



Memo

To: Interested Parties
Fr: Chris Murphy and Simon Rosenberg
Dt: Tuesday, September 13th, 2016
Re: Report: In A New Global Age, Democrats Have Been Far Better for the US Economy, Deficits and Incomes

Overview – This report 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 report, 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.

Key Findings From The Report:

Job Growth: Over the Clinton and Obama Presidencies, more than 30m new net jobs were created. In contrast, during the two Bush Presidencies, approximately 3.5m jobs were created.

GDP Growth: Both Democratic Presidents saw the GDP rate rise during their Presidencies. The first President Bush saw GDP hold steady during his tenure. The second President Bush saw GDP decline.

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.

Income: Both Bush Presidencies saw Americans experience decline in their median income, while during the Presidencies of Presidents Obama and Clinton Americans experienced gains. The newly reported 2015 increase in median income of almost \$3,000 is the largest ever recorded since statistics began being kept in 1967.

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. 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.

Public Opinion About the US Economy: Survey after survey finds Americans believing that things are far better, and improving. According to one new [report](#), the President's job approval on the economy stands at its highest mark since 2009. A new [report](#) from Gallup finds fully 80% of Americans are satisfied with their current standard of living.

Healthcare: The uninsured rate has plummeted, while the growth of health care costs – a significant driver of the US budget deficit – has slowed. Slower cost growth and healthier Americans are good for the American economy, businesses and the nation as a whole.

Energy: President Obama's "all of the above" approach has 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.

Additional Notes

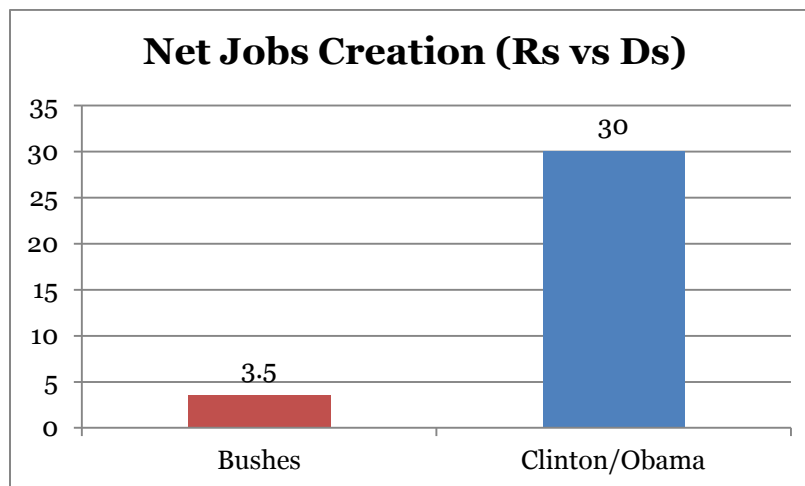
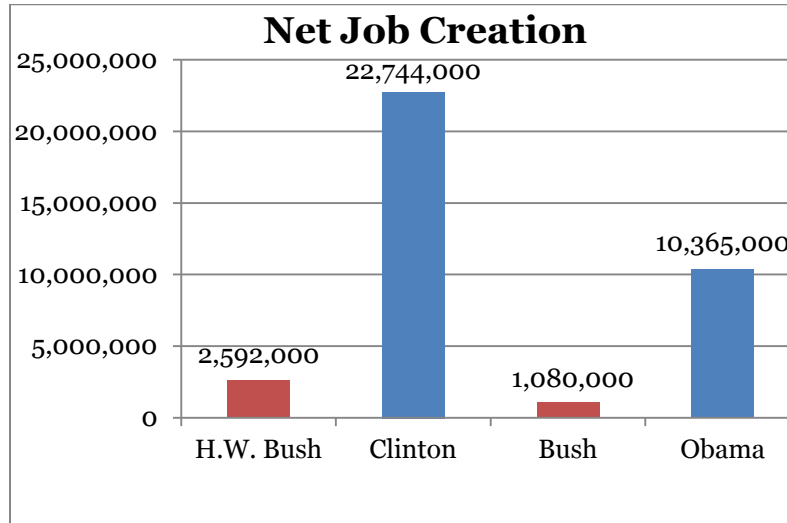
There are three sections to this memo. Section One looks at the US economy. Section Two considers the improvements in healthcare under in the Obama era. Section Three provides an analysis of advances in renewable energy during President Obama's time in office.

This is an updated version of the report the original version published by Simon Rosenberg and Corey Cantor in April 2015.

Section One: The Economy

Job Growth

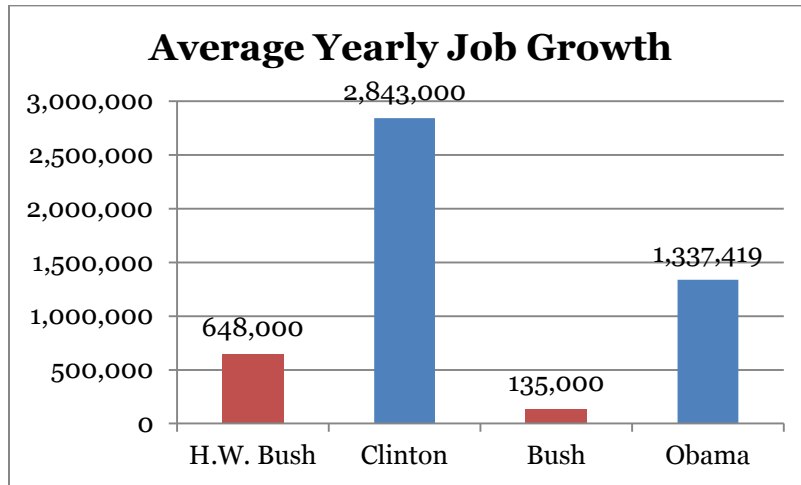
President Obama and President Clinton’s Administrations fostered an economically robust environment in the US. Between their Presidencies, over 30m new net jobs were created.¹ Under the two Bush Presidencies, the country grew by 3.5m new net jobs.



Note: H.W. Bush did not serve more than one full-term. President Obama’s job creation numbers, both net and yearly average, are updated through August 2016.

