



Memo

To: Interested Parties
Fr: Chris Murphy and Simon Rosenberg
Dt: Monday, February 27th, 2017
Re: Memo: In A New Global Age, Democrats Have Been Far Better for the US Economy, Deficits and Incomes (updated)

Overview – With the debate in Washington soon to turn to budget and economic matters, we have updated and are releasing a memo we first [produced](#) in 2016. This short memo looks at the economic performance of the two American political parties when in the White House since the end of the Cold War.

We use 1989 as a starting point for comparison because when it comes to the American and global economies, the collapse of Communism and the non-aligned movement ushered in a new, truly global economic era, one very different from the one that came before. It is thus fair to see how the two parties have adapted to the enormous changes this new era has offered, and whether their policies have helped America prosper or struggle as we and the world changed.

As you will see from the following analysis, the contrast between the performance of the Democrats and Republicans in this new economic era is stark: **2 GOP Presidencies brought recessions, job loss, higher annual deficits, and struggle for workers; the 2 Democratic Presidencies brought recovery and growth, job and income gains, and lower annual deficits.**

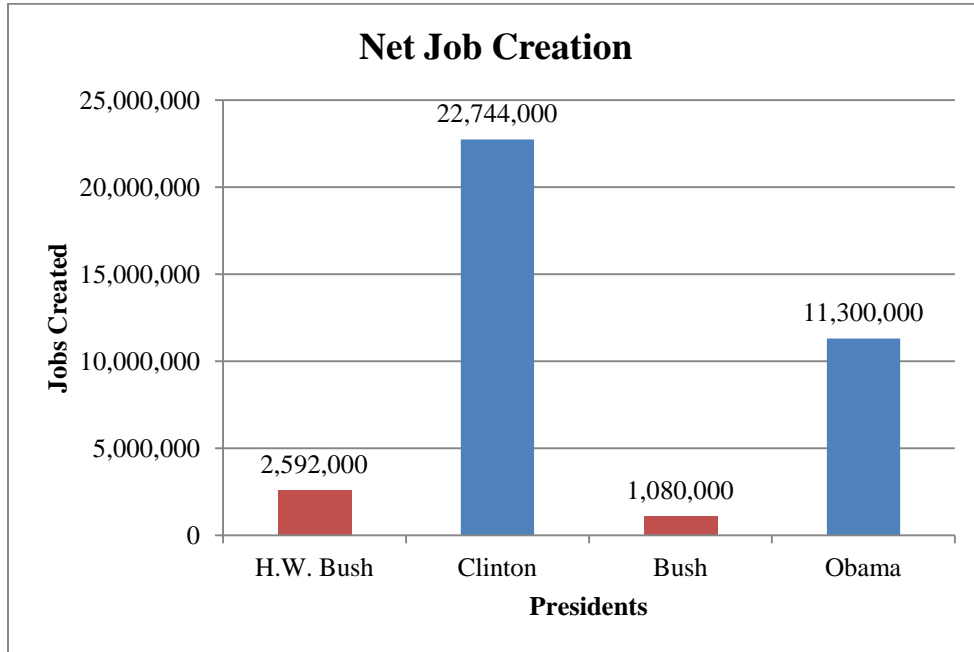
Based on these findings it is fair to assert that over the past generation the Democratic Party has been far more effective at crafting effective responses to a new economic era than the Republican Party. This case is bolstered, of course, when recalling the GOP's spirited predictions of economic calamity when opposing both the 1993 Clinton economic plan and budget and the 2009/2010 Obama stimulus and "job-killing" Affordable Care Act. The Republicans have gotten it wrong now in four consecutive Presidencies.

While it will not be the subject of this short memo, our findings raise questions about whether the characterizations of the US economy as one not producing income and wage gains either over 40 years or over the past 15 years are accurate. It would appear that a more accurate description of the US economy in recent years is that with smart policies, Americans can prosper even in a more challenging and competitive global age.

