

**A Refutation of Unequal Democracy:
The Myth that Democratic Presidents Improve Economic Growth and Income Equality**

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Abstract

Larry Bartels in *Unequal Democracy* claims that Democratic presidents from 1948 to 2005 were generally more successful than Republican presidents in spurring economic growth and in reducing both unemployment and inequality in the distribution of incomes. This paper refutes those claims. Bartels' findings depend on the treatment of transition periods from one party to the other. The economies at the time of transitions from Democratic to Republican presidents were weak and often slipping into recession. Aside from the Bush to Obama transition in progress, this was not the case for transitions from Republican to Democratic presidents. The economy that presidents inherit should be taken into account in assessing the economic performance of presidents. The weak economies that Republican presidents inherited should be attributed to their Democratic predecessors and not to the Republicans who were left to deal with the economic mess. When the transition periods are assigned to their predecessor presidents, or at least set aside, and when economic conditions leading into a year are taken into consideration, there are no partisan differences in the stimulation of economic growth, in unemployment rates, or in the reduction of income inequality.

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A Refutation of Unequal Democracy: The Myth that Democratic Presidents Improve Economic Growth and Income Equality¹

In *Unequal Democracy* Larry Bartels (2008) sets out “to refute the notion that the causes of economic inequality in contemporary America ‘have little tie to government’ (30).” In comparing the economic records of Democratic and Republican presidents from 1948 to 2005, he finds that economic growth rates have been higher, unemployment rates have been lower and incomes have been more evenly distributed under Democratic presidents. According to Bartels, “Real income growth has historically been much stronger under Democratic presidents than under Republican presidents, especially for middle-class and poor people (2008, 64).” These conclusions essentially corroborate the earlier findings of Douglas Hibbs (1987, Hibbs and Dennis 1988) and Alberto Alesina and Howard Rosenthal (1995, 181).²

Bartels finds a striking difference between the records of Democratic and Republican presidents. As he calculates it, the average annual growth in real GNP per capita under Democratic presidents from 1948 to 2005 was about 2.8 percent (2008, 48). Under Republican presidents in this period, the average annual growth rate was only 1.6 percent, more than 40 percent lower than that overseen by Democratic presidents. The comparative records on unemployment were not much better for Republicans. The average annual unemployment rate under Democrats was only 4.8 percent. Under Republicans, it was 6.3 percent. Finally, according to Bartels, real income growth rates were greater under Democratic presidents regardless of a person’s income level, but particularly for those on the lower rungs of the economic ladder. Under Democratic presidents, those with lower incomes fared better than those with higher incomes, but all fared better than they would have under Republicans. Those with higher incomes fared better than those with lower incomes under Republicans, but both ends of the income spectrum experienced stronger income growth under Democratic presidents than they did under Republican presidents. The effect of these differences was that income disparities declined slightly under Democrats and increased under Republicans. By all economic metrics other than inflation, Bartels finds Democratic presidents to have outperformed Republican presidents.

This reanalysis challenges each of Bartels’ three principal findings. It finds that there are no significant differences between the economic records of Democratic and Republican presidents since 1948 on growth, unemployment, or income inequality. The findings of partisan differences rest entirely on when responsibility for the economy shifts from the preceding president to the current president. When this lag is properly specified, there are no significant differences between Democratic and Republican presidents with respect to economic growth rates, unemployment rates, and income inequalities.

¹ I thank Larry Bartels, Douglas Hibbs, Alan Abramowitz and Robert Grafstein for their comments on earlier drafts of this paper.

² Bartels acknowledges the “the pioneering work of Douglas Hibbs (2008, 47)” as the forerunner of his analysis. Hibbs found that economic output from 1953 to 1983 was greater, unemployment lower, and income inequality reduced under the Democrats (1987, 226 and 241, 242). Also see Kinsley (2008) and Dolan, Frensdreis, and Tatalovich (2008, 259).

In the four transitions of Democratic to Republican presidents since 1948, the economy at the end of each of the departing Democratic president's watch was either going into recession or in very bad shape. Through his assumption of a one-year lag and by not adequately taking into account the state of the economy inherited by a president, Bartels' analysis effectively absolves the outgoing Democratic president for the responsibility of the poor economic conditions they presided over and assigns these inherited economic messes to their Republican successors. Democratic presidents look good by this accounting because their economic problems are not counted against them and, instead, are counted against their Republican successors. Republican presidents who succeeded Democrats consistently faced the problem of bringing the economy out of a hole. This interpretation of the political economy amounts to blaming the Republicans for the hole that the economy was in when these Republicans took office. Once the transition periods are properly assigned, either by setting them aside, by reassigning them to the previous president, or by controlling for the prior state of the economy, the parties do not have significantly different economic records.

The study is organized in four sections. The first discusses a number of issues related to the extent and timing of presidential responsibility for economic conditions. The designation of whether economic conditions are properly attributed to the sitting president and his party or to his predecessor and that president's party is central to determining whether there are differences in the presidential parties' economic records.

The second section reexamines the finding that Democratic presidents have overseen greater economic growth than Republican presidents. The measure of economic growth is the same as that used by Bartels (2008, 48), the annual growth in the real gross national product (GNP) per capita. The data were obtained from the Bureau of Economic Analysis' National Income and Product Accounts (2009). Annualized quarterly data as well as annual data are examined. This section updates the analysis through 2008, adding three years to Bartel's study. Beyond updating the original analysis, I examine whether there were party differences when the transition year (the second year in the president's term after a party change) is excluded or reassigned to the preceding administration's party. Quarterly economic data are also examined to determine whether apparent party differences remain after taking into account inertia or lagged effects in the economy. Finally, the four transitions from Democratic to Republican presidencies and the three transitions (and the current incomplete transition) from Republican to Democratic presidencies are examined in detail to determine the state of the economy left to presidents by their predecessors. In examining these transition years, Bartels' finding of greater party differences in the "honeymoon" year of presidencies is also reexamined.

The third section of the paper reexamines party differences with respect to unemployment rates. As in the original analysis, the data used are the annual average unemployment rates in the civilian labor force as reported by the Bureau of Labor Statistics (2009). As with GNP, the unemployment data is updated through 2008. Again, the reexamination of these data determines whether party differences remain after taking inherited economic conditions into account or when the transition years are either set aside or reassigned to the party of the previous president.

The final section reexamines the impact of the presidential party on the distribution of incomes. As in the original study, the data on income inequality are from the U.S. Census Bureau (2009). The data used are the amounts of family income required to be at the top of the twentieth, fortieth, sixtieth, eightieth, and ninety-fifth percentiles of family income. Income inequality is reduced when there are smaller differences between income thresholds at the lower and higher income distribution levels. If lower income thresholds (the income necessary to be at the twentieth or fortieth percentiles) are increasing at a higher rate over time, income inequality is decreasing. On the other hand, if higher income thresholds (the income necessary to be at the eightieth or ninety-fifth percentiles) are increasing at a higher rate over time, then income inequality is increasing. As in the other sections, after updating Bartels' analysis of partisan differences in income growth under Democratic and Republican presidents, these differences are examined when taking into account the condition of the inherited economy, when setting aside transition years and when reassigning those years to the previous president.