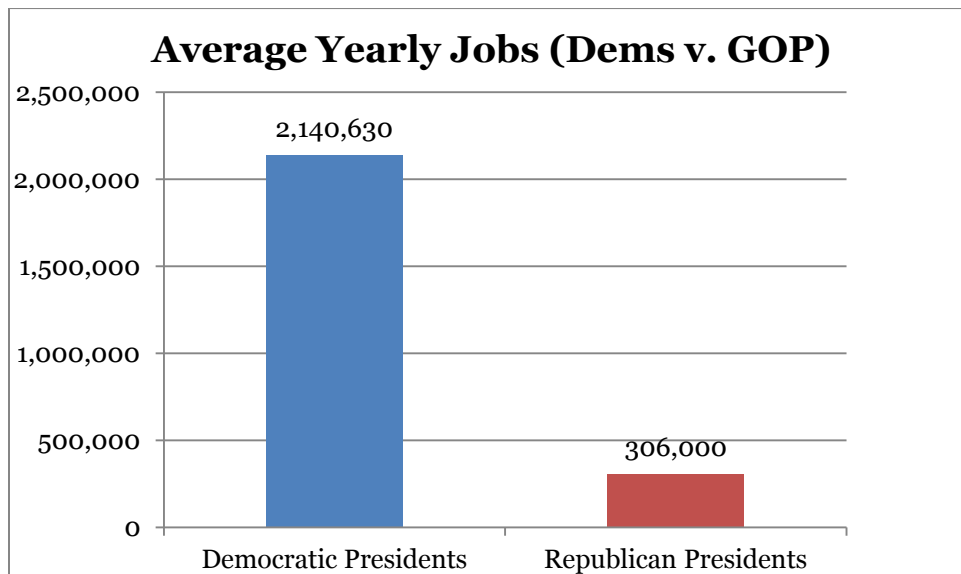
¹ Rich Exner, “U.S. job growth (and loss) under presidents; Democratic and Republican,” *The Cleveland Plain Dealer*, October 17, 2010
http://www.cleveland.com/datacentral/index.ssf/2010/10/us_job_growth_and_loss_under_p.html;
White House, Employment Situation; *Wall Street Journal* Jobs Report; and, Bureau of Labor Statistics.

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



Note: H.W. Bush did not serve more than one full-term. President Obama’s job creation numbers, both net and yearly average, are updated through August 2016.

A comparison of job creation going back to President Truman’s Administration proves that on average Democratic presidents have created more jobs than their Republican counterparts.²

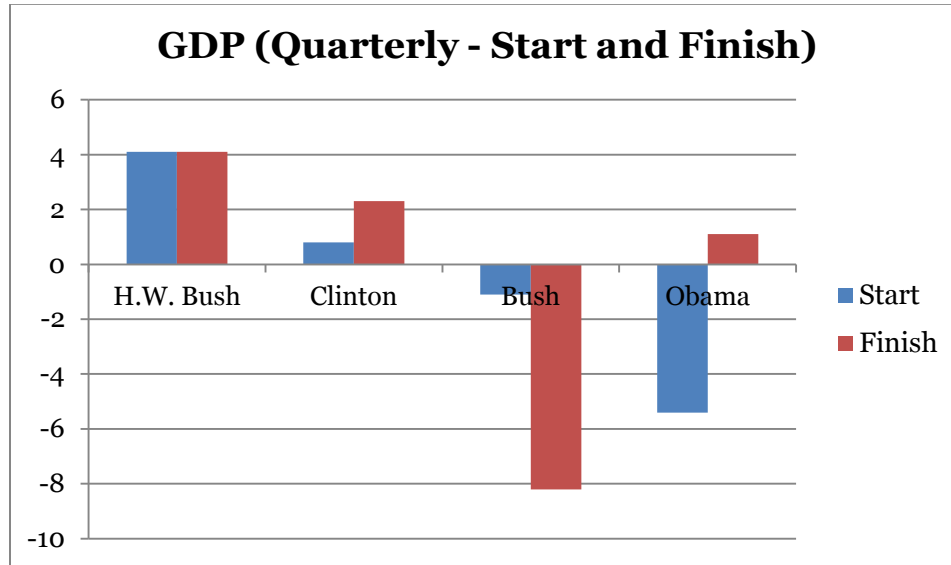


Note: This graph includes all U.S. presidential terms going back to President Harry S. Truman’s second term and includes job creation under President Obama’s two terms through August 2016.

² R. Exner, “U.S. job growth (and loss) under presidents; Democratic and Republican,” *The Cleveland Plain Dealer*, http://www.cleveland.com/datacentral/index.ssf/2010/10/us_job_growth_and_loss_under_p.html.

Gross Domestic Product

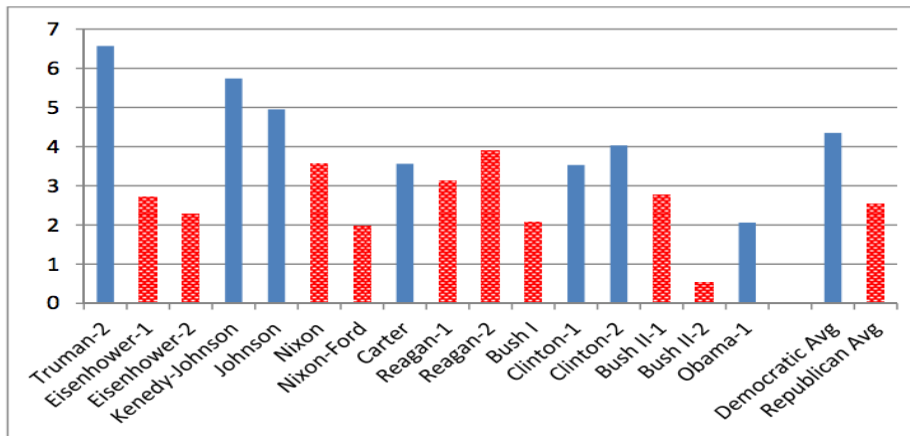
The Bureau of Economic Analysis estimated that the current US GDP quarterly growth rate is 1.1 percent (i.e. 2016 Q2 growth rate) up slightly from 0.8 percent in Q1 of 2016.³



Note: GDP numbers for President Obama are updated through the BEA's Q2 numbers.

In a recent [study](#), "Presidents and the Economy: A Forensic Investigation," Princeton economists Alan Blinder and Mark Watson demonstrate that the average annualized GDP growth under Democratic presidents well exceeds the growth under Republican ones.⁴

A. Average annualized GDP growth, by term



³ Bureau of Economic Analysis, "Table 1.1.1 Percent Change From Preceding Period in Real Gross Domestic Product," August 26, 2016,

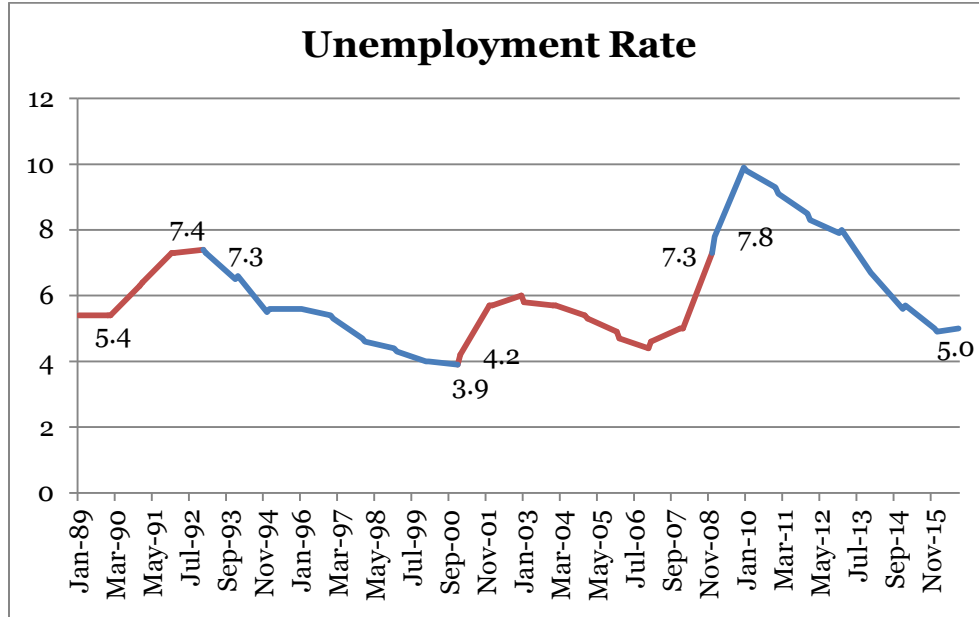
<http://www.bea.gov/iTable/iTable.cfm?ReqID=9&step=1#reqid=9&step=3&isuri=1&903=1>,