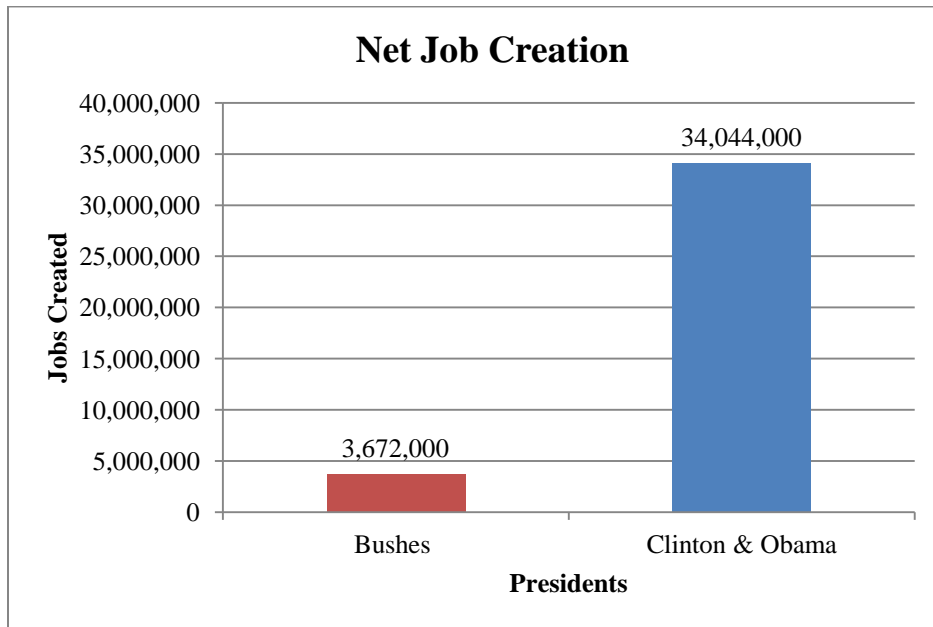
We hope that commentators and policy makers keep the findings of this memo in mind as the Republicans roll out their budget and economic plans in the coming weeks. The Party's track record on economic matters in this new age of globalization is not something that should inspire confidence in voters looking for plans that create jobs, raise wages and lower the annual deficit. It has been the other Party that has done that.

Job Growth

The two recent Democratic Presidencies saw long, sustained periods of job growth. Over the Clinton and Obama Presidencies almost 35 million net new jobs were created. During the two Bush Presidencies, only 3.7 million jobs were created, a fraction of what the Democrats were able to achieve. The two Democratic presidents on average Democrats created almost 7 times as many jobs per year as their Republican counterparts.



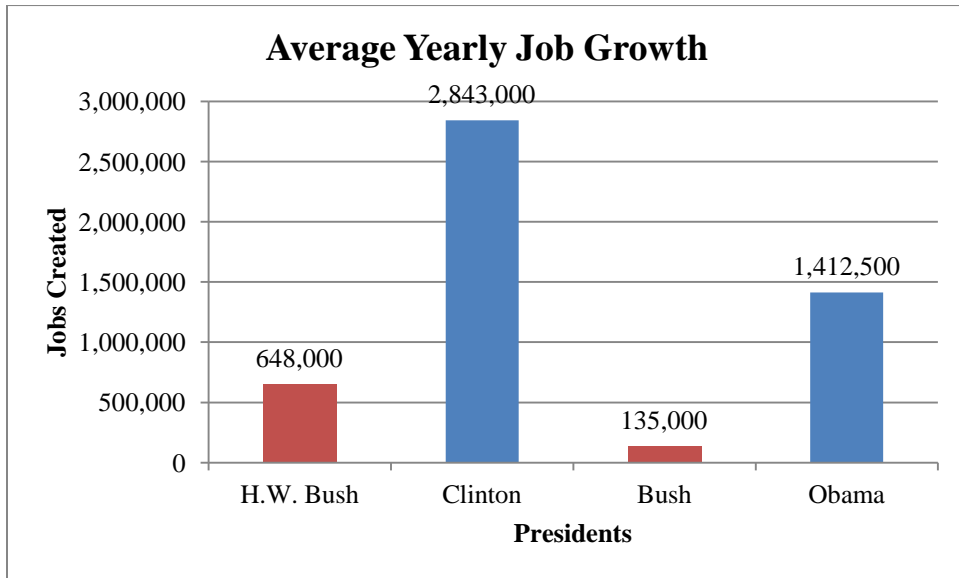
Source: [Bureau of Labor Statistics](#), [White House](#) and [CNN Money](#)



