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DJIA 9625.28 ▲305.45 3.3% NASDAQ 1780.12 ▲3.1% NIKKEI 9114.60 ▲6.3% DJ STOXX 50 2436.01 ▲4.1% 10-YR TREAS ▲1 5/32, yield 3.765% OIL $70.53 ▲$6.62 GOLD $756.00 ▲$30.60 EURO $1.3001 YEN 99.78

Obama Sweeps to Historic Victory

Nation Elects Its First African-American President Amid Record Turnout; Turmoil in Economy Dominates Voters' Concerns

By Jonathan Weisman And Laura Meckler

WASHINGTON—Sen. Barack Obama was elected the nation's first African-American president, defeating Sen. John McCain decisively Tuesday as citizens surged to the polls in a presidential race that climaxed amid the worst financial crisis since the Great Depression.

The culmination of the epic two-year campaign marks a historic moment in a nation that since its founding has struggled with racial divisions. It also ushers in a period of dominance for Democrats in Washington for the first time since the early years of President Bill Clinton's first term. With Tuesday's elections, Sen. Obama's party will control both houses of Congress as well as the White House, setting the scene for Democrats to push an ambitious agenda from health care to financial regulation to ending the war in Iraq.

In becoming the U.S.'s 44th president, Illinois Sen. Obama, 47 years old, defeated Arizona Sen. McCain, 72, a veteran lawmaker and Vietnam War hero. Despite a reputation for bucking his own party, Sen. McCain could not overcome a Democratic tide, which spurred voters to take a risk on a candidate with less than four years of national political experience. Sen. Obama is the first northern Democrat elected president since John F. Kennedy in 1960.

Also elected: Joe Biden of Delaware as vice president, the veteran senator who has promised to help Sen. Obama steer his agenda through Congress.

Sen. Obama's victory was built on record fund raising and a vast national campaign network. It remade the electoral map that had held fast for eight years. He overwhelmed reliable Democratic strongholds in the Northeast and West Coast. He won big in the industrial Midwest and contested fiercely in areas of traditional Republican strength. He won Virginia, the first time a Democratic candidate had taken the state since Lyndon Johnson in 1964. And he finally wrested Florida and Ohio from the GOP, two states that had bedeviled his party in the last two elections.

The president-elect will enter office with a long policy wish list that includes ending the war in Iraq, implementing a near-universal health-insurance plan and finding alternatives to Middle Eastern oil. All this will have to be carried out amid record budget deficits, a looming crisis in Social Security and Medicare spending as the baby-boom generation retires and fears that the nation is on the edge of a deep recession.

Democrats have touted the prospect of a big sweep not just as a partisan conquest but as an ideological turning point, one that could reverse the last great shift in 1980, when Ronald Reagan ushered in a period dominated by tax-cutting conservatism and muscular foreign policy.

It's a startling turnaround from just four years ago, when Republicans controlled Congress and the White House, and benefited from a conservative majority on the Supreme Court. The

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Getty Images

WINNING SMILE: Sen. Barack Obama became the nation's first African-American president, riding a historic turnout amid voter discontent with the economy to defeat Sen. John McCain.

Obama
338
electoral votes
51% of popular vote

McCain
140
electoral votes
48% of popular vote

(270 electoral votes needed to win)
As of 12:15 a.m. EST. Please visit WSJ.com for complete results
Source: Associated Press projections

What's News—

Business & Finance

The Dow Jones Industrial Average soared 305.45 points, or 3.3%, ahead of election results. The close at 9625.28 was the highest in nearly a month. Oil prices rose, back above $70 a barrel. Rallies continued early Wednesday in Asia, with the Nikkei up 3.2% in midday trading after Tuesday's 6.3% gain. **C1, C5, C9**

■ **The benchmark** yield curve in major government bond markets has steepened significantly, signaling a long road to economic recovery. **C2**

■ **Businesses** are bracing for tighter financial regulation and sweeping health-care changes as Democratic power in Washington grows. **A4**

■ **Boeing said** it needs to replace thousands of improperly installed fasteners on the first Dreamliner jets before they can be flown. **B1**

■ **Online retailers expect** holiday sales growth to slow, but many forecast ringing up at least a 15% sales gain. **B2**

■ **Dell laid out** plans to cut spending, including a hiring freeze and a reduction in contract workers. **B5**

■ **Several big companies** fear the launch of new top-level domains will raise the cost of protecting their brands. **B4**

■ **The FCC is investigating** why some cable-TV subscribers are paying the same fees even as they lose channels. **B3**