⁴ Alan Blinder and Mark Watson, "Presidents and the U.S. Economy: An Econometric Exploration," Princeton University, July 2015,

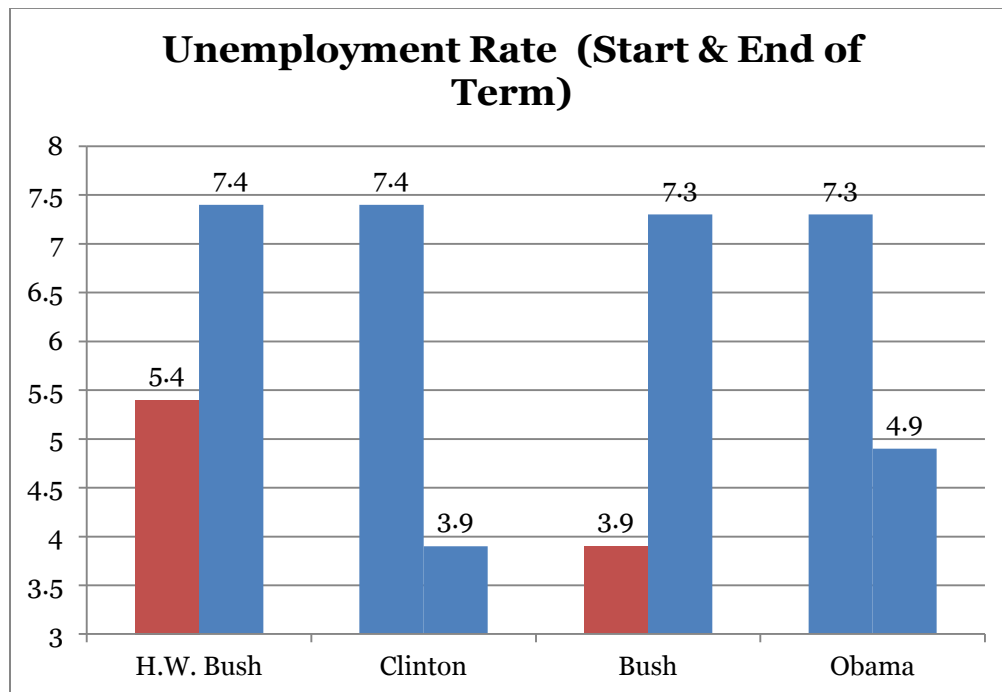
https://www.princeton.edu/~mwatson/papers/DemRep_BlinderWatson_July2015.pdf

Unemployment Rate

The Obama Administration has taken measures to help significantly decrease the unemployment rate. According to the Bureau of Labor Statistics, the current unemployment rate is 5.0 percent.⁵



Note: President Obama’s end number for unemployment is the rate as of September 2016.

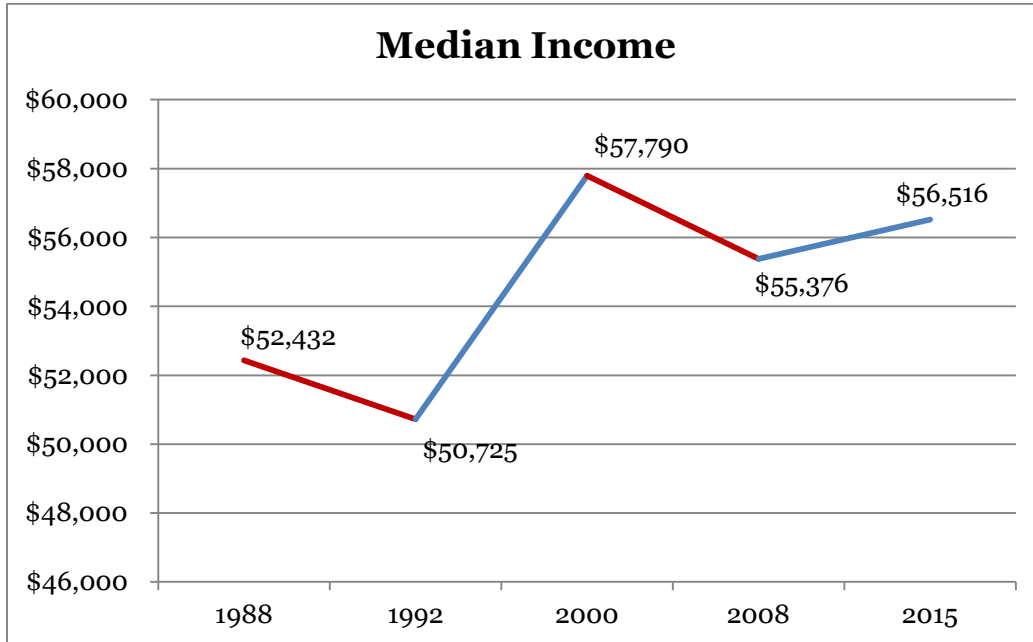


Note: President Obama’s end number for unemployment is the rate as of August 2016.

⁵ Bureau of Labor Statistics, “Unemployment Rate,” <http://data.bls.gov/timeseries/LNS14000000>

Income:

According to latest Census Bureau [report](#), the median household income in 2015 was \$56,516.⁶