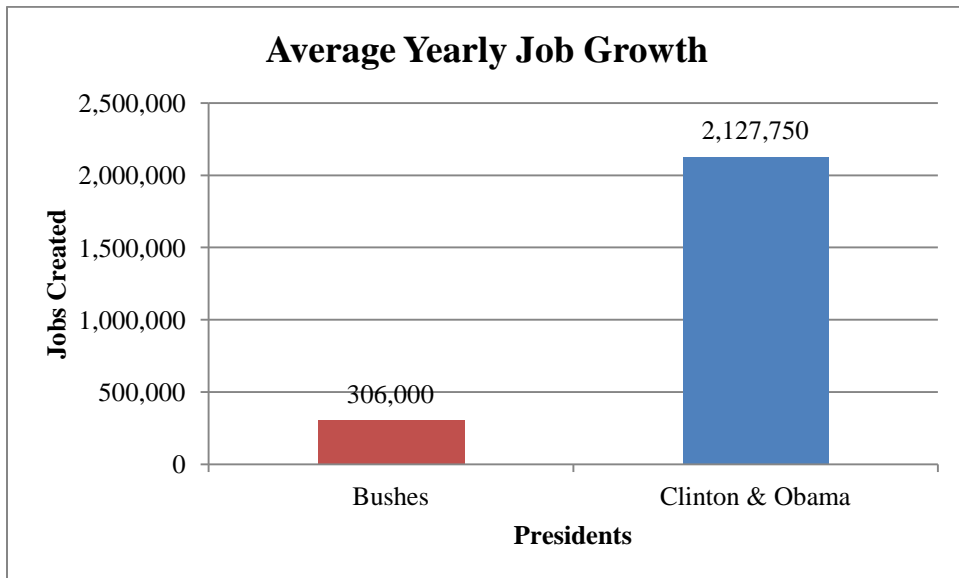
Source: [Bureau of Labor Statistics](#), [White House](#) and [CNN Money](#)

Job Growth (Page 2)

In addition to net job creation, both Democratic presidents well outperformed their predecessors in terms of average yearly job growth.



Source: [Bureau of Labor Statistics](#), [White House](#) and [CNN Money](#)



Source: [Bureau of Labor Statistics](#), [White House](#) and [CNN Money](#)

Unemployment Rate

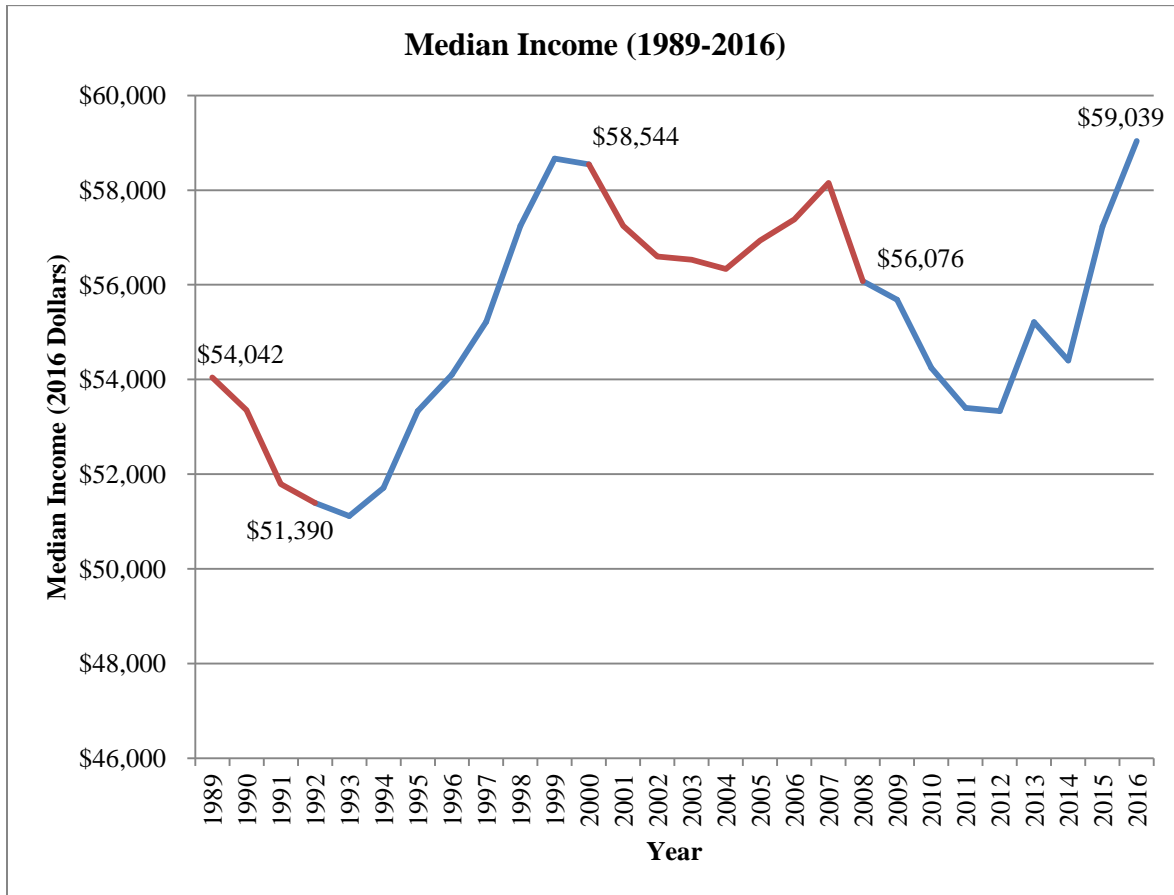
Both Democratic presidents saw more than a 3% point decrease in the unemployment rate during their terms. The Bushes saw increases in the unemployment rate by more than 2% and 3% points respectively.