Presidential Responsibility for the Economy

Before assessing the impact of presidents on the economy, the limits and extent of the possible effects of presidents should be kept in mind. There are a great many ways that presidents may affect the economy. Virtually all policies and regulations have some economic consequences. That said, most of these policies require some degree of cooperation from Congress, the courts, federal departments and agencies, and the states.³ Still, presidents can be more or less aggressive and successful in fashioning and gathering support for their policies. They are not simply at the mercy of the good will of others in the political process. But even if a president gains command of the wide variety of government levers over the economy, the economy is so large and complex that the effect of these policies is likely quite limited. Finally, the effects that presidents may have on the economy can vary in length and, for good or bad, may extend well beyond the term of a particular president (Grafstein 2008). A tax cut that fuels investment that facilitates the invention of a new micro-chip or a cure for a disease may have effects for generations. Similarly, programs that facilitate education programs that increase productivity pay off over a lifetime or longer. These long-range economic effects, however, are not the subject of either Bartels' study or this analysis. Both are concerned with the more limited question of whether the presidential party makes a difference to the contemporary economy.

Though concerned with the more limited question of presidential effects on the contemporary economy, the determination of the time span of that contemporary economy is quite complicated and is critical to the analysis. The determination of whether there is a presidential partisan difference in economic outcomes depends largely on when the president becomes responsible for the state of the economy. Presidents not only have limited abilities to affect the economy, but there is some lag between when a president takes office and when he can be reasonably held responsible for the economy. It takes time to get the administrative team in place, to prepare legislation or regulations (or de-regulations), for the legislative process to work through presidential proposals, and for executive departments and agencies to implement the

³ Hibbs (1987, 230), however, found that consideration of the congressional parties made no difference in explaining unemployment or economic growth.

policies (Hibbs 1987, 220-1). Once implemented, it takes time for these new policies to have an effect and their full effect (second and third order multiplier effects) may not be felt for a much longer time. To some degree these policy effects may be speeded up, as portions of the public anticipate likely effects and act accordingly, but even so it generally takes a good deal of time for the impact of policies to be realized.

One only needs to look at the federal government's budget cycle to gain some appreciation of the lag involved. There is about a nine month process between the proposal of the president's budget in late January and the beginning of the new fiscal year in October.⁴ Quite often, Congress has not completed its work on the appropriations bills by the beginning of the fiscal year and must pass continuing resolutions as a stop gap measure until the spending bills are passed and signed. So for at least the first ten months of a new president's term, the spending priorities of the federal government largely reflect presidential and congressional spending priorities set before he took office. These spending priorities, of course, continue to have economic effects for some months after the end of the fiscal year. Not all policies with economic consequences are part of the budget process and new presidents may propose and get Congress to act on legislation outside of the normal budget process, but most spending is part of this normal budget process and the time line involved provides some sense of how long policy change takes to work through the political process.

The issue of the appropriate lag is further complicated in three ways. First, it is unrealistic to assume that all policies take the same amount of time from proposal to effect. Both differences in political circumstances and types of economic policies create different lags between the proposal of a policy and its economic effect. Second, there is some period in which the effects of a current president considerably overlap with those of his predecessor. Finally, even after a president's policies are fully in effect, the economy has a certain measure of inertia. That is, like a gigantic ocean liner, an economy the size of the U.S. economy does not turn on a dime. If a president inherits a weak economy, it will take time even with an aggressive policy to turn it around a bit. Conversely, if a president inherits a strong economy, it would take some time before even wrong-headed policies would cause a downturn. There is an economic lag as well as a policy lag.

Still, with all of these muddying complications, voters and political observers must be able to say at some point that the sitting president can be held reasonably accountable for the economic conditions in the nation, at least as far as any president can be said to be responsible for the economy. Noting the general "macroeconomic evidence regarding the timing of economic responses to monetary and fiscal changes" and the fit of the data, Bartels (2008, 33) specified *a one year lag* between a president taking office and being politically responsible for the economy.⁵

⁴ Prior to fiscal year 1977, the federal government's fiscal year began on July 1. The Congressional Budget Act of 1974 changed the start of the fiscal year to October 1 (Heniff 2003).

⁵ Hibbs (1987, 223) used only a one quarter lag for presidential responsibility.

His analysis also indicates that party differences exist even after controlling for previous economic conditions (2008, 39, 51 and 58). The questions are whether the lag in presidential responsibility is adequately long, whether the economic lags are appropriately gauged, and how sensitive Bartels' findings are to these assumptions. This analysis to follow will demonstrate that the findings of presidential partisan differences in economic growth, unemployment, and income inequality are entirely dependent on these assumptions. When more realistic assumptions are applied, the economic records of the parties on growth, unemployment, and inequality are not significantly different.

Has Economic Growth Been Greater Under Democratic Presidents?

The general economic records of Democratic and Republican presidents from 1948 to 2008 are evaluated in Table 1.⁶ The economic metric used to evaluate their records are the annual growth rates in the real GNP per capita. Equation 1 in the table updates Bartels' analysis (2008, 48) by using a more recent GNP series from the Bureau of Economic Analysis (2009) and adding data for 2006, 2007, and 2008. Following Bartels, this initial estimation of presidential party effects uses a one year lag before the economy becomes the sitting president's responsibility. The party variable is scored one when the president deemed responsible for the economy was a Democrat and zero when that president was a Republican. As in his original analysis, the partisan difference is statistically significant. Real GNP per capita appears to have grown an average 1.25 percentage points more under Democratic presidents. This is actually a slightly bigger partisan difference than originally found. Bartels' 1948 to 2005 data indicated a 1.14 percentage point partisan difference. Though this initial estimate of the party difference is statistically significant, the president's party accounted for only six percent of the variance in annual GNP change over this period.

/Table 1 about here/

As noted above, there are a number of reasons why the length of the lag between a president taking office and that president being held reasonably accountable for the status of the economy may be prolonged and at some stage unclear. Also as Bartels (2008, 52-3) as well as Hibbs (1987, 229) and Alesina and Rosenthal (1995, 180-1) have observed, the greatest differences in the parties' economic records appear early in their administrations. For these reasons, party differences are reexamined in table 1's equations 2 and 3. Equation 2 sets aside the second year of a president's term when that president has succeeded a president of the other party. This second year of a new presidential party is designated as a transition year. Equation 3 takes an additional step in reassigning that transition year to the previous presidential party. The assumption behind this coding is that the economy in the second year of a new presidential party's term is more of a reflection of the economy inherited by the new president than of the effects of the new president's policies. There were seven transition years from 1948 to 2008. These were 1954 (Truman to Eisenhower), 1962 (Eisenhower to Kennedy), 1970 (Johnson to

⁶ There were five Democratic presidents in this period and six Republican presidents. Of the 61 years studied, Democratic presidents occupied the White House for 25 years and Republican presidents for 36 years.

Nixon), 1978 (Ford to Carter), 1982 (Carter to Reagan), 1994 (G.H.W. Bush to Clinton), and 2002 (Clinton to G.W. Bush). An eighth transition year will occur in 2010 (George W. Bush to Obama).

As the estimates in equations 2 and 3 indicate, the economic records of the presidential parties from 1948 to 2008 are *not* statistically different either when the transition years are set aside as indeterminate of which party was responsible for the economy in those years or when the transition years were reassigned to the previous presidential party. When the transition years are set aside as they have been in equation 2, the party difference is only three-quarters of a percentage point and not statistically significant. When the transition years are reassigned as in equation 3, party differences disappear entirely. Either way, Bartels' findings of a partisan difference depend *entirely* on these transition years.