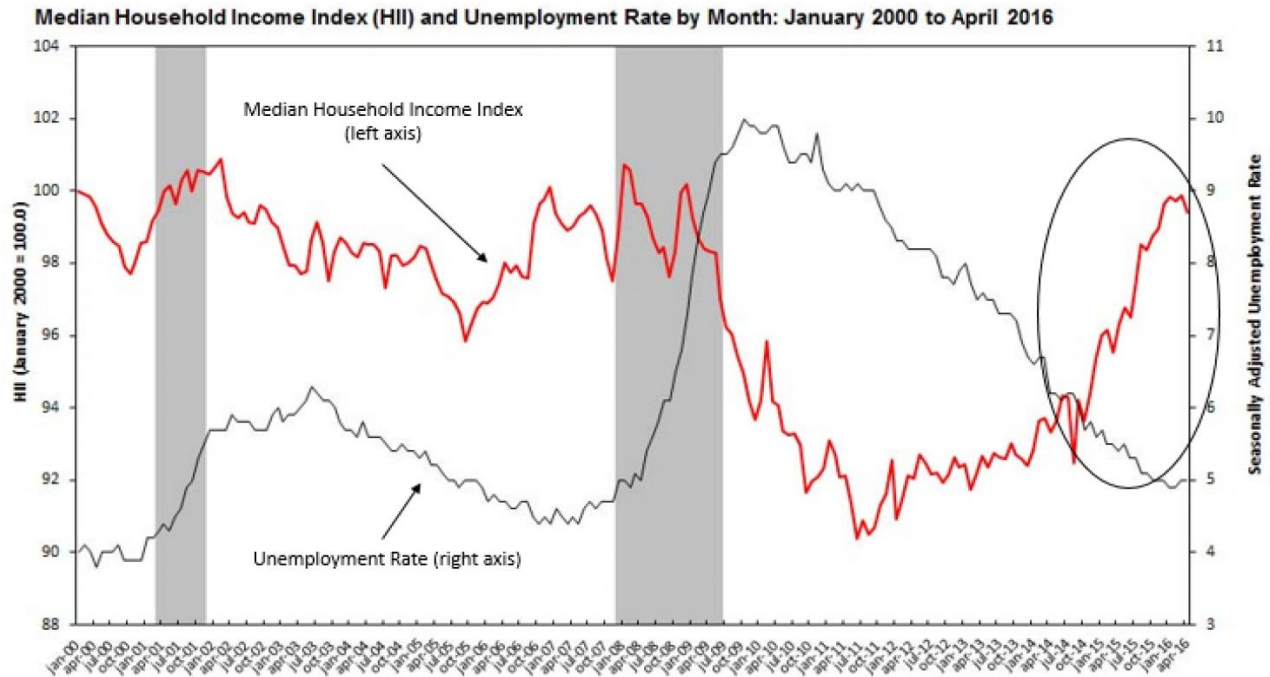
Note: Median income under President Obama reflects Census Bureau data available through 2015.

President	Start of Term	End of Term	Gain/Loss
George H.W. Bush	1988: \$52,432	1992: \$50,725	Loss of \$1,707
Bill Clinton	1992: \$50,725	2000: \$57,790	Gain of \$7,065
George W. Bush	2000: \$57,790	2008: \$55,376	Loss of \$2,414
Barack Obama	2008: \$55,376	2015: \$56,516	Gain so far of \$1,140

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 this see Dr. Rob Shapiro’s recent work [here](#).

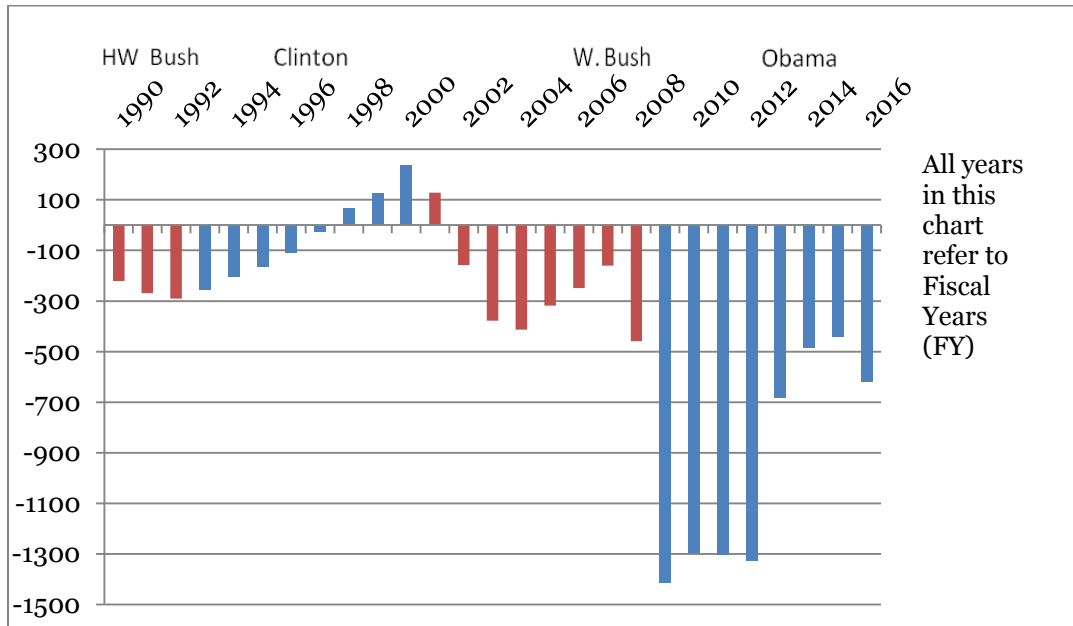
⁶ US Census Bureau, “Income, Poverty and Health Insurance Coverage in the United States: 2015,” September 13, 2016, <https://www.census.gov/newsroom/press-releases/2016/cb16-158.html>.

In addition, economist Jared Bernstein has also pointed out this rise in median income in a recent Washington Post [article](#).⁷

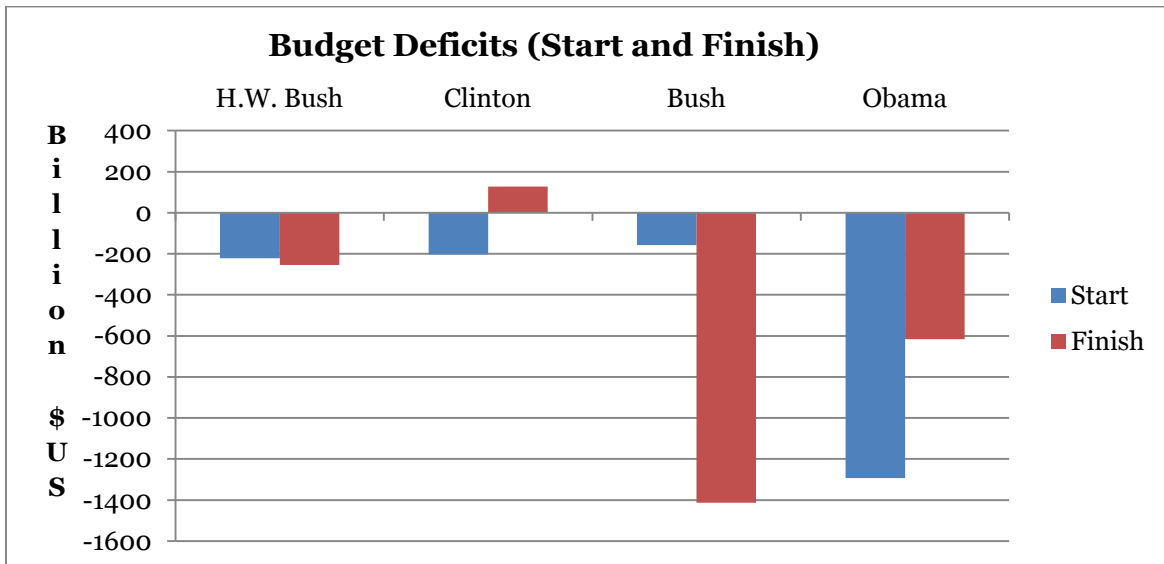


⁷ Jared Bernstein, "If wages and incomes are rising, why are people so angry about the economy?," The Washington Post, June 1, 2016, https://www.washingtonpost.com/posteverything/wp/2016/06/01/if-wages-and-incomes-are-rising-why-are-people-so-pissed-off-about-the-economy/?utm_term=.b9fb8b1a44ec.