Source: [Bureau of Labor Statistics](#)

Income

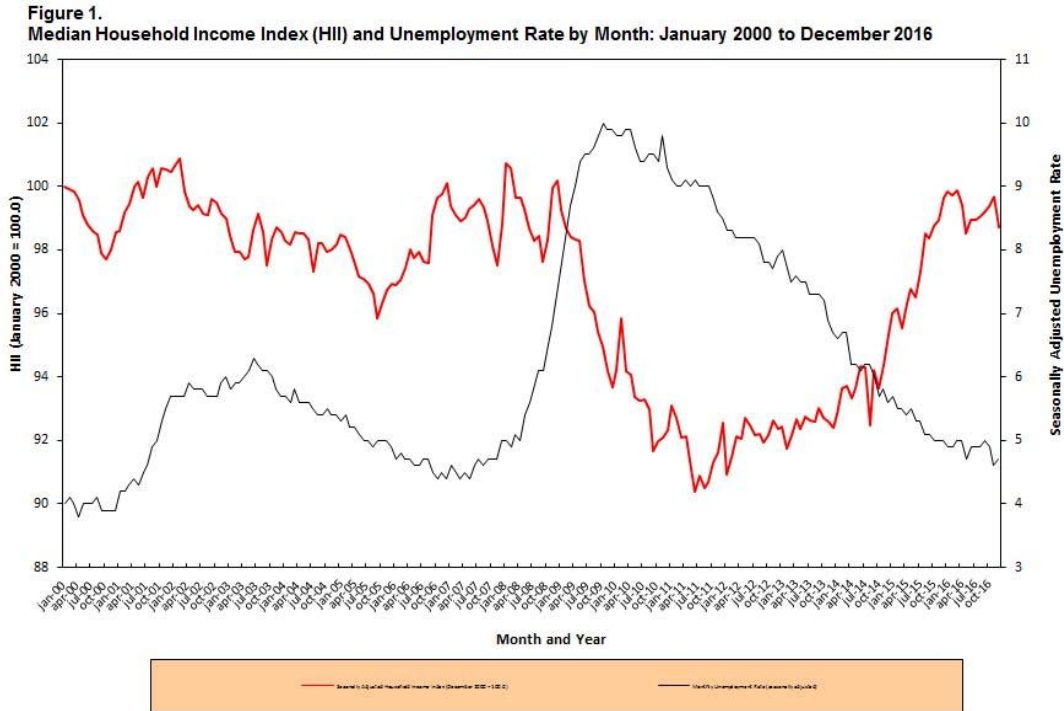
Both Bush Presidencies saw Americans experience decline in their incomes, while during the Clinton and Obama Presidencies Americans experienced gains. The 2015 increase in median income of almost \$3,000 is the largest ever recorded since statistics began being kept in 1967. According to latest [Census Bureau](#) data and analysis from [Sentier Research](#), the median household income in 2016 was \$57,827.