What accounts for these party differences in transition years? Two explanations are plausible. The first, advanced by Bartels, is the "honeymoon" explanation. After noting that party differences were greatest in the second years of presidential terms (52-3), Bartels observed that he found this "unsurprising in light of the fact that presidents have their greatest influence over policy in the first year of each new administration— the 'honeymoon' period immediately following election or reelection; the effects of that influence are felt one year later, in the second year of each four-year term (Bartels 2008, 52)." This explanation supposes that newly elected Democrats enjoyed great success from the policies passed during their "honeymoon" year while newly elected Republican presidents were off to a very rocky start in the early months of their terms. In attributing the economy of the transition year to the policy differences between the parties, this perspective contends that responsibility for the economy in these transition years belongs to the sitting president.

The second explanation involves inherited economic conditions. It claims that second year economies are substantially affected by the previous president's policies as well as the economic conditions of the previous year.⁷ In particular, the party differences in these years reflect the fact that newly elected Republican presidents have been saddled with weak economies inherited from their Democratic predecessors. The real responsibility for these weak second year economies belongs with the previous president. Since the economy of the transition year reflects conditions that precede the policies of the sitting president, this perspective contends that responsibility for the economy in these transition years is either indeterminate or belongs to the previous president. Despite Bartels' conclusion that partisan differences in economic outcomes "cannot plausibly be attributed to differences in the circumstances in which Republican and Democratic presidents have occupied the White House (2008, 50)," the evidence from quarterly growth data indicates that the early party differences in economic outcomes reflects the economic conditions that the presidents inherited.

⁷ As Hibbs (1987, 229) suggested, "the inclination of some first-term presidents to lay the blame for painful macroeconomic situations on the mistaken policies of their predecessors is not without some foundation, particularly when such attempts to off-load responsibility are made during the early periods of a first term."

The economic records of the presidential parties are investigated with quarterly real GNP per capita data in table 2. As equation 1 shows, consistent with the findings of Bartels and those of his predecessors, there is a difference in the economic records of the presidential parties if we use the one year lag and leave it at that.⁸ The presidential party does not account for much of the quarterly variation in the economy, but it is statistically significant. We know, however, that the economy has a degree of inertia. If the economy is bad in one quarter, the odds are that it will be weak in the next. Conversely, if economic conditions are good in one quarter, they will probably be good in the next. When this lag in the economy is taken into account, as it is in equation 2, the estimated party differences are nearly cut in half and are no longer statistically significant.⁹ Estimated party differences further shrink when the economic lag is considered and transition years are either excluded (equation 3) or reassigned (equation 4).

/Table 2 about here/

Both the quarterly economic growth data and the presumed lag in presidential responsibility are examined more closely in table 3. Bartels assumed that the lag in presidential responsibility was one year and did not examine quarterly lagged economic effects. Table 3 explores whether party differences are found when presidential responsibility lags are lengthened or shortened and with and without controls for the inertia of the economy. The analysis indicates the fragility of the party difference finding. Even if we shorten to three quarters the lag at which a president could be held accountable for the economy, once the lag in the economy is considered, there are no significant party differences. If we increase the lag in presidential responsibility from four quarters to five quarters, there are no significant party differences in economic performance even if the lag in the economy is not taken into account.

/Table 3 about here/

In table 4 we return to the annual data and introduce controls for the state of the economies leading into the year. Equation 1 serves as the baseline of Bartels' analysis (equation 1 in table 1). Equation 2 adds the lagged economic growth in the previous year. As the estimates indicate, the state of the economy in the previous full year is essentially irrelevant to the growth rate in the succeeding year and leaves the presidential party difference in tact. This, however, does not mean that the state of the economy leading into a year does not matter to economic growth. Economic conditions are clearly a function of their past. The economy is not remade whole when the books close on a quarter.

/Table 4 about here/

⁸ The fragility of the party difference finding is also evident in its sensitivity to a single outlier. If the second quarter of 1978 is excluded, one case of the 246 examined, the presidential party variable (the year lag used by Bartels) is not statistically significant at $p < .05$, one-tailed.

⁹ A GNP lag of two quarters was also examined and was not statistically significant at $p < .05$, one-tailed.

Equations 3 and 4 examine whether the state of the economy in the two previous quarters leading into a year make a difference to the health of that year's economic conditions. Combining annual and quarterly data is unorthodox, but the condition of the economy in the months leading up to a year may matter a good deal more than much older economic conditions and this distinction is missed in using annual data. Equation 3 specifies the growth in real GNP per capita in a year as a function of the responsible president's party and the growth in real GNP per capita (annualized) for the final quarter of the preceding year. Equation 4 adds the growth in real GNP per capita (also annualized) for the third quarter of the preceding year as well. The lagged economic growth of the two preceding quarters is statistically significant in both of these equations. Most importantly from the standpoint of evaluating Bartels' contentions is the fact that once the state of the economy leading into a year is taken into account, there are no significant differences in the economic records of the presidential parties.¹⁰

Party Transitions and Presidential "Honeymoons"

The preceding analysis demonstrates that Bartels' finding of greater economic growth under Democratic presidents depends on attributing second year economies of transition periods to the new president and not taking the lagged effect of the economy into account. It should be obvious why the failure to take into account the lagged effect of the economy is problematic, but why is his assignment of transition years to the new president rather than the preceding president a problem? Two years is half way into a presidential term and would seem, therefore, to be an excessive lag for taking command of the economy. Moreover, why does the one year lag rather than a longer lag hurt the economic records of the Republicans? The answers to these questions are found in a close inspection of the transitions from one presidential party to the other.

Tables 5 and 6 present the GNP growth rates around the elections in which there was a change in the party of the president. The tables present the quarterly real GNP per capita growth rates (annualized) for the year of the election, the lagged year (the first year of a presidential term), and the transition year (the second year of the presidential term). Table 5 presents the four transitions in this period that involved a change from a Democratic to a Republican president. Table 6 presents the same economic data for the transitions from a Republican to a Democratic president. The data for the George W. Bush to Barack Obama transition is incomplete at this point.

/Tables 5 and 6 about here/

¹⁰ Critics might claim that the addition of lagged economic conditions is including essentially another measure of the dependent variable to "explain" itself, thus preventing us from seeing the effects of truly independent variables. While this may be a reasonable criticism in some cases, it is not here. First, the lagged GNP data encompass a half year of independently measured economic activity. Second, the correlations between these lagged GNP quarters and the following annual GNP measures indicate a fair measure of independence. The dependent variable is correlated at .52 with the prior year's fourth quarter growth and .56 with the prior year's third quarter growth. The correlation between the two quarters of the prior year is .32.

The data in table 5 reveals that the economies in the four transitions from Democratic to Republican presidents were clearly in recession or in deep trouble late in the year in which the new Republican president took office.¹¹ To the extent that these economies were affected by the policies of any president, they were affected by the policies of the departing Democrat and not the incoming Republican. In the third or fourth quarters of their first year in office, well before they could be reasonably held responsible for the economy, the economy was going into recession for Eisenhower in 1953, for Nixon in 1969, and for Reagan in 1981. In reviewing the history of these periods, one is hard pressed to find any policy change made by these presidents in such a short period of time that would have precipitated a recession in an otherwise healthy economy.

