9-15-2004

Presidents and Jobs

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As a follow-up to my previous question, which recent presidents have had the best record of job growth?

This answer is going to surprise many people, especially if they are partisan and have a dog in the fight.
Going back to 1929 and the Hoover administration, following are the presidents who presided over the most job growth (expressed as a percentage).
1. Bill Clinton -- 11.6 percent increase in jobs during his first term (1993-1996).
2. Bill Clinton -- 11.4 percent increase in jobs during his second term (1997-2000).
3. Ronald Reagan -- 10.8 percent increase in jobs during his second term (1985-1988).
4. Jimmy Carter -- 10.5 percent increase in jobs while in office (1977-1980).
5. Lyndon Johnson -- 9.8 percent increase in jobs during his one full term (1965-1968).
6. Franklin Roosevelt -- 7.7 percent increase in jobs during his third term ((1941-1944).

The winner, in five of the top six instances, was a Democrat.

Going back to 1929 and the Hoover administration, following are the presidents who presided over the least job growth (expressed as a percentage):
1. Herbert Hoover -- 6.4 percent *decrease* in jobs while in office (1929-1932).
2. George W. Bush -- 1.2 percent *decrease* in jobs during his first 3 and 1/2 years in office.
3. Dwight Eisenhower -- 0.8 percent increase during his second term (1957-1960).
4. George H. W. Bush -- 2.5 percent increase while in office (1989-1992).
5. Dwight Eisenhower -- 2.8 percent increase during his first term (1953-1956).

The least impressive performances, in all five cases, were those of Republicans.

The other presidents -- Truman, Kennedy, Nixon, Ford -- occupied the Oval Office when the Help Wanted ads expanded between 3 and 6 percent.

ECONOMIC STEWARDSHIP

Technically presidents don't create jobs; what they really do is help create the conditions in which jobs are added to or subtracted from the economy. That's why one of a president's chief tasks is economic stewardship. Presidential stewardship of the economy has a storied past, going back to the beginning of our nation, when George Washington hired Alexander Hamilton to be Treasury secretary. Hamilton wrote a series of perceptive reports and proved to be a brilliant architect of economic growth that has influenced presidents and policymakers to this day.

How do presidents carry out the task of economic stewardship? First, foremost, and hopefully by doing no harm. Presidents have to watch what they say because their words can make the stock market rise or fall. They have to think through their fiscal policy since it usually involves changes in tax policy, the regulatory burden, a budget surplus or deficit, and the national debt. Whether they sign or veto the legislation sent to their desk from Capitol Hill can similarly have an impact, as can the trade agreements they negotiate. And since the president is the commander in chief, do not forget the impact of war, which usually has an enormous impact on the economy.

Presidents have historically taken quite different tacks to influence the economy. Those in the tradition of Franklin Roosevelt spoke of "stimulus packages" -- i.e., government programs -- to pump money into the economy to try to create jobs. Those in the tradition of Ronald Reagan have spoken of tax and regulatory cuts to stimulate the economy. Whatever their economic approach, by word and deed modern presidents can have an impact on trade, outsourcing, income, savings, investment, the gross domestic product, consumer confidence, home ownership, business expansion, and job growth.

Now, since presidents are constrained by the Constitution, Congress, Supreme Court, the bureaucracy, public opinion, election year politics, term limits, and custom, there are limits to their power over the economy. Moreover, they exercise economic leverage through fiscal policy, not monetary policy, which is the province of the Federal Reserve Board.

How is the economic stewardship of any given administration measured? One measure is the percentage change in jobs, which your question seeks to plumb. Two other common measures are the unemployment rate and inflation rate. These two can be added up to reckon the Misery Index, devised by Jimmy Carter's campaign in 1976 to criticize President Gerald R. Ford's economic performance. Four years later, Ronald Reagan turned the Misery Index against its creator to discredit Jimmy Carter's economic stewardship.

This answer started with some surprise facts. But over the past several decades, polls have consistently shown that voters regard Republican presidents as better economic stewards than Democratic presidents. Republicans tend to run as fiscal conservatives. Most voters and a good many economists believe that fiscal conservatism -- lower tax rates, a balanced budget, fewer regulations -- leads to better conditions for job growth than the alternative -- higher taxes, budget deficits, and more regulations. However they are measured, virtually all modern presidents want to be remembered as good stewards of the nation's economy.

(Question from Sherry J., Phoenix, AZ)