Source: [US Census Bureau](#) and [Federal Reserve Bank of St. Louis](#)

Income (Page 2)

There is a growing body of data that suggest the Bush Recession bottomed out in 2011/2, and that incomes started making significant gains in 2013, a trend that clearly accelerated in 2015. For more on these trends see Dr. Rob Shapiro’s recent work [here](#).



Source: [Sentier Research](#)

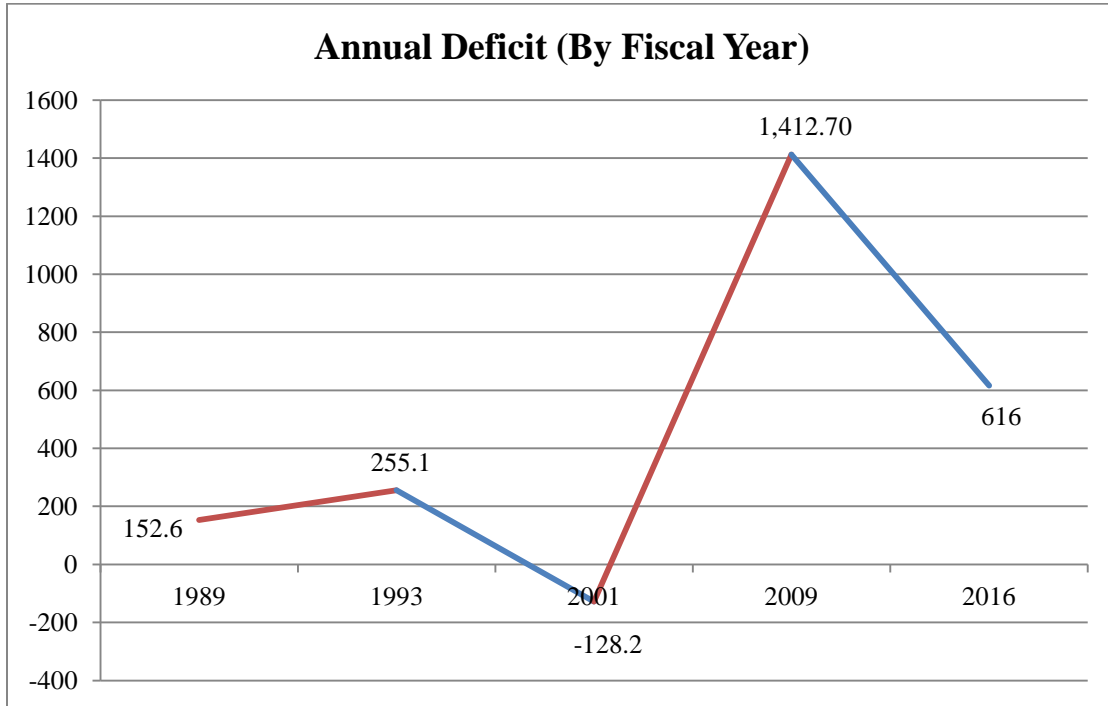
Median Income (1988 to 2016)

President	Start of Term	End of Term	Gain/Loss
George H.W. Bush	1988: \$53,124	1992: \$51,390	Loss of \$1,734
Bill Clinton	1992: \$51,390	2000: \$58,544	Gain of \$7,154
George W. Bush	2000: \$58,544	2008: \$56,076	Loss of \$2,468
Barack Obama	2008: \$56,076	2016: \$59,039	Gain of \$2,963

Source: [US Census Bureau](#) and [Federal Reserve Bank of St. Louis](#)