These three recessions clearly began on the watches of Democratic presidents Truman, Johnson, and Carter. The 1953 recession has its roots in dislocations traced to the Korean War, the Steel Strike in the summer of 1952, a significant tax increase (as a share of GDP) in 1952, and the aftermath of Truman's wage and price controls in 1951 and 1952 (Tax Policy Center 2009, Hickman 1958, Time 1953). The 1969 recession has its roots in attempts to control inflationary pressures that mounted under the Johnson administration's "guns and butter" policy of the Viet Nam war and the Great Society. As *Time* magazine (1968) reported at the time, "During 1968, more than in any other year since the early 1950s, the joys of expansion were shaken and weakened by the jolts of inflation." The 1981 recession quite clearly had its roots in the array of severe economic problems at the end of President Carter's term. These problems were perhaps best conveyed in what became popularly known at the time as "the misery index," the sum of the unemployment and inflation rates. The misery index under President Carter reached its peak of 22 percent in June of 1980 (U.S. Misery Index 2009). It has rarely been over 12 percent since the mid-1980s. Along with extremely high unemployment and inflation rates, President Reagan inherited an economy from President Carter with sky-high interest rates. At the time of the 1980 presidential election, the average fixed-rate conventional thirty-year mortgage for a home was over 14 percent and on its way up (Federal Reserve Bank of St. Louis 2009). Saddled with this economic quagmire upon taking office, it makes no sense whatsoever to attribute the 1981 recession and its aftermath to President Reagan.

The record of recovery from recessions indicates that the economy normally takes some time to bounce back. In the seven completed recoveries from recessions since 1948, it took anywhere from three to six quarters for the economy to recover to the point of having

¹¹ Alesina and Rosenthal (1995, 180) also observed the presidential party association with recessions early in terms. As of their writing, "every Republican administration since the Second World War, until the second Reagan administration, had a recession that began within the first year of the term." They, however, did not link these recessions strictly with party transitions and seemed to attribute them to the newly installed president, noting that "the effect on the economy of a change in aggregate macroeconomic policy has a lag of three to five quarters...(1995, 180)." Even if this were the full from the change in policy to effect on the economy, the timing of the recessions would not allow for the time necessary to change policy and the lagged effects of the economy itself.

consecutive quarters with two percent or more real GDP growth.¹² The average was a little longer than four quarters. With the economy sinking into recession in the quarters preceding the time that Republicans were held responsible, the economic recovery would still be taking place well into their second year in office.

Presidents Eisenhower, Nixon, and Reagan began their terms having to deal with the serious economic problems left to them by their predecessors. With the economy having lagged effects, being left with the economy in bad shape makes it extremely difficult to get off to a good start.¹³ That is the injury dealt to these Republican presidents by their Democratic predecessors. Bartels adds the insult by blaming these Republican presidents for the weak economic outcomes made inevitable by the messes they inherited.

The fourth transition from a Democrat to a Republican, from Bill Clinton to George W. Bush, did not involve a recession, at least not one strictly speaking (there were not two consecutive negative change quarters). However, it is quite clear in retrospect that the economy at the end of the Clinton years was in big trouble. This was the period in which the so-called “dot.com” bubble or internet speculation burst. Though there were not two consecutive quarters of negative growth in this transition, every other quarter in the 2000 election year and in the 2001 first year of the Bush term (four of eight quarters) saw downturns in real GNP per capita. As in the three previous Democratic to Republican transitions, President Bush inherited a weak economy in 2001 and this was clearly not of his making.

Table 6 presents the Republican to Democratic presidential transitions. Unlike the Democratic to Republican transitions, with the notable exception of the current Bush to Obama case, Republican presidents left their Democratic successors with fairly healthy economies.¹⁴ The

¹² This counts quarters from the second and not the first dip in the 1980-81 “double-dip” recession.

¹³ The weak or recession economies in the lag year combined with the finding in equation 2 of table 2 of a lagged effect of the economy help to explain the weak economies in the second year of Republican terms, their transition years. The mean real GNP per capita growth rate in the four transitions was $-.5$ percent in the third quarter of the lag year and -3.4 percent in the fourth quarter. Since the average growth rate overall was 2.1 percentage points, the quarters leading up to the transition year were 2.6 and 5.5 percentage points below average. With a .35 lagged effect for one quarter to the next, these poor quarters could be expected to push the GNP below its average level by 2.2 percentage points in the first quarter of the transition year, 1.6 percentage points in the second quarter, 1.1 points in the third quarter, and .8 of a percentage point in the fourth quarter.

¹⁴ The economy was clearly in a deep recession in President Obama’s first year in office. However, unlike the recessions inherited by Republican presidents that started one or two quarters before they were deemed responsible for the economy, the 2008 recession started in the third quarter of 2008, this is six quarters before Obama “owned” the economy using the one year lag. With the average time of recovery being a little over four quarters, there is a good chance

recession at the end of the President Eisenhower's administration occurred early enough (to Vice President Nixon's detriment) that it could not be mistaken for President Kennedy's problem and was already into recovery in the second quarter of Kennedy's first year in office. Economic growth was positive throughout the first year (1961) of Kennedy's term. The economy in the Ford to Carter transition was reasonably good, though the economic growth dipped into negative territory for one quarter at the end of 1977. While there was great hand-wringing about the economy near the end of the George H.W. Bush presidency (recall the "it's the economy, stupid" mantra of the Clinton campaign) and while there was one quarter of no growth and two quarters of sluggish growth in the first year of the Clinton presidency, there were not a single quarter of economic contraction in the 1992 election year or in the first year of the Clinton presidency. In the four transitions from Republican to Democratic presidents, only the most recent and incomplete one (Bush to Obama) involved a recession and that may have bottomed out early enough that it might not drag down growth rates in the new administration's second year.

As noted above, Bartels observes that partisan differences are greatest in the second year of a presidential term. He contends that this is presidential party differences would be most clearly in evidence since presidents enjoy a "honeymoon" period in the beginning of a term and would get much of the policy change they request from Congress.¹⁵ The counter claim made here is that the "honeymoon" year when the president of a different party has moved into the White House is when the effects of the new president are most difficult to see. In these transition years the effects of the prior administration have their greatest impact on the perceived record of the new administration. This is particularly the case when the previous administration leaves office on the eve of a recession, as happened in three of the four transitions to Republican presidents.

The economic records of Democratic and Republican presidents are evaluated in table 7 for both all "honeymoon" years since 1948 (second years of presidential terms) and for all "honeymoon" years that have followed partisan turnover in the presidency (transition years). In terms of differences in annual growth rates of GNP per capita, Bartels is clearly correct. In all "honeymoon" years, there has been nearly a 5 percentage point difference between the parties in growth rates whether one considers all transition years or just those following party change. However, when these growth rates are compared to where the economy had been in the last half of the previous year, the basis for these differences is clarified both in "honeymoon" years and in transition years. Annual growth rates under Republicans are weak, because the economies that they inherited were weak. Annual growth rates under Democrats were stronger, because the economies that they inherited were in reasonably good shape. Neither party had a significantly better record in improving upon the economic growth that they inherited whether "honeymoon" years in general or transition years in particular are examined.

that the 2008 recession will no affect economic growth on Obama's watch.

¹⁵ A counter-argument is that the consequences of a presidential party's policies should be more evident after the party had been in office for a longer period rather than its second year in power. After some years in office, the residual effects of the prior party's policies should be less in evidence and the cumulative effects of the current party's policies should be more in evidence.