■ **Archer Daniels** will produce ethanol from sugar cane in Brazil through a joint venture with Grupo Cabrera. **B1**

■ **Managed futures funds** that follow trends have soared on the dollar's rally and the collapse in commodities. **C1**

■ **D.R. Horton expects** a net loss of $800 million to $900 million in its fiscal fourth quarter. **B7**

■ **Marks & Spencer's profit** fell 43% on flat sales as shoppers defected to less-expensive rivals. **B4**

■ **Drug makers** are targeting emerging markets such as Brazil, Russia, India and China as sales slow in the U.S. **B1**

World-Wide

■ **Obama was elected the first African-American president.** The Illinois senator decisively defeated McCain as citizens thronged to the polls amid the worst financial crisis since the Depression. Obama's victory was built on record fund raising and a vast campaign network. He captured reliable Democratic strongholds in the Northeast and West Coast, won big in the industrial Midwest, prevailed in Virginia and wrested Florida and Ohio from the Republican Party. **A1-A14**

The transition to an Obama administration could begin almost immediately, with a Treasury team to soon be in place.

■ **Democrats bolstered** their majorities in Congress and were moving close to a level of Senate domination that could pave the way for major legislation. **A1**

■ **Democrats were expected** to maintain their majority in state capitols and possibly win an additional governorship. **A4**

■ **A Congo rebel leader** vowed insurgents would march on the capital after the government rejected his demand for talks. **A18**

■ **Pakistan's president** headed to Saudi Arabia to plead for aid. Zardari also pressed Petraeus to stop U.S. missile strikes.

■ **Iran's parliament** impeached and dismissed the interior minister, an Ahmadinejad ally, for faking his university degrees. **A19**

■ **Bombs exploded** at a market and bus station in Baghdad, killing 15 people, as violence increased after a week of calm.

■ **Colombia's army chief** resigned over the military's alleged killings of civilians to inflate guerrilla body counts. **A19**

■ **House lawmakers** are pressuring the Pentagon to release congressionally approved funds for an Air Force fighter. **A17**

■ **China and Taiwan agreed** to expand flights between them and allow direct shipping links for the first time. **A20**

■ **Two top Mexican officials**, including the powerful interior minister, died when their small plane crashed. **A18**

■ **Israel launched** an airstrike on Gaza after its troops clashed with Hamas militants. **A20**

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The New Landscape

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■ A battle for the soul of the Republican Party A3
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■ See WSJ.com for full state-by-state election results.

As Economic Crisis Peaked, Tide Turned Against McCain

By Monica Langley

The presidential race entered a critical three-day period in September when the economic crisis cast the candidates' differences in sharp relief.

On Sept. 24, with financial markets verging on panic and the economy thudding, Democratic Sen. Barack Obama placed a call to rival John McCain. He wanted to suggest they issue a joint statement on proposed financial-bailout legislation. As hours went by without a return call, Obama aides emailed each other, asking, "Have you heard anything?" One answered: "The McCain camp is cooking up something."

Later that day, Sen. McCain went before the cameras to say he was suspending his campaign to focus on helping craft the legislation. "What does that mean—suspend the campaign?" Sen. Obama asked his staff on the trail, according to aides. At a news conference in Florida, he said, "It's going to be part of the president's job to be able to deal with more than one thing at once."

Beyond the economic tumult, troubles in the McCain camp had contributed to the Republican's extraordinary move. These included a shaky performance by his running mate in a mock debate and an admonition to Sen. McCain by some major donors to quit blasting Wall Street and focus on solutions. Suspending the campaign, one McCain adviser recalls hoping, would let them "push the reset button."

The next day, while conservative House Republicans maneuvered behind the scenes to block the bailout bill, Sen. McCain sat largely silent at a crisis summit at the White House. Afterward, Sen. Obama called his staff from his car: "I've never seen anything like this," he said, according to several aides. "Some of the Republicans are clueless. Bush and I were trying to convince them."

The presidential candidates were essentially tied at the time, a Wall Street Journal/NBC News poll showed, with Sen. McCain just a point behind. But in the next few weeks, as the handling of the economic crisis overshadowed all other issues, Sen. Obama opened a 10-point lead. Although Sen. McCain began to gain some ground at the end, he never fully recovered from the pivotal late-September juncture.

Sen. Obama's recipe for victory, of course, had many ingredients: a record $640 million haul of donations, a vast network of campaign workers, his stance against the Iraq war, his success in portraying his foe as heir to an

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Democrats Expand Majorities In Congress

By Greg Hitt And Brody Mullins

WASHINGTON—Democrats strengthened their majorities in both houses of Congress and moved close to a level of domination in the Senate that could enable them to push through major legislation.