Deficits

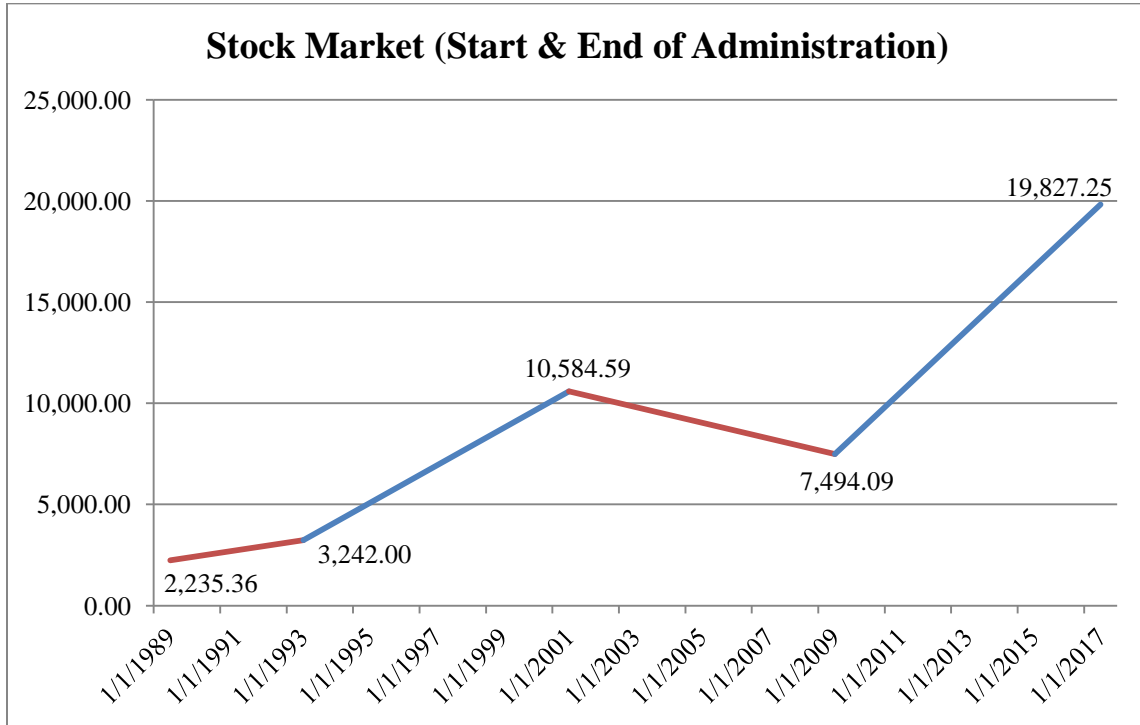
Both Democratic presidents saw dramatic improvements in the annual deficit during their tenures, with Clinton turning large structural deficits into annual surpluses and Obama cutting the annual deficit he inherited by one half. When President Obama came to office the annual deficit was \$1.4 trillion. When he left office it was \$616 billion. Both Bushes saw *increases* in the annual deficit on their watches, with the second President Bush seeing a more than ten-fold increase in the annual deficit during his presidency, one of the greatest explosions of debt in US history.



Source: [White House Office of Management and Budget](#)

Stock Market

Both Democrats saw significant gains in the stock market during their time in office. Clinton saw the market triple, under Obama it increased almost seven fold. The first President Bush saw modest growth in the stock market. The second President Bush saw the stock market decline under his watch.

