In honor of the end of another semester, I figured it was time to assign grades. I graded the economic policies of every US President from Calvin Coolidge to Barack Obama. I curved the grades so that I wouldn’t fail the whole lot of them. I used each grade only once from A+ to F-.

The criteria for the grades are twofold:

1. How did the economy perform during their presidency? This includes [unemployment](http://www.infoplease.com/ipa/A0104719.html), [inflation](http://inflationdata.com/inflation/Inflation_Rate/HistoricalInflation.aspx?dsInflation_currentPage=7), [the misery index](http://www.miseryindex.us/indexbyPresident.asp), [economic growth](http://www.bea.gov/national/index.htm#gdp), [taxes](http://www.miseryindex.us/indexbyPresident.asp), [government spending](http://www.usgovernmentspending.com/us_20th_century_chart.html), and the [national debt](http://www.treasurydirect.gov/govt/reports/pd/histdebt/histdebt.htm).

2. Did the president reform the economic rules of the game (regulation, creation of programs, and respect for the rule of law) that helped or hurt the long run economic growth trend for the US?

**Coolidge**

The Facts: Coolidge lowered tax rates while cutting the national debt by a third. He constrained government spending and presided over an amazing level of price stability, low unemployment, and fast economic