Combined with Sen. Barack Obama's victory in the presidential race, the congressional results gave Democrats broad power in Washington that they haven't enjoyed in decades.

The Democratic gains represented the final repudiation of the Republican revolution of 1994, marking the second straight strong showing for Democrats in congressional elections. The results return the balance of power that prevailed on Capitol Hill for much of the 20th century, when Democratic-controlled Congresses were the launching pad for Social Security, the modern social safety net and civil-rights legislation.

Democratic leaders have an agenda that harks back to that era, with plans to give government a bigger role in guiding the economy and to strengthen the ability of labor unions to organize in the workplace. They also aim to expand health-insurance coverage and push through a sweeping bill to curb greenhouse-gas emissions.

"This is a tectonic-plate election, one of those once-in-a-generation times where people not only define change, but define a new relationship with government," said New York Sen.

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Campaign Addicts Now Confront The Morning After

As Election Coverage Fades, News Junkies Break Old Habits; Getting to Know the Kids

By Kevin Helliker And David Kesmodel

At age 53, Anne Summers discovered a susceptibility she never knew she had. She was an election junkie.

Her affliction started with late-night news programs, then progressed to incessant Internet surfing. It culminated in door-to-door campaigning for Sen. Barack Obama near her home in Fairfax County, Va. "Addiction wouldn't be too strong a word," she says.

So today, Dr. Summers will experience a sense of emptiness familiar to recovering addicts. Never mind that she is a soccer mom, wife and full-time cardiologist. The election is over.

"To fill the void I've bought some poli-sci books," says Dr. Summers. "And I'll catch up on my medical journals."

The end of the most-followed presidential campaign in recent years will leave many Americans feeling lost, even if their candidate won. The 2008 race provided drama and suspense to a nation hooked on reality television, mystery novels and Hollywood epics.

Arin N. Reeves, a Chicago-based diversity consultant, says she lost hours of sleep to late-night cravings for new campaign developments. For her, the vice-presidential picks were among the many suspenseful episodes—with the emergence of Gov. Sarah Palin deliciously surprising. "Week after week after week the story just kept getting better," she says.

Seldom in American history has a presidential campaign offered such compelling narratives: The rise and fall of former first lady Sen. Hillary Clinton. The come-from-behind primary

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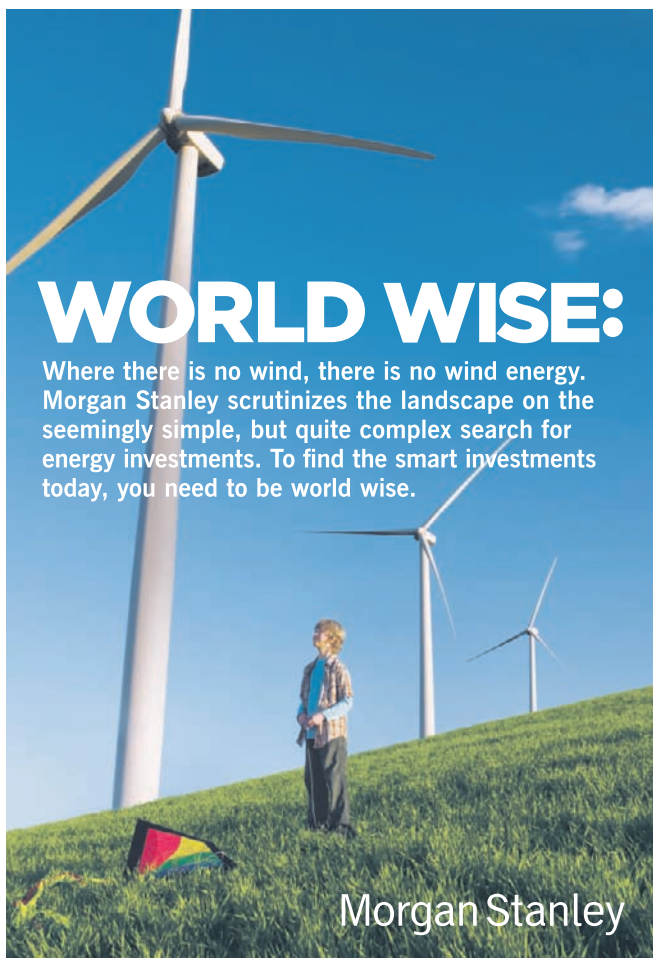

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