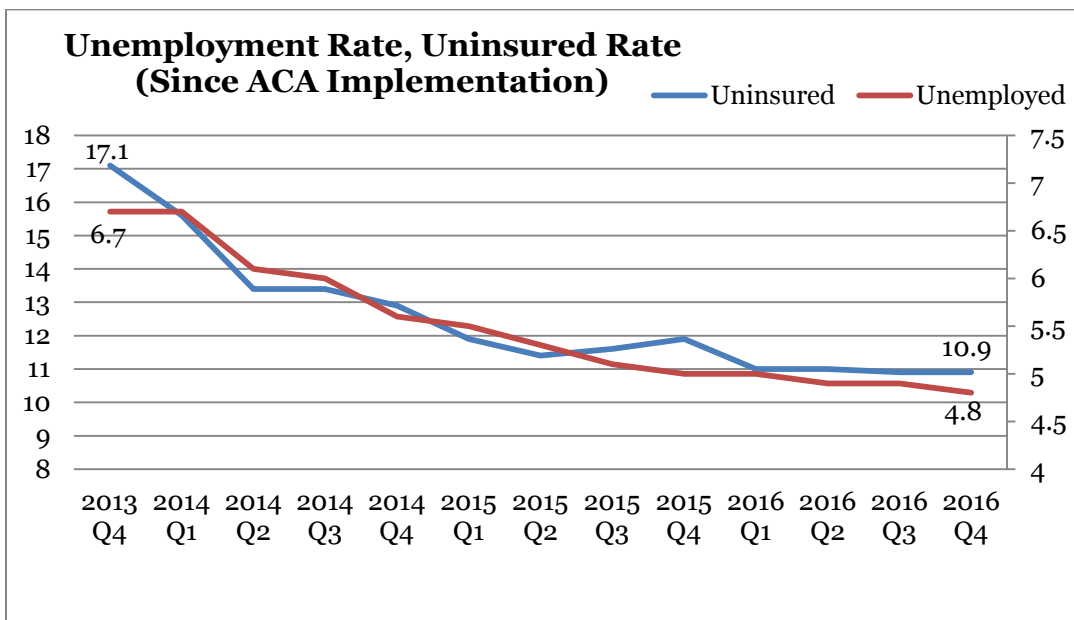


Source: [Wall Street Journal](#) and [Yahoo Finance](#)

Healthcare

America has seen profound changes in its healthcare marketplace following the passage of the Affordable Care Act (ACA). Contrary to GOP predictions, the economy has grown and the unemployment rate has fallen during the early years of the ACA. Of course the failure for either the ACA or the economy to perform as the GOP predicted is reminiscent of their full throated claims that the 1993 Clinton budget would destroy the economy. Again, the opposite of what the Republican Party predicted took place – the US economy boomed, we went from deficits to surpluses and the unemployment rate plummeted.

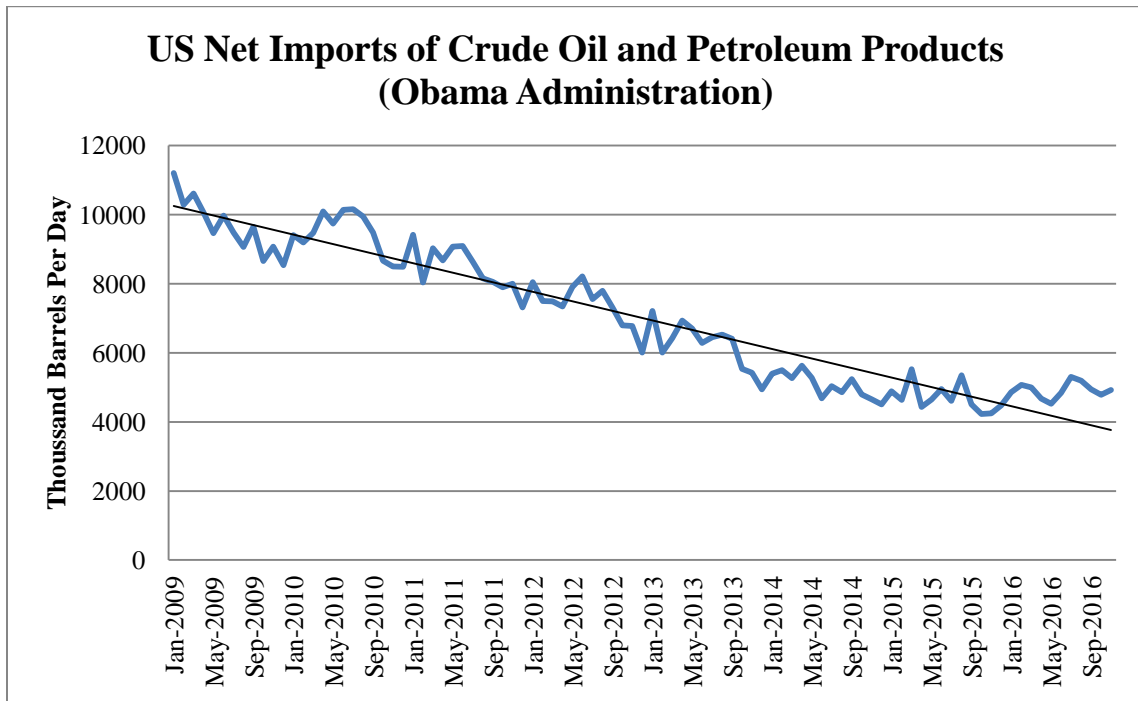
As our [recent analysis](#) argued, the failure of the economy to perform as they predicted in 1993 and in the Obama years should be seen as significant of a black mark on GOP economic theory as the recessions brought by their last two presidencies.



