

The US Economy: Are Republicans or Democrats Better?

Before one can address the title question, it is necessary to answer three preliminary questions:

- What period of time should be used in the comparison?
- What metric(s) should be used for comparing economic performance under different administration?
- How should one measure the extent to which each party controls the government?

Before going any further, it should be noted that US economic performance depends to a great extent on government policies, but also depends to some extent on factors that could not reasonably be controlled by the government – a luck factor. There is no attempt in this paper to identify “luck factors” or estimate their impact.

Period of time. I propose to use the period from 1947 through the most recent data available (fall of 2010). Any attempt to go back even one year more would introduce the need to account for the impact of World War II, as the nation was de-mobilizing all through 1946. Moreover, the quality and extent of the available information decline greatly during and before World War II.

Metric(s). This is a more difficult choice than the period of time. Unemployment is certainly critical, but the average unemployment rate during an administration is critically dependent on the unemployment rate at the start of the administration. If the unemployment rate is 12% when a president takes office, it may take five years or more of persistently good policies to get the unemployment rate down to something tolerable.

Within historically typical US values, inflation lacks merit as a metric. At very high levels, inflation is intrinsically bad, but, at historically typical US values of 1% to 5% per year, it is hard to correlate inflation with general economic well being. An inflation rate of 1% per year, with the median household income growing at 3% per year, is effectively similar to an inflation rate of 5% per year, with the median household income growing at 7% per year.

Inflation-adjusted median household income would be an excellent metric, but I have not found data for this going back far enough to permit a robust comparison over many administrations. If I find such data, I will expand this paper to include it.

I settled on inflation-adjusted per capita growth in the gross domestic product (GDP) as the metric for comparison. Good information is available back to 1930 and the metric is generally reasonable. The largest drawback is that it does not discern between broadly based growth – a rising tide that lifts all boats – and growth concentrated mainly in the wealthiest few percent (or even fraction of a percent) – a rising tide that lifts only yachts.

Who is in charge? If the president is a Democrat, and there are Democratic majorities in both houses of Congress, then the Democrats are clearly in charge of the government. This was the case during President Obama's first two years in office. However, things are not always this clear-cut. For example, during the 20 years of the "Republican" Eisenhower, Nixon, Ford, and Bush the Elder administrations, the Republicans controlled the House for only two years and the Senate for only two years. Moreover, NO Republican president has had a Republican majority in both the House and the Senate for all four years of his term of office. I propose to divide power as follows: 50% to the president, and 25% to each house of Congress. During the four to eight years of a presidential term of office, the president's party would get:

- 50% credit for controlling the presidency.
- 0% to 25% credit for having a majority in the Senate. If control of the Senate changes hands during the presidential administration, then credit would be between 0% and 25%, based on how many years, out of four to eight, the president's party controlled the Senate.
- 0% to 25% credit for having a majority in the House. If control of the House changes hands during the presidential administration, then credit would be between 0% and 25%, based on how many years, out of four to eight, the president's party controlled the House.

"Control" of the House of Senate usually goes in simple two-year blocks. The only recent exception occurred during the first two years of the Bush the Younger administration. In January 2001, there was a 50-50 tie in the Senate, which would have allowed the vice president to cast the deciding vote in the event of a straight party line split on a topic. About a year into the administration, a Republican Senator became an Independent, giving the Democrats a 50-49 majority. During 2001 and 2002, I will give the Republicans and Democrats credit for "controlling" the Senate for one year each.

AND NOW FOR THE RESULTS!

Having decided on the metric, when to begin the comparison, and a method for assessing relative Republican- Democrat control of the government, it is still necessary to decide what period of performance to assign to each administration. A president is inaugurated on January 20. After that date, it takes some period of time to get his economic policies in place, plus some additional time for those policies to have an effect. It is hard to determine this “lag time” with any rigor.

I investigated the impact of varying the “period of performance” by showing results for three different “periods of performance” for each administration:

- April 1 of an inauguration year through March 31 of the next inauguration year. For example, this would give the Clinton administration credit or blame for the first three months of 2001 and the Bush the Younger administration the credit or blame for the first three months of 2009.
- July 1 of an inauguration year through June 30 of the next inauguration year.
- October 1 of an inauguration year through September 30 of the next inauguration year.

The three tables below show the results for all three periods of performance per administration. The tables include five administrations with Republican presidents and five with Democratic presidents. There are five administrations with Democratic control ranging from 62.5% to 100%, two with 50% Democratic control (a Republican president with Democratic majorities in both the House and Senate for the entire administration), and three with 62.5% to 84.4% Republican control.

