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Job Growth and Elections

Is strong job growth the best predictor of an incumbent president's re-election chances? Likewise, is weak job growth the best predictor of a challenger's chances to unseat an incumbent?

Yes and no -- how do you like that for an answer?

Seriously, the answer is more complex than many voters may realize. [1]The conventional wisdom is that if presidents are in office when there is double-digit job growth, they or their hand-picked successor will win re-election. We are constantly told that people vote their pocketbook. But tell that to Al Gore, Jimmy Carter, and Lyndon Johnson, each of whom lost following double-digit job growth.

The truth is that pocketbook issues are extraordinarily complex; job growth is just part of the calculus that involves inflation, interest rates, consumer confidence, consumer debt, home ownership numbers, and other factors.

The best that can be said is that *some* presidents who presided over double-digit job growth won re-election.

This is true of Bill Clinton, who owns the record; there was 11.6 percent job growth during his first term (1993-1996), and he handily beat back challenger Bob Dole in 1996. Similarly, Vice President George H. W. Bush did quite well because of Ronald Reagan's legacy; there was 10.8 percent job growth during Reagan's second term (1985-1988), and Bush easily defeated Michael Dukakis in 1988.

On the other hand, double-digit job growth did *not* insure victory for others who had been in office. There was 11.4 percent job growth during Bill Clinton's second term (1997-2000), but it did not secure Vice President Al Gore's victory over George W. Bush in 2000. Likewise, the fact that jobs grew by 10.5 percent during Jimmy Carter's term (1977-1980) -- a statistic that really surprises people -- did not guarantee his being returned to office when Ronald Reagan challenged him.

So: twice in recent times the electorate rewarded incumbents after double-digit job growth, and twice the electorate turned them out.

It is hard to discern a meaningful political pattern based on robust or anemic job growth. During Dwight D. Eisenhower's first term (1953-1956), there was only 2.8 percent job growth, yet he was easily returned to office. During Lyndon B. Johnson's term (1965-1968), there was 9.8 percent job growth, but his successor was defeated.

And think about this. Franklin D. Roosevelt became president during the depths of the Great Depression, when one in four workers was unemployed -- there was nowhere to go but up. Yet he was re-elected when there was 5.5 percent job growth in his first term (1933-1936), 3.3 percent growth in his second term (1937-1940), and 7.7 percent growth in his third term (1941-1944), when the nation was totally mobilized for war. Hardly exceptional numbers, any of them.

Not that job performance is irrelevant to one's chances of re-election. Consider poor Herbert Hoover: the nation's economy lost 6.4 percent of its jobs during his term (1929-1933), and the Great Engineer failed to win re-election. Is there a causal link? Absolutely.

So what about the current president, George W. Bush? Based on data through July of 2004, it appears that Bush will be the first president since Hoover to reside in the White House when there is a net job loss; there are 1.2 percent fewer jobs today than in 2000. Come November 2, will there be a causal link between the economic fact and the political performance? Yes. Will it be enough of a link to determine the outcome of the election? Not likely. As of this writing, Bush is ahead of rival John Kerry in the polls.

What to make of such a statistical hodge podge? Only this: In the end, many factors determine who wins presidential elections. It is not always true -- as was said in 1992 -- that "It's the economy, stupid!" The context of the times is always a factor. If the nation is at war, then the country is judging the candidates as commanders in chief. If the nation is grappling with past wrongs, then citizens are judging candidates' sense of justice. If the nation is impatient for reform, then voters are sizing up candidates' relations with Congress, and whether they have the ability to get legislation passed and signed.

Citizens are sensitive to many dimensions of the people who run for high office: vision, character, personality, sense of justice, political skills, communication skills, economic stewardship, administrative skills, international relations, leadership in a crisis -- all play a role. In the end, the choice often seems to be a mystery.

(*Question from Sherry J. of Phoenix, AZ*)



[1] For the data used in this answer, I am indebted to the Bureau of Labor Statistics, *Bloomberg Financial Markets*, and Dylan Loeb McClain, "In Elections, It's Not Always about Jobs," *New York Times*, August 8, 2004, p. 2 of Week in Review.