/Table 7 about here/

Have Unemployment Rates Been Lower Under Democratic Presidents?

Bartels (2008, 48) found that unemployment rates averaged about 4.8 percent under Democratic presidents and 6.3 percent under Republican presidents from 1948 to 2005. As equation 1 in table 8 indicates, this 1.4 percentage point difference only dipped slightly to 1.3 percentage points with the addition of the three most recent years. Equation 1, however, also indicates that there is significant autocorrelation. This may reflect the “stickiness” of unemployment. There is a good deal of inertia to unemployment.

/Table 8 about here/

To control for the inertia of unemployment, the lagged value of unemployment is introduced into the equation in equation 2.¹⁶ The estimation indicates that there is, indeed, a lagged effect of unemployment from one year to the next. Nearly seventy percent of the unemployment rate is carried over from year to year. The amount of variance explained tripled from equation 1. While the expected party difference is reduced from 1.3 percentage points to .7 percentage points in this specification, that difference would become magnified over a president’s term to a difference of about 1.8 percentage points because of the lagged effects of unemployment.¹⁷ Over a four year term, the average annual presidential party difference (including the lagged effects) is about a 1.3 percentage point lower unemployment rate under a Democratic president, about that estimated without the lagged unemployment effect. This is consistent with Bartels’ findings (2008, 50)

Since it is clear that there is a good deal of continuity in the economy, that economic conditions in the preceding quarters carryover a good deal into subsequent quarters (recall table 4), equation 3 includes the growth rates for the real GNP per capita (annualized) in the two quarters prior to the year in which unemployment is measured.¹⁸ This supplements the lagged effect of unemployment itself. The controls for the prior economic conditions, generally and for unemployment specifically, account for more than 80 percent of the annual variation in annual

¹⁶ Bartels also examined lagged unemployment effects (2008, 50).

¹⁷ The estimated .73 party difference in the first year is compounded through the lagged effect in the second year ($.73 + (.68 \times .73) = 1.23$) and that continues throughout the term.

¹⁸ Equation 3 was also examined with the lagged GNP change for the full prior year instead of the last two quarters. The lagged economy was statistically significant, but equation was weaker than including the prior two quarters and the party difference, though reduced to .6 percent, remained statistically significant. As in table 4's analysis, the first half of the previous year does not appear to matter much to the following year, but the more recent half of the previous year has a strong impact on general growth as well as on unemployment.

unemployment rates. They also indicate that there are essentially no differences in the records of the presidential parties with respect to unemployment.¹⁹

When the transition years are excluded, as they are in equation 4, the party difference drops to about half of a percentage point. If the transition years are reassigned to the previous president, as they are in equation 5, and we have seen some good reasons for doing so (employment tends to be the last part of the economy to recover from a recession), then there is no significant partisan difference in unemployment. The bottom line is that partisan differences in unemployment rates were substantially overstated by Bartels's analysis. The best evidence is that there are no party differences with respect to unemployment rates.

Has Income Inequality Increased More Under Republican Presidents?

The centerpiece finding of Bartels' study was that income inequality was diminished slightly under the administrations of Democratic presidents and increased substantially under the administrations of Republican presidents (2008, 32-34). The finding is based on an examination of average annual income growth rates under Democratic and Republican presidents for those with incomes at the twentieth, fortieth, sixtieth, eightieth, and ninety-fifth percentiles. Under Democratic presidents, income growth was slightly greater for those at lower income levels than at higher income levels. Under Republican presidents, income growth was much greater for those at higher income levels. At each income level, income growth was greater under Democrats than under Republicans, but this was especially the case for those at lower income levels.

The presidential partisan difference of income growth for the five income levels are updated in table 9. The party differences are quite close to those found by Bartels. At all income levels, growth was greater under Democratic presidents, though the differences were greater at lower income levels and were not statistically significant among those with higher incomes. As in the case of economic growth generally, even at the lowest income levels, the presidential party did not account for much of the variance in income growth.

/Table 9 about here/

As we have seen with respect to both general economic growth and unemployment rates, the growth of incomes in a year depend in part on the condition of the economy leading up to that year. The growth in real GNP per capita in the third and fourth quarters of the previous year are included in the analyses of income growth at the five levels in the regression equations estimated in table 10. When the state of the economy in the quarters immediately preceding a year are taken into account, there are no significant differences between the parties in the growth

¹⁹ The lagged effects have no implication for magnifying party differences in equation 3 since the main effects of the presidential party were estimated as making no significant difference to unemployment.

of incomes at any level.²⁰ The state of the economy leading into a year appears to matter most to those at lower income levels. This explains why there appeared to be party differences in income growth when the health of the prior economy was not taken into account. Of course, the idea that general economic growth helps those at the lower end of the economic spectrum the most would seem to lend support for the conservative contention that “a rising tide lifts all boats” and challenges the derisive label of “trickle down economics” frequently applied by critics of this perspective.

/Table 10 about here/

As with general economic growth, the income inequality finding depends *entirely* on the assumption of a one year lag and the attribution of economic outcomes in the second (or transition) year to the new presidential party. As the regression results in tables 11 and 12 indicate, when the seven transition years are set aside (table 11) or reassigned to the previous president (table 12), there are no statistically significant presidential party differences in income growth at any income level.²¹ The presidential party explains virtually no variance in income growth at any income level when the transition years are set aside or reassigned.

/Tables 11 and 12 about here/

The case for either setting the transition year aside or reassigning it to the prior presidential party is based on both the lagged economic effects that were found with respect to general economic growth and the very weak economies that were left to Republican presidents by their Democratic predecessors.²² In three of the four Democratic to Republican transitions, the economy went into recession late in the new Republican president’s first year, well before his policies could have had any appreciable effect and when his predecessor’s policies were still likely to have had a good deal of effect. While technically not in recession, the economy in the fourth case (Clinton to Bush) was teetering on the brink. These Republican presidents inherited economies that initially prevented the improvement of incomes at any level.

²⁰ As in the reanalysis of GNP growth and unemployment rates, taking GNP growth in the previous year into account reduced the estimated party differences but they remained statistically significant. As with growth and unemployment, income growth in a year is affected by the state of the economy in the last half of the previous year, but not economic conditions in the beginning of that year.

²¹ The Durbin-Watson statistics in table 11 with the transition years excluded indicate the likely presence of autocorrelation. Taking the prior quarters of economic growth into account (table 10), appears to alleviate the autocorrelation problem.

²² Quarterly income growth data at different income levels are not available to use to demonstrate lagged effects of income growth under the previous administration.

Discussion

After documenting what he terms as the “superior historical performance of Democratic presidents in generating income growth for middle-class and poor families over the past half century (295),” Larry Bartels closes *Unequal Democracy* using the Katrina hurricane disaster as a metaphor for the American political economy. He observes that:

Imperfect as they are, the processes and institutions of American democracy provide us with consequential choices. We can reinforce the levees; we can divert some of the fastest-running waters; and we can insist that the most vulnerable among us not be abandoned when the affluent flee to higher ground (Bartels 2008, 303).

Intended or not, it is difficult not to read Bartels’ message as a call for the reinvigoration of class politics in America, a rising up against “the new gilded age” that he judges to be “a retrogression of historic scope (2008, 13).”