President	Period of Performance	Percent Democratic Control	Rank	Results*
Kennedy/Johnson (D)	Apr 1961 – Mar 1969	100%	1	3.89%
Truman (D)	Apr 1947 – Mar 1953	83.3%	2	3.23%
Clinton (D)	Apr 1993 – Mar 2001	62.5%	3	2.49%
Reagan (Rep)	Apr 1981 – Mar 1989	31.25%	4	2.37%
Carter (D)	Apr 1997 – Mar 1981	100%	4	2.37%
Nixon/Ford (Rep)	Apr 1969 – Mar 1977	50%	6	1.58%
Obama (D)	Apr 2009 – Sep 2010	100%	7	1.42%
Bush the Elder (Rep)	Apr 1989 – Mar 1993	50%	8	.74%
Bush the Younger (Rep)	Apr 2001 – Mar 2009	15.6%	9	.68%
Eisenhower (Rep)	Apr 1953 – Mar 1961	37.5%	9 (tie)	.66%

* Results = average growth in inflation-adjusted GDP per person for the period listed.

Extent of Democratic control by administration:

Truman: President 6 years, House 4 years, Senate 4 years (out of 6)
Eisenhower: President 0 years, House 6 years, Senate 6 years (out of 8)
Kennedy/Johnson: President 8 years, House 8 years, Senate 8 years (out of 8)
Nixon/Ford: President 0 years, House 8 years, Senate 8 years (out of 8)
Carter: President 4 years, House 4 years, Senate 4 years (out of 4)
Reagan: President 0 years, House 8 years, Senate 2 years (out of 8)
Bush the Elder: President 0 years, House 4 years, Senate 4 years (out of 4)
Clinton: President 8 years, House 2 years, Senate 2 years (out of 8)
Bush the Younger: President 0 years, House 2 years, Senate 3 years (out of 8)
Obama: President 15 months, House 15 months, Senate 15 months (out of 15 months). The Obama results should not be weighted very heavily, due to the short period of time involved.

President	Period of Performance	Percent Democratic Control	Rank	Results*
Kennedy/Johnson (D)	July 1961 – June 1969	100%	1	3.69%
Truman (D)	July 1947 – June 1953	83.3%	2	3.36%
Reagan (Rep)	July 1981 – June 1989	31.25%	3	2.56%
Clinton (D)	July 1993 – June 2001	62.5%	4	2.5%
Obama (D)	July 2009 – Sep 2010	100%	5	2.03%
Nixon/Ford (Rep)	July 1969 – June 1977	50%	6	1.79%
Carter (D)	July 1997 – June 1981	100%	7	1.68%
Eisenhower (Rep)	July 1953 – June 1961	37.5%	8	.81%
Bush the Elder (Rep)	July 1989 – June 1993	50%	9	.69%

Bush the Younger (Rep)	July 2001 – June 2009	15.6%	10	.57%
* Results = average growth in inflation-adjusted GDP per person for the period listed.				

President	Period of Performance	Percent Democratic Control	Rank	Results*
Kennedy/Johnson (D)	Oct 1961 – Sep 1969	100%	1	3.58%
Truman (D)	Oct 1947 – Sep 1953	83.3%	2	3.25%
Reagan (Rep)	Oct 1981 – Sep 1989	31.25%	3	2.51%
Clinton (D)	Oct 1993 – Sep 2001	62.5%	4	2.41%
Obama (D)	Oct 2009 – Sep 2010	100%	5	2.36%
Nixon/Ford (Rep)	Oct 1969 – Sep 1977	50%	6	1.94%
Carter (D)	Oct 1977 – Sep 1981	100%	7	1.54%
Eisenhower (Rep)	Oct 1953 – Sep 1961	37.5%	8	1.11%
Bush the Younger (Rep)	Oct 2001 – Sep 2009	15.6%	9	.66%
Bush the Elder (Rep)	Oct 1989 – Sep 1993	50%	10	.6%
* Results = average growth in inflation-adjusted GDP per person for the period listed.				

The Democrats easily win the comparison, as shown in the tables below.

In all three tables, the “top two” administrations (out of ten) had more than 80% Democratic control and the “worst three” administrations had 50% to 84% Republican control.

The only Republican administration in the top five was Reagan. Reagan rates third, fourth, and tied for fourth in the three tables.

Clinton always rates either third or fourth.

Obama always rates either fifth (twice) or seventh (once), but his period of performance is too short to be very meaningful.

Carter rates anywhere from fourth (tie) to seventh. Given the negative press that he has received, this may be slightly better than expected.

The biggest surprise may be that Eisenhower finishes in the bottom three every time, including a tie for last in one case.

It should be noted, however, that the nominal number one administration of the last 41 years featured greater than 50% Republican control (Reagan), but also that performance under Reagan and Clinton was effectively identical.