Deficits



Note: Blue = Fiscal Years Lag by 1 (i.e. year 2009 is actually Bush II’s final budget). The Office of Budget and Management estimates the 2016 deficit at \$616 billion.⁸



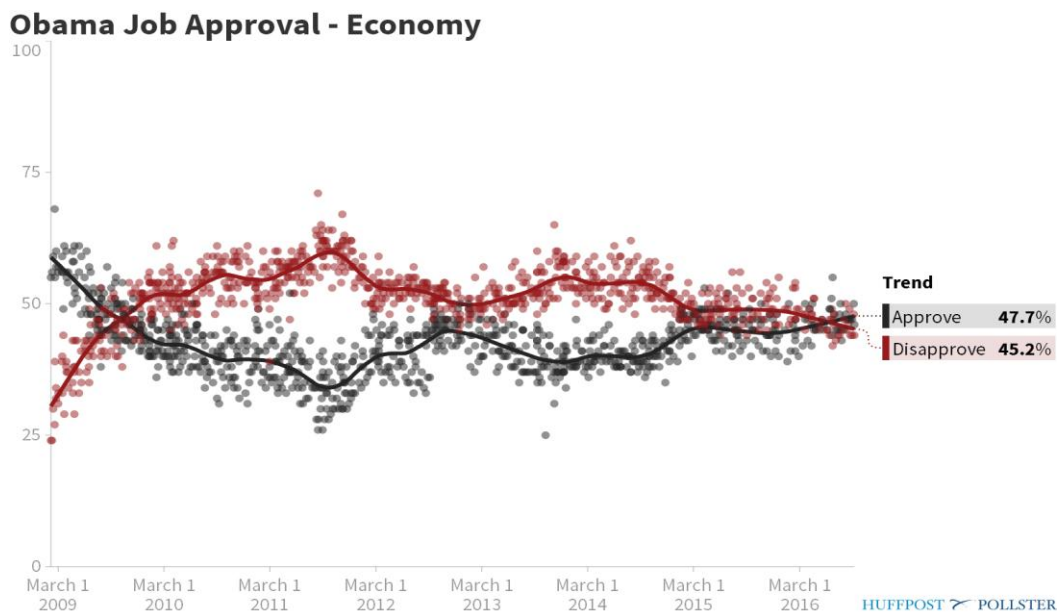
Note: The Office of Budget and Management estimates the 2016 deficit at \$616 billion.⁹

⁸ Office of Management and Budget, “The Budget,” White House, <https://www.whitehouse.gov/omb/budget/Overview>; OMB, “Summary Tables,” <https://www.whitehouse.gov/sites/default/files/omb/budget/fy2017/assets/tables.pdf>.

⁹ Office of Management and Budget, “Summary Tables,” White House, <https://www.whitehouse.gov/sites/default/files/omb/budget/fy2017/assets/tables.pdf>.

Public Opinion About the US Economy

Public opinion polling in 2016 has confirmed that Americans themselves believe things are improving. This year the President has seen his [highest approval ratings](#) of his second term.¹⁰ In the Huffington Post [aggregate](#), Obama is now in net positive territory on his stewardship of the economy, and is at his highest mark since 2009. CNN had a new [poll](#) out this week that found Americans more optimistic about the economy than any time during the Obama Presidency.¹¹



And Gallup produced a fascinating [report](#) last week which found dramatic gains in how American view their own standard of living during the Obama years. We reproduce its most important graphs below.¹²

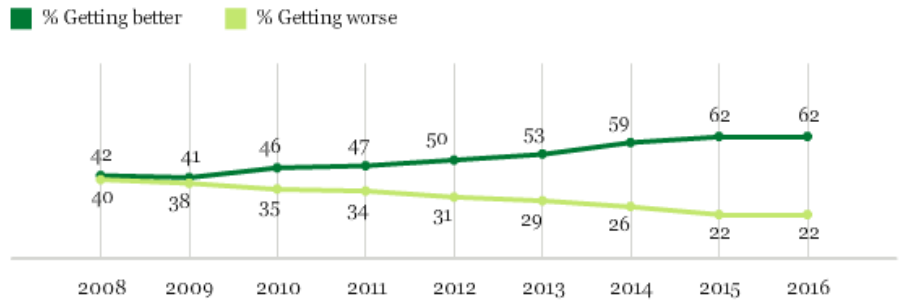
¹⁰ Philip Bump, "Obama's soaring approval numbers are very good news for Hillary Clinton," The Washington Post, September 12, 2016, <https://www.washingtonpost.com/news/the-fix/wp/2016/09/12/barack-obamas-soaring-approval-numbers-are-very-good-news-for-hillary-clinton/>.

¹¹ Huffington Post Pollster, "Obama Job Approval – Economy," Huffington Post, September 9, 2016, <http://elections.huffingtonpost.com/pollster/obama-job-approval-economy>.

¹² Art Swift, "Standard of Living Ratings Rise During Obama Presidency," Gallup, September 2, 2016, http://www.gallup.com/poll/195179/standard-living-ratings-rise-during-obama-presidency.aspx?g_source=Well-Being&g_medium=newsfeed&g_campaign=tiles

Americans' Future Expectations for Their Standard of Living, Yearly Averages

Right now, do you feel your standard of living is getting better or getting worse?

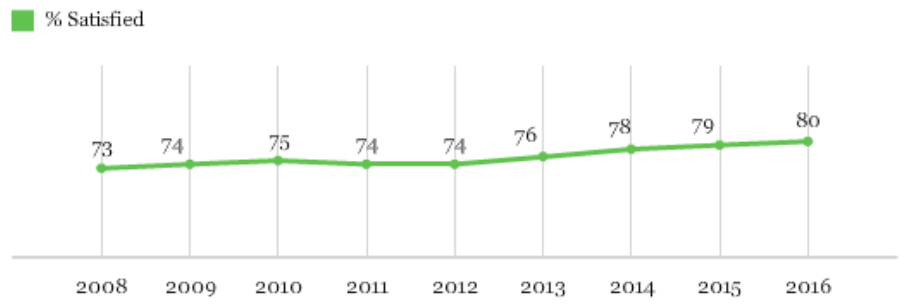


2016 data reflect Jan. 2-July 31, 2016, polling

GALLUP®

Americans' Satisfaction With Their Current Standard of Living, Yearly Averages

Are you satisfied or dissatisfied with your standard of living, all the things you can buy and do?

