

The Weekly Standard

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By Richard W. Rahn

LET'S RATE THEIR ECONOMIC SKILLS

| 15 Most Recent U.S. Presidents | | | |
|-----------------------------------|--------------|----------------------------|----------------|
| Who Were Our Greatest Leaders? | | | |
| Category of "Economic Management" | | | |
| | ACCORDING TO | | |
| | THE NUMBERS | C-SPAN SURVEYED HISTORIANS | C-SPAN VIEWERS |
| Franklin D. Roosevelt | 1 | 1 | 1 |
| Ronald Reagan | 2 | 9 | 3 |
| Warren G. Harding | 3 | 14 | 13 |
| Harry S. Truman | 4 | 4 | 2 |
| William Jefferson Clinton | 5 | 2 | 8 |
| Gerald R. Ford | 6 | 11 | 12 |
| Calvin Coolidge | 7 | 12 | 9 |
| John F. Kennedy | 8 | 6 | 6 |
| Lyndon Baines Johnson | 9 | 7 | 11 |
| George Bush | 10 | 10 | 10 |
| Dwight D. Eisenhower | 11 | 5 | 4 |
| James Earl Carter | 12 | 13 | 15 |
| Richard M. Nixon | 13 | 8 | 7 |
| Woodrow Wilson | 14 | 3 | 5 |
| Herbert Hoover | 15 | 15 | 14 |

C-SPAN has just released its rankings of American presidents. Several dozen notable historians and professional observers of the presidency were surveyed and asked to rank the presidents in 10 different categories. Most of the categories are somewhat subjective, such as "moral authority" and "pursued equal justice for all." One category, however, "economic management," can be analyzed empirically. Numbers are available—and the numbers reveal that the historians were sometimes dead wrong, leaving the rest of us to wonder whether their errors were the result of economic ignorance or political bias.

Good national economic management is generally thought of as reflected in low inflation, declining unemployment, and a growing economy. To test the opinions of the historians, I created a formula

for scoring the presidents' economic management. My formula draws on both a "misery index"—the rate of inflation plus the rate of unemployment—beloved of political liberals, and indices of economic growth, preferred by conservatives. The proper relative weight to be assigned to each of the measures is somewhat subjective, but reasonable adjustments to my formula would have little effect on the rankings.

For each president, I added the change in a simple misery index (consumer price index plus unemployment) to the change in the average annual rate of growth of the economy during the president's years in office. Since relatively reliable data on unemployment and economic growth go back less than a century, to the passage of the Federal Reserve Act in 1913, I ranked only the last 15 presidents, beginning with Wilson in 1913.

Until early in this century (except during the period of the Civil War), the federal government accounted for such a small portion of the economy that presidential actions had little to do with the progress of the economy. Just one major decision affecting the economy—whether or not to be on the gold standard—was up to the president and Congress. Even today, we tend to overemphasize the impact of the president on the economy. The actions of the Federal Reserve have done far more to cause recessions and recoveries than the actions of any president. On the other hand, if a president begins a fundamentally new policy, as Reagan did, the economic outcome may be greatly affected.

In evaluating a president's economic management, the operative question is: Were most Americans better off at the end of his term than at the beginning, and by how much? For presidents Roosevelt, Reagan, and Coolidge, the answer was clearly yes. For presidents Wilson and Hoover, the answer was a clear no.

Every president starts with the legacy of his predecessor. Roosevelt and Reagan deserve more credit than Johnson and Clinton, since each inherited an economic mess when he came to office and had to make critical changes to improve the situation. Johnson and Clinton, by contrast, each inherited a growing economy and therefore needed mainly to avoid making major mistakes. All four of these presidents succeeded. Truman's performance is perhaps the most debatable. He was saddled with the wind-down from World War II, for which there was no precedent, and then for the buildup for the Korean War. The economy performed in a highly erratic way during his tenure, beginning weak but, after a very difficult time, managing to end on a high note.

The C-SPAN historians greatly underrated Reagan, Harding, Ford, and Coolidge. They greatly overrated Wilson, Nixon, and Eisenhower. The two biggest surprises in the historians' ratings were Harding and Wilson. The economy was in shambles under Wilson, with no growth and a huge rise in unemployment. He had the severe disadvantage of the First World War, but the results of his economic stewardship, both before and after the war, were terrible. Harding served for only two years before he died, and is generally considered a very poor president. He may have been a lousy president on most counts, but the economy performed very well both during his term—with double-digit growth, negligible inflation and a steep drop in unemployment—and after it.

Given that the four most underrated presidents were all Republicans and the most overrated was a Democrat, Wilson, it would appear that the historians' rankings are affected by political bias. But this does not explain why both Nixon and Eisenhower were overrated. One possible explanation for

the underrating of Reagan might be the rise in the deficit during his term. However, by far the biggest relative rise in the deficit occurred under Roosevelt, without diminishing the historians' rating of him. Roosevelt increased the deficit to win World War II, and Reagan increased the deficit to win the Cold War. Clearly, in retrospect, these were wise economic decisions, and the prosperity we now enjoy would not be occurring without them.

In addition to the notable historians, C-SPAN asked its viewers to rank the presidents. What is striking is that, in general, the viewers were less wrong than the experts. Since the historians are well-educated people, the most reasonable conclusion is that their errors were those not of economic ignorance but of political bias.

C-SPAN is the least biased of all our television and radio sources. It strives to educate its viewers about the nature and operation of our political system in a balanced and objective way. Unfortunately, what its Survey of Presidential Leadership reveals is that even C-SPAN has a difficult time finding well-known, knowledgeable, and unbiased experts to present opinions and information to the public.

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