Bartels finds an alarming growth in income inequality and a partisan political basis for that inequality. Much of the analysis flows from these basic claims. These findings raise the question pursued in much of the book of why there has not been a groundswell of support for redistributive policies. If Democrats are reducing income inequality and unemployment and at the same time facilitating greater economic growth generally and if the economy plays such a big role in presidential voting (Erikson 1989, Nadeau and Lewis-Beck 2001), what is getting in the way of Democratic political dominance? How can Republican presidents get elected? What is wrong with the voters? Are they voting out of ignorance? Are they being duped by unscrupulous Republicans? Are they voting their unenlightened interests?

While there are many grounds on which this study of American political economy can be challenged, the principal challenge made here is that the basic claims about party differences are wrong.²³ The premises generating these questions are false. There is no mystery to solve. The belief that Democratic presidents improve economic growth and reduce unemployment and income inequalities is a myth. Contrary to Bartels’ analysis, there has not been a significant

²³ Among the many points of contention might be that many voters may see the political conflict as not between “the haves” and “the have nots,” but between taxpaying citizens and the government bureaucracy and their allies. Additionally, the nature of the growth in inequality argues against its political relevance. As the data show, much of the growth in inequality is among such a rarified portion of the super-rich that it has little bearing on the lives of average Americans. As Bartels notes “income gains among the ultra-rich have vastly outpaced those among the merely affluent (2008, 10).” Those at the high end of the income spectrum are so far removed from the lives of average Americans that additional growth in their incomes may not be perceptible to average Americans. Put differently, average Americans are not likely to be able to see the difference between the lifestyles of those who make two million dollars a year and those who make a hundred million dollars a year. Both are well outside their frames of reference. In addition, many Americans might not see that the incomes of those at the high end of the income distribution are at their expense.

partisan difference in the economic records on growth or income distribution, much less a consistently large partisan difference. First, whatever differences in economic outcomes one could conceivably associate with the presidential party terms are strictly limited to the seven years in which a transition occurred between the presidential parties. Bartels' finding is not a finding regarding 58 (or now 61) years of American economic history, but essentially is a finding regarding only seven years of economic history. Take away these seven years and there are no significant party differences in economic outcomes. Second, the assignment of responsibility for economic conditions during these seven years in contention was misplaced in Bartels' analysis.

Since 1948 the presidency has changed hands between the political parties eight times (with seven transitions completed at this writing). It is on these occasions that one might see the differences between the parties, but it is also at these times when the responsibility for economic conditions can become blurred and the economic conditions that one party helped to create may be incorrectly assigned to the other party. This is where this analysis and Bartels' diverge. Based on past macroeconomic research and the fact that "it also fits the observed data better" than other lags, Bartels specified that presidents should be held responsible for the economy one year after they are inaugurated and that they remain responsible for the economy one year after they leave office. This lag may not, however, accommodate the time necessary to ramp up policies for the new president, to dissipate the lingering policy effects of the outgoing president, or to separate the substantial overlapping policy effects of the two.²⁴ Also, though he carefully examined a variety of circumstances and possible confounding factors (including the lagged annual GNP growth rate) and still found party differences in income growth rates (2008, 50-1), Bartels did not examine how economic conditions in the quarters immediately prior to a new president's watch may have affected economic developments early in a presidential term.

As this analysis has documented, in all four transitions from Democratic to Republican presidents since 1948, the economies inherited by new Republican presidents were in very bad shape. In three of the four cases, the economy was going into recession at the end the new president's first year in office. In the fourth case, the transition from Bill Clinton to George W.

²⁴ Bartels cites two macroeconomic studies (Christiano et al. 1999 and Blanchard and Perotti 2002) as the basis for designating the partisan policy effects as being lagged by one year. Blanchard and Perotti (2002), however, only examine the effects of tax and spending "shocks" on economic outcomes and not on the time that it takes to create, enact, and implement policies that would have those "shocks." They also find the effects of tax cuts and government spending to vary under different assumptions (2002, 1344). The effects of tax cuts, for instance, maxed out after anywhere from five to seven quarters. Both of these findings suggest a longer lag, though it is also likely that some effects would be more quickly felt because of anticipated policies. The second basis for selecting this lag, the fact that it fit the data better, can be interpreted in two ways. Some might regard this approach as "cherry picking" to produce evidence that fits the desired conclusion. As intended, the lag with the best fit was selected since measurement error in the lag would weaken estimated effects. In either case, we are able to probe the robustness of the results to the choice of the lag.

Bush, the economy was quite weak. By the one year lag rule used by Bartels and by most reasonable views of how long it takes for a new president to take ownership of the economy, these weak economies belonged to the previous Democratic presidents and not to the new Republican presidents. The economies in the second year of these Republican presidencies (the transition year) were shaky because they were bringing the economies out of the previous presidents' recessions. In contrast, in the three transitions from Republican to Democratic administrations, the economy inherited by the new Democratic presidents were in reasonable shape and certainly not going into recession or near-recession. Once the difference in inherited economies is taken into account, either by setting these transition years aside or by reassigning them to the presidents that had greater responsibility for these economic conditions, it becomes clear that there have been no significant differences between the presidential parties on economic growth, unemployment or income inequality.

The fact that economic conditions were in recession or just short of recession in the months immediately before each of the four transitions from Democratic to Republican presidents is beyond dispute. Prior to the current transition period from Bush to Obama, it was also beyond dispute that none of the economies that Republican presidents left to their Democratic successors were in such bad shape in the months before the new president was held responsible for the health of the economy. The differences in the economies that each party inherited explains why it appeared that Democrats had greater success in managing economic growth and reducing income disparities. But why is it that Democrats left their Republican successors with such weak economies, while Republicans did not leave their Democratic successors with such problems?

At this point, I can only speculate about the answer to the inherited economy question. The difference in inherited economies may be simply a matter of chance, bad luck for Republican presidents and good luck for Democratic presidents. In the 60 years from 1948 there have been eight recessions and seven full transitions.²⁵ There is some possibility, though the odds would seem to be remote, that three of the Republican transitions simply overlapped with three of the eight recessions.

Perhaps a more plausible explanation involves partisanship and suggests that the inherited economy problem is a "selection issue." Throughout much of the post-WWII period, Democrats were clearly the majority party. Because of this, in order for Republicans to win the White House, Democratic presidents had to have failed in some important way on performance grounds. A seriously weakening economy is an obvious important issue that might have caused voters to reject Democrats continuing in office. In short, it may have been the case that Republicans were able to win the presidency in a Democratic era because Democratic presidents were presiding over economies on the brink of recession. By the time that the newly elected

²⁵ The count is based on 2009 real GDP data and counts as a recession two consecutive quarters of "negative growth." The 1980 and 1981 "double dip" recession is counted as one. The other recessions were in 1949, 1953, 1957, 1969, 1974, 1990, and 2008. Unlike Dolan, Frensdreis, and Tatalovich (2008, 259), these data do not identify recessions in 1960 or 2001.

Republican was in office for a year, the economy had slipped into recession. On the other hand, as the minority party during most of this period, Democrats could defeat Republicans without the prior Republican having a poor economic record.

Another possible explanation concerns differences in the timing of the costs and benefits of the parties' economic policies. Traditional conservative economic policies of "sound money" and lower deficits, though not practiced regularly by Republicans in recent years, may pay their costs up front and enjoy their benefits of stronger growth in later years. Traditional liberal economic policies such as stimulus spending programs, on the other hand, may produce their economic benefits more quickly and their costs (overheated economy, inflation, etc.) may be paid much later. This "later" may be around the time they are leaving office or even shortly after they have left.