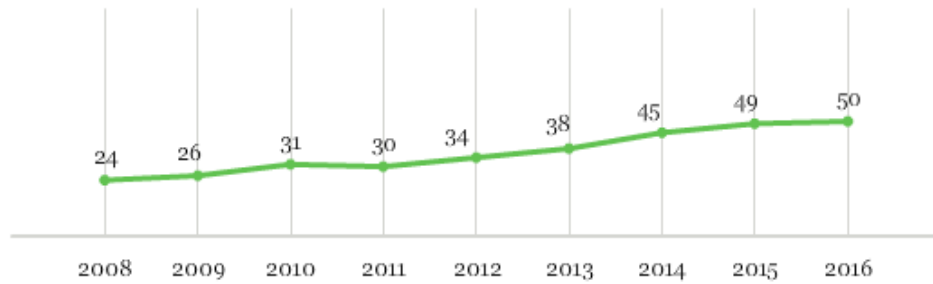


2016 data reflect Jan. 2-July 31, 2016, polling

GALLUP®

Gallup U.S. Standard of Living Index, Yearly Averages

Are you satisfied with your standard of living, all the things you can buy and do? Right now, do you feel your standard of living is getting better or getting worse?



2016 data reflect Jan. 2-July 31, 2016, polling

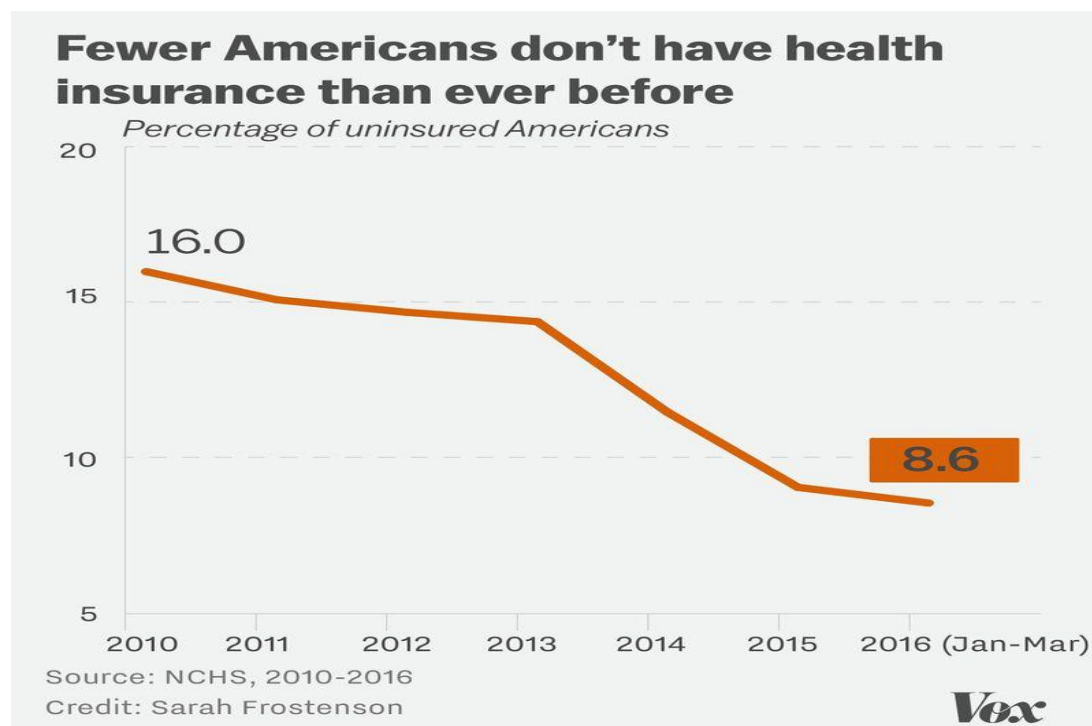
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Section Two: Healthcare and the Affordable Care Act

We have seen profound changes in the healthcare market 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.

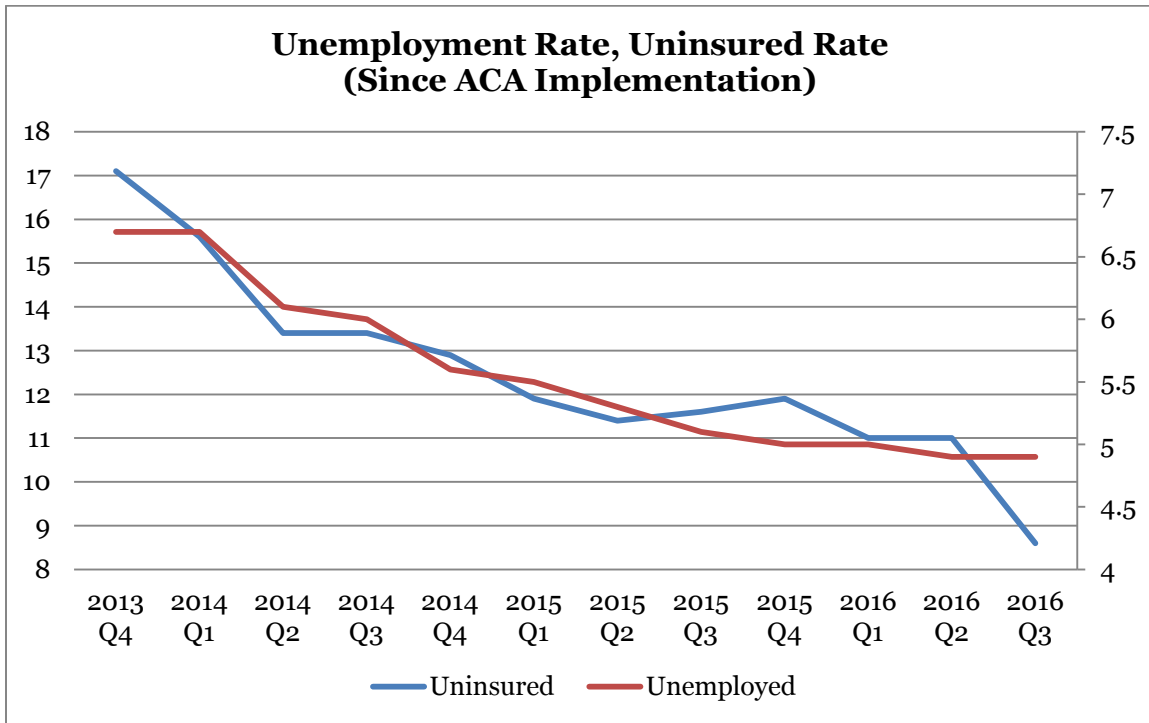
As our recent analysis argued, the failure of the economy to perform as they predicted in 1993 and in the Obama years should be seen as significant of a black mark on GOP economic theory as the recessions brought by their last two presidencies.