Source: [Gallup](#), [White House](#), and [Bureau of Labor Statistics](#)

Natural Energy Landscape

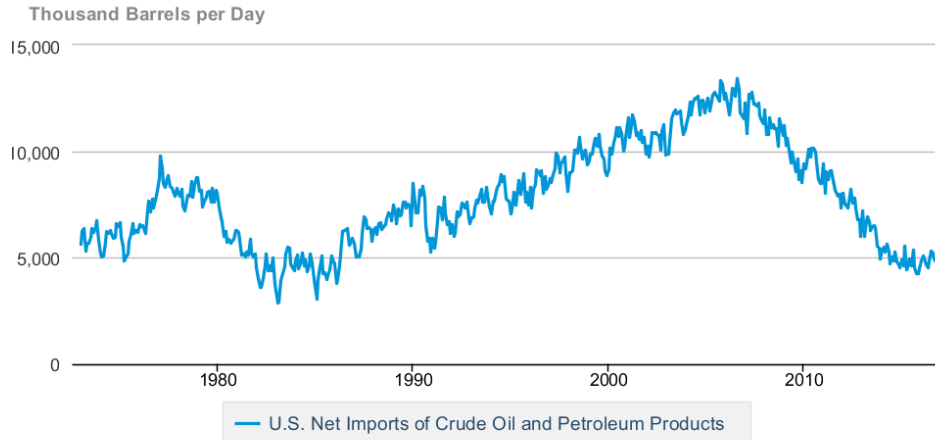
President Obama’s “all of the above” approach was a rousing success for the nation, increasing domestic production, lowering energy costs for American businesses, lessening our dependence on foreign sources of energy while giving the US a leg up on the new energy technologies of the future. The Obama Administration pursued renewable energy strategies, which helped significantly decrease the net imports of oil and petroleum.



Source: [US Energy Information Administration](#)

Natural Energy Landscape (Page 2)

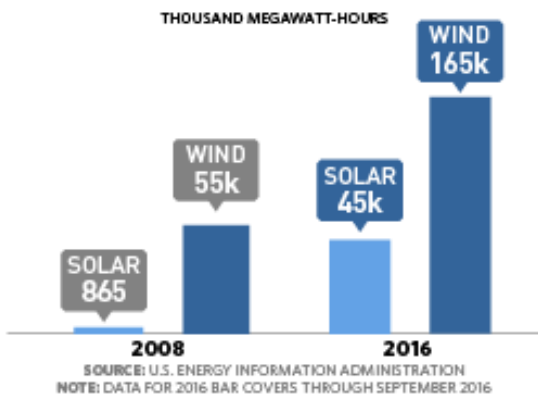
U.S. Net Imports of Crude Oil and Petroleum Products



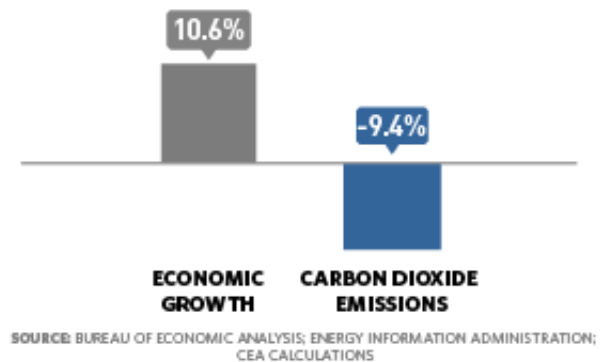
 Source: U.S. Energy Information Administration

Source: [US Energy Information Administration](#)

Electricity Generated from Wind and Solar



Economic Growth and Carbon Emissions, 2008 - 2015



Source: President Obama's [White House cover letter](#) to Cabinet Exit Memos, Secretary Ernest Moniz's [Exit Memo: Department of Energy](#).