While these scenarios are matters of speculation, what is not speculation is that the economies inherited by new Republican presidents were weak and that those inherited by Democrats were not and, in not taking this critical difference into account, Bartels incorrectly concluded that Democratic presidents had significantly stronger economic records than Republican presidents. The parties are different in many important ways and may well have important long-term economic differences between them, but the economic outcomes that the presidential parties have presided over during the tenure of their administrations have not been significantly different. The claim that Democratic presidents have had a significantly better record of economic achievement than Republican presidents simply is not supported by the evidence.²⁶

²⁶ The complications of the lagged effects of the economy and the uncertain lag in presidential party responsibility for the economy not only may have misled Bartels and his predecessors Hibbs (1987) and Alesina and Rosenthal (1995) about the parties' relative records of contemporary economic performance, but the public as well. Impatient voters are unlikely to consider, appreciate, or accept explanations of political responsibility that involve lags in the political process, implementation, and the economy itself. They may grant a new president a few months as a "grace period," but not much more. This difference in the lag in the real world and that of an impatient public would explain why the public consistently regards Democrats favorably and Republicans unfavorably on the economy, at least as measured by Mark Brewer's analysis of first responses to the open-ended party likes-dislikes questions in NES surveys from 1952 to 2004 (Brewer 2009, 14).

Table 1. Gross National Product Performance (annual data) under Democratic and Republican Presidents, 1948-2008

Dependent variable: Real GNP per capita Growth (%) annual data

<i>Independent Variables</i>	<i>Bartels' Analysis Updated (1.)</i>	<i>Treatment of the Transition Years</i>	
		<i>Excluded (2.)</i>	<i>Reassigned (3.)</i>
Democratic President (lagged one year)	1.25* (.58)	.74 (.60)	-.03 (.60)
Constant	1.60	1.98	2.14
N	61	54	61
Adjusted R ²	.06	.01	.00
Standard Error of Estimate	2.24	2.17	2.33
Durbin-Watson	1.99	1.91	1.94

* $p < .01$, one-tailed. Standard errors are in parentheses. Democratic presidents are coded as 1 and Republican presidents are coded as zero. See table 2.4 in Bartels (2008, 48). The transition years are 1954, 1962, 1970, 1978, 1982, 1994, and 2002. The reassignment of these years means that the previous president's policies are considered to have been responsible for the economic conditions of these years. The real GNP per capita data are from BEA's National Income and Products Accounts table 7.1. The data are chained 2005 dollars and were last revised on September 30, 2009.

Table 2. Gross National Product Performance (quarterly data) under Democratic and Republican Presidents, 1948-2008

Dependent variable: Real GNP per capita Growth (%) quarterly data

<i>Independent Variables</i>	<i>Treatment of GNP Lag</i>		<i>Treatment of Transition Years (GNP Lag Included)</i>	
	<i>Excluded (1.)</i>	<i>Included (2.)</i>	<i>Excluded (3.)</i>	<i>Reassigned (4.)</i>
Democratic President (lagged one year)	.94* (.53)	.48 (.49)	.33 (.52)	-.12 (.49)
Real GNP per capita lagged by one quarter	–	.35* (.06)	.39* (.06)	.36* (.06)
Constant	1.70	1.14	1.16	1.37
N	246	246	217	246
Adjusted R ²	.01	.13	.15	.13
Standard Error of Estimate	4.07	3.81	2.14	3.82
Durbin-Watson	1.29	na	na	na

* $p < .05$, one-tailed. Standard errors are in parentheses. The transition years are 1954, 1962, 1970, 1978, 1982, 1994, and 2002. The reassignment of these years means that the previous president's policies are considered to have been responsible for the economic conditions of these years. The real GNP per capita data are from BEA's National Income and Products Accounts table 7.1. The data are chained 2005 dollars and were last revised on September 30, 2009.

Table 3. The Economic Records of the Presidential Parties at Different Quarterly Lags in Presidential Responsibility and the Lagged Effects of the Economy (quarterly changes in Real GNP per capita), 1948-2008

First Quarter of the Presidential Term that the President Can Be Held Accountable Reasonably for the State of the Economy	Presidential Party Difference	
	Economic Lag Excluded	Economic Lag Included
2 nd Quarter	1.61**	.98*
3 rd Quarter	1.33**	.78
4 th Quarter	.94*	.47
5 th Quarter	.55	.21
6 th Quarter	.16	-.03

**p<.01, one-tailed; *p<.05, one-tailed.

Table 4. Gross National Product Performance (annual data) under Democratic and Republican Presidents, 1948-2008

Dependent variable: Real GNP per capita Growth (%) annual data

<i>Independent Variables</i>	<i>Bartels' Analysis Updated (1.)</i>	<i>Treatment of GNP Lags</i>		
		<i>Prior Year Included (2.)</i>	<i>Prior 4th Qtr Included (3.)</i>	<i>Prior 3rd and 4th Qtr Included (4.)</i>
Democratic President (lagged one year)	1.25* (.58)	1.31* (.60)	.73 (.52)	.41 (.47)
Lagged Real GNP per capita growth, prior year	–	–.06 (.13)	–	–
Lagged Real GNP per capita growth, 4 th quarter	–	–	.28* (.07)	.21* (.06)
Lagged Real GNP per capita growth, 3 rd quarter	–	–	–	.30* (.07)
Constant	1.60	1.69	1.35	.99
N	61	61	61	61
Adjusted R ²	.06	.04	.27	.42
Standard Error of Estimate	2.24	2.26	1.97	1.75
Durbin-Watson	1.99	1.89	1.63	2.20

*p<.05, one-tailed.

Table 5. Quarterly Change in Real GNP (annualized) Per Capita in the Transitions from Democratic to Republican Presidents, 1948 to 2009

<i>Political Timing from Election Year</i>	<i>Qtr</i>	<i>Truman to Eisenhower, 1952-54</i>	<i>Johnson to Nixon, 1968-70</i>	<i>Carter to Reagan, 1980-82</i>	<i>Clinton to Bush, 2000-02</i>
Pre-campaign	1 st	2.2	7.6	.2	-.2
	2 nd	-1.1	6.0	-9.3*	7.1
Campaign	3 rd	.9	1.7	-2.2	-0.9
Election	4 th	11.7	.6	5.4	2.3
Inauguration Lag Year	1 st	6.0	5.6	7.9	-2.8
	2 nd	1.7	.1	-4.2	2.0
	3 rd	-4.4*	1.3	4.0	-3.0
	4 th	-7.9	-3.0*	-5.3*	2.8
Transition Year	1 st	-3.3	-1.5	-7.4	1.0
	2 nd	-1.1	-0.4	1.8	0.5
	3 rd	2.7	2.2	-3.3	1.5
	4 th	6.4	-5.7	-0.8	-0.2
Negative Quarters in the Lag Year		2	1	2	2
In Recession in the Lag Year?		Yes	Yes	Yes	No

* An official onset of a recession, first of two consecutive quarters of negative “growth” in real GDP according to BEA data from September 2009. The real GNP per capita data are from BEA’s National Income and Products Accounts table 7.1. The data are chained 2005 dollars and were last revised on September 30, 2009.