According to the National Center for Health Statistics, the uninsured rate [dropped](#) to 8.6 percent during Q1 of 2016.¹³



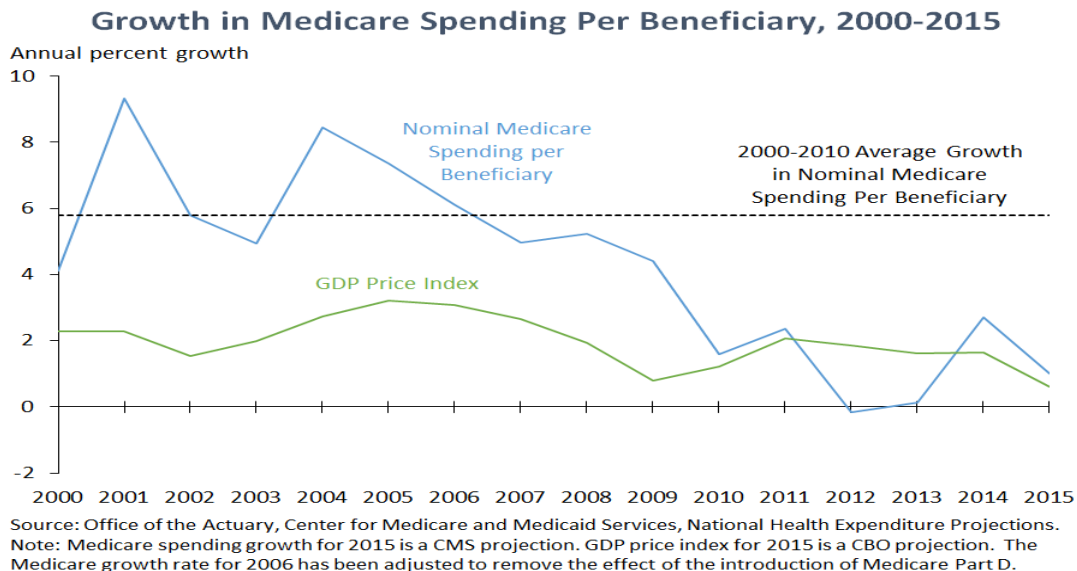
¹³ Sarah Frostenson, “For the first time ever, America’s uninsured rate has fallen below 9 percent,” Vox, September 7, 2016, <http://www.vox.com/2016/9/7/12815076/america-uninsured-rate-dropped>.

The implementation of the ACA has coincided with strong, positive economic growth as borne out in the latest findings. According to the August 2016 data, the current unemployment rate is 4.9 percent and the uninsured rate is 8.6 percent.¹⁴

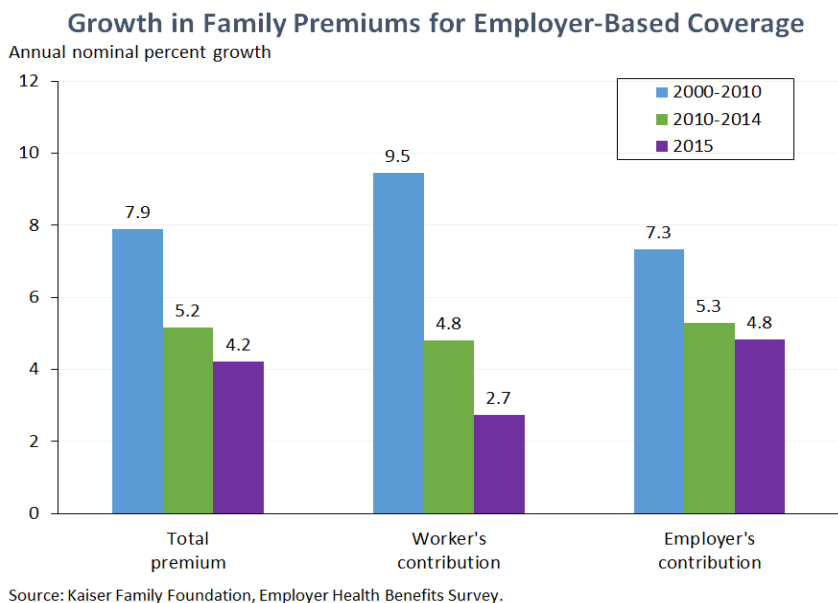


¹⁴ S. Frostenson, “For the first time ever, America’s uninsured rate has fallen below 9 percent,” Vox; Stephanie Markie, “U.S. Uninsured Rate Remains at Historical Low of 11.0 %,” Gallup, <http://www.gallup.com/poll/193556/uninsured-rate-remains-historical-low.aspx>; Bureau of Labor Statistics, “Unemployment Rate,” <http://data.bls.gov/timeseries/LNS14000000>.

In addition, White House economists, Jason Furman and Matt Fielder have concluded that the growth of Medicare spending is at its lowest level in 15 years.¹⁵



In addition, according to the latest research from the Kaiser Family Foundation, the growth in family premiums has slowed since full implementation of the ACA began.¹⁶

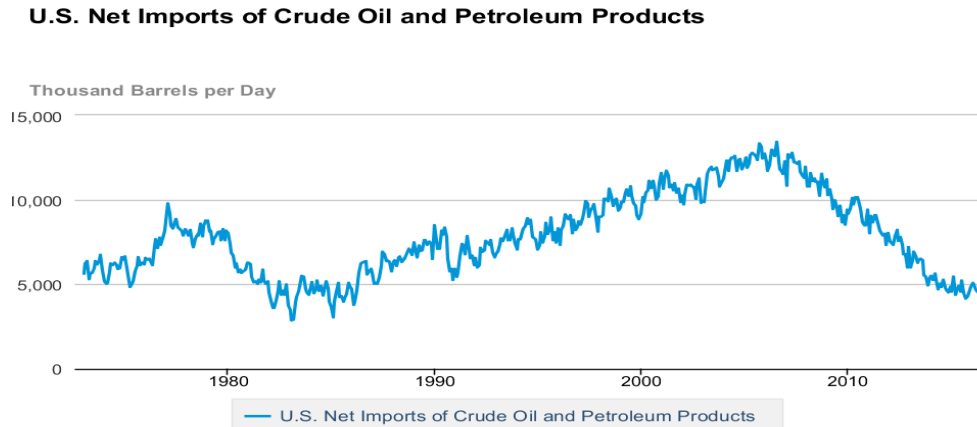


¹⁵ Jason Furman and Matt Fiedler, “New Data Show Slow Health Care Cost Growth is Continuing,” The White House, September 22, 2015, <https://www.whitehouse.gov/blog/2015/09/22/new-data-show-slow-health-care-cost-growth-continuing>.

¹⁶ J. Furman and M. Fiedler, “New Data Show Slow Health Care Cost Growth is Continuing,” The White House.

