's the person who</u></p>	Repetition

	<p><u>has believed that the best thing for America is -- is to have a tax system that is fundamentally fair? And I've fought to simplify it, and I have proposals to simplify it.</u></p>	
37.	<p>McCain: Let's give every American a choice: two tax brackets, generous dividends, and, two -- and let Americans choose whether they want the -- the existing tax code or they want a new tax code.</p> <p>And so, again, look at the record, particularly the energy bill. <u>But, again, Senator Obama has shifted on a number of occasions. He has voted in the United States Senate to increase taxes on people who make as low as \$42,000 a year.</u> (37)</p>	Irony, Number Game
38.	<p>Obama: That's not true, John. That's not true.</p> <p>McCain: And that's just a fact. Again, you can look it up.</p> <p>Obama: Look, it's just not true. And if we want to talk about oil company profits, under your tax plan, John -- this is undeniable -- oil companies would get an additional \$4 billion in tax breaks.</p> <p>Now, look, we all would love to lower taxes on everybody. But here's the problem: If we are giving</p>	Explanation

them to oil companies, then that means that there are those who are not going to be getting them. And...

McCain: With all due respect, you already gave them to the oil companies.

Obama: No, but, John, the fact of the matter is, is that I was opposed to those tax breaks, tried to strip them out. We've got an emergency bill on the Senate floor right now that contains some good stuff, some stuff you want, including drilling off-shore, but you're opposed to it because it would strip away those tax breaks that have gone to oil companies.