Table 6. Quarterly Change in Real GNP (annualized) Per Capita in the Transitions from Republican to Democratic Presidents, 1948 to 2009

<i>Political Timing from Election Year</i>	<i>Qtr</i>	<i>Eisenhower to Kennedy, 1960-62</i>	<i>Ford to Carter, 1976-78</i>	<i>G.H.W. Bush to Clinton, 1992-94</i>	<i>G.W. Bush to Obama, 2008-10</i>
Pre-campaign	1 st	5.7	8.2	3.2	-1.9
	2 nd	-3.2	2.3	2.9	-.6
Campaign	3 rd	-.9	.9	2.4	-2.8*
Election	4 th	-6.6	1.9	2.9	-7.6
Inauguration Lag Year	1 st	1.0	4.3	.0	-7.3
	2 nd	5.8	7.0	.9	-1.8
	3 rd	4.9	6.0	1.1	-
	4 th	6.6	-1.7	3.1	-
Transition Year	1 st	5.8	1.0	3.2	-
	2 nd	3.3	14.5	4.1	-
	3 rd	2.2	3.1	1.1	-
	4 th	-.2	4.7	3.2	-
Negative Quarters in the Lag Year		0	1	0	2?
In Recession in the Lag Year?		No	No	No	Yes

* An official onset of a recession, first of two consecutive quarters of negative “growth” in real GDP according to BEA data from September 2009. The real GNP per capita data are from BEA’s National Income and Products Accounts table 7.1. The data are chained 2005 dollars and were last revised on September 30, 2009.

Table 7. Presidential Parties and Economic Growth in “Honeymoon” and Transition Years, 1948-2008

<i>President's Party</i>	<i>Mean Growth in Real GNP per capita</i>			
	<i>All “Honeymoon” Years</i>		<i>Transition Years</i>	
	<i>Annual Growth</i>	<i>Change from Last Half of Prior Year</i>	<i>Annual Growth</i>	<i>Change from Last Half of Prior Year</i>
Democrats	4.47	1.44	3.86	.56
Republicans	-.51	-.04	-1.32	.66
Difference	4.98*	1.48	5.18*	-.11

*p < .05, one-tailed. For “honeymoon” years, there were 6 years of Democratic presidents and 9 years of Republican presidents. For transition “honeymoon” years (a new presidential party), there were 3 Democratic presidents and 4 Republican presidents.

Table 8. Unemployment under Democratic and Republican Presidents, 1948-2008*Dependent variable: Unemployment (%) annual data*

<i>Independent Variables</i>	(1.)	<i>With Unemployment Lagged</i>			
		<i>Lagged Quarterly Real GNP pre capita</i>		<i>Treatment of Transition Years</i>	
		<i>Excluded</i> (2.)	<i>Included</i> (3.)	<i>Excluded</i> (4.)	<i>Reassigned</i> (5.)
Democratic President (lagged one year)	-1.31* (.34)	-.73* (.25)	-.21 (.18)	-.51* (.27)	-.14 (.28)
Lagged Unemployment	–	.68* (.08)	.81* (.06)	.71* (.09)	.72* (.10)
Lagged Real GNP per capita growth, 4 th qtr	–	–	-.12* (.02)	–	–
Lagged Real GNP per capita growth, 3 rd qtr	–	–	-.12* (.03)	–	–
Constant	6.15	2.15	1.62	1.76	1.63
N	61	61	61	54	61
Adjusted R ²	.19	.61	.82	.63	.56
Std. Error of Estimate	1.32	.91	.62	.87	.97
Durbin-Watson	.48	na	na	na	na

*p <.05, one-tailed. Standard errors are in parentheses. The Durbin-Watson statistic is not appropriate with a lagged dependent variable.

Table 9. Real Income Growth Rates by Income Level and Presidential Partisanship, 1948-2008*Dependent variable: Average Annual real pre-tax income growth (%) for families at various points in the income distribution*

<i>Independent variable</i>	<i>20th percentile</i>	<i>40th percentile</i>	<i>60th percentile</i>	<i>80th percentile</i>	<i>95th percentile</i>
Democratic President (lagged one year)	2.20* (.94)	1.66* (.73)	1.35* (.66)	1.03 (.63)	.34 (.74)
Constant	.34	.70	1.01	1.25	1.68
N	61	61	61	61	61
Adjusted R ²	.07	.07	.05	.03	.00
Standard error of est.	3.62	2.82	2.56	2.43	2.87
Durbin-Watson	1.53	1.63	1.46	1.41	1.68

* p < .05, one-tailed.

Table 10. Real Income Growth Rates by Income Level, Presidential Partisanship, and Lagged GNP Growth, 1948-2008*Dependent variable: Average Annual real pre-tax income growth (%) for families at various points in the income distribution*

<i>Independent variable</i>	<i>20th percentile</i>	<i>40th percentile</i>	<i>60th percentile</i>	<i>80th percentile</i>	<i>95th percentile</i>
Democratic President (lagged one year)	1.00 (.80)	.86 (.68)	.74 (.64)	.52 (.62)	.08 (.77)
Lagged Real GNP per capita growth, 4 th qtr	.21* (.10)	.19* (.09)	.12 (.08)	.07 (.08)	-.01 (.10)
Lagged Real GNP per capita growth, 3 rd qtr	.54* (.12)	.30* (.10)	.26* (.10)	.25* (.10)	.18 (.12)
Constant	-.61	.11	.54	.83	1.43
N	61	61	61	61	61
Adjusted R ²	.37	.26	.19	.14	.00
Standard error of est.	2.98	2.51	2.36	2.28	2.86
Durbin-Watson	1.56	1.60	1.56	1.50	1.79

* p < .05, one-tailed.

Table 11. Real Income Growth Rates by Income Level and Presidential Partisanship, 1948-2008 (transition years excluded)

Dependent variable: Average Annual real pre-tax income growth (%) for families at various points in the income distribution

<i>Independent variable</i>	<i>20th percentile</i>	<i>40th percentile</i>	<i>60th percentile</i>	<i>80th percentile</i>	<i>95th percentile</i>
Democratic President (lagged one year)	1.50 (1.00)	1.30 (.80)	1.05 (.73)	.68 (.69)	.16 (.83)
Constant	.82	1.01	1.31	1.46	1.76
N	54	54	54	54	54
Adjusted R ²	.02	.03	.02	.00	.00
Standard error of est.	3.62	2.90	2.63	2.52	3.00
Durbin-Watson	1.26	1.25	1.14	1.23	1.74

* p < .05, one-tailed.

Table 12. Real Income Growth Rates by Income Level and Presidential Partisanship, 1948-2008 (transition years reassigned)

Dependent variable: Average Annual real pre-tax income growth (%) for families at various points in the income distribution

<i>Independent variable</i>	<i>20th percentile</i>	<i>40th percentile</i>	<i>60th percentile</i>	<i>80th percentile</i>	<i>95th percentile</i>
Democratic President (lagged one year)	.36 (.98)	.54 (.74)	.42 (.68)	.14 (.64)	-.06 (.74)
Constant	1.12	1.17	1.41	1.63	1.85
N	61	61	61	61	61
Adjusted R ²	.00	.00	.00	.00	.00
Standard error of est.	3.78	2.93	2.64	2.49	2.88
Durbin-Watson	1.55	1.68	1.48	1.44	1.68

* p < .05, one-tailed.

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