Section Three: Renewable and Non-Renewable Energy Consumption

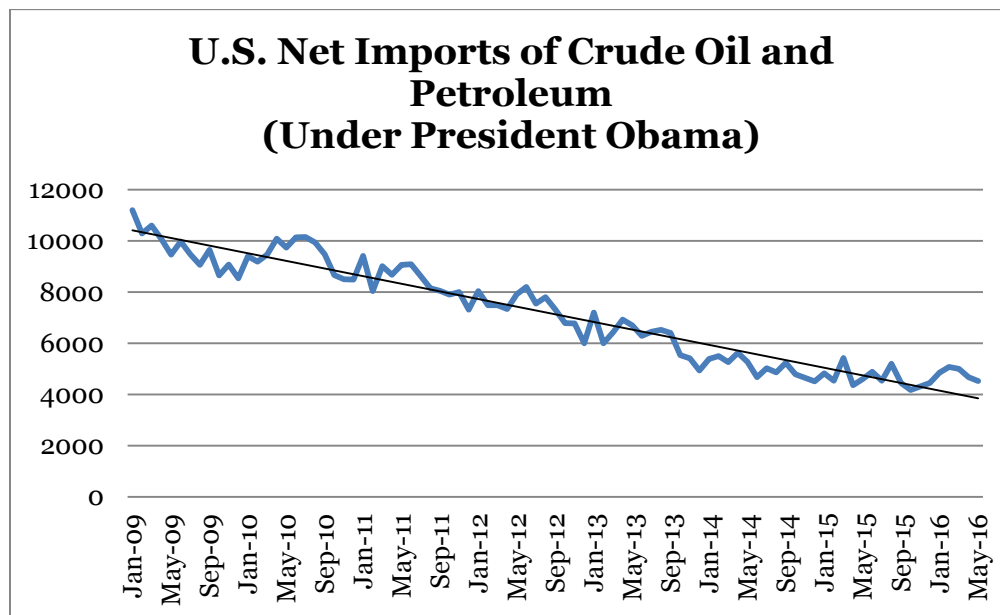
As the Obama administration pursues renewal energy strategies, the net imports of oil and petroleum continue to decrease significantly. The current rate of import is 4,525 Thousand Barrels per Day.¹⁷



 Source: U.S. Energy Information Administration

Note: Data for the import rate is available through May 2016.

The graph below shows how oil imports have changed during the Obama presidency alone, giving a good perspective on how steady and dramatic the decline has been.¹⁸

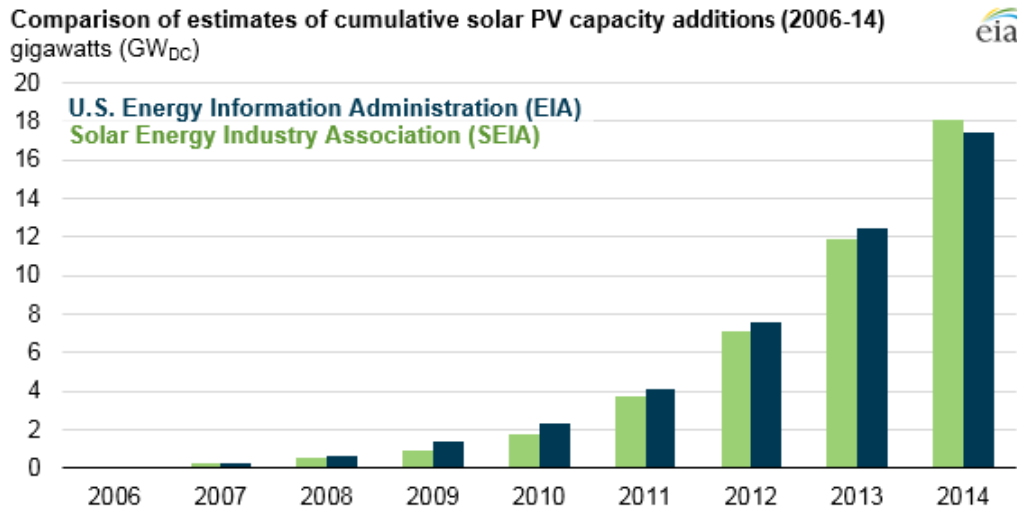


¹⁷ U.S. Energy Information Administration, “Petroleum & Other Liquids,” <http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=MTTNTUS2&f=M>

¹⁸ U.S. Energy Information Administration, “Petroleum & Other Liquids,” <http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=MTTNTUS2&f=M>

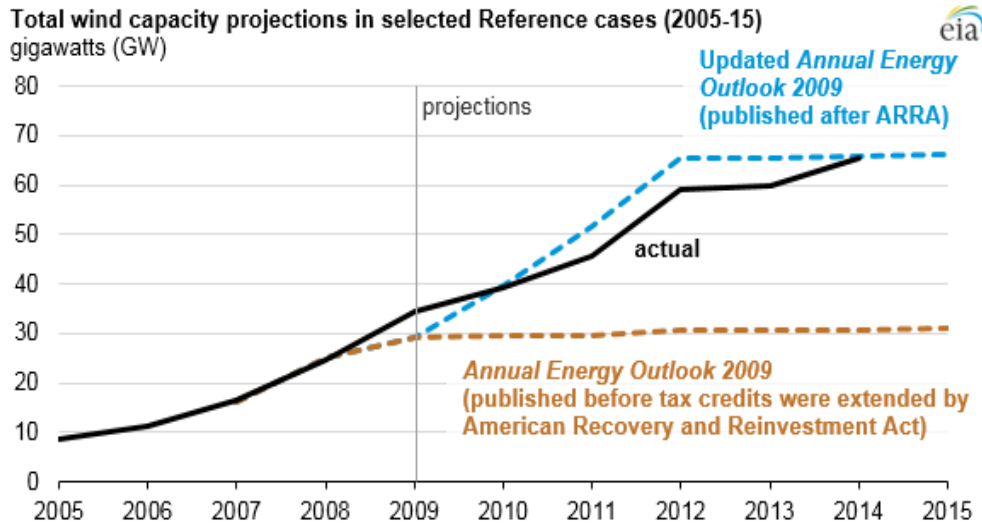
At the same time, the Obama administration and Department of Energy have made great strides in the development of renewable and clean energy technology over the past seven years. Wind capacity has more than doubled and solar energy has become the fastest growing renewable energy source.¹⁹ In a [report](#) released in March, the US Energy Information Administration found the following measurements for wind and solar energy capacity.²⁰

Solar Energy



Source: [EIA](#), March 2016

Wind Energy



Source: [EIA](#), March 2016

¹⁹ Pete Danko, "6 New Charts That Show US Renewable Energy Progress," Breaking Energy, February 5, 2015, <http://breakingenergy.com/2015/02/05/6-new-charts-that-show-us-renewable-energy-progress/>

²⁰ U.S. Energy Information Administration, "EIA reviews and enhances data for wind and solar electricity," U.S. Energy Information Administration, March 24, 2016. <http://www.eia.gov/todayinenergy/detail.cfm?id=25512#>.

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- 1) Deficit Data – [White House Office of Management and Budget](#)
- 2) Job Growth Data – [Cleveland Plain Dealer/BLS](#), [White House Employment Situation](#), [Wall Street Journal Jobs Report](#)
- 3) Unemployment Data – [BLS](#)
- 4) GDP Data – [Princeton Study](#)
- 5) Healthcare Charts – Uninsured Rate via [Gallup](#), [Premiums](#) via Kaiser Family Foundation and Medicare [chart](#) from Center for Medicare and Medicaid Services.
- 6) Energy Charts – Oil Barrel Information (via [EIA](#)), Solar & Wind (via 2016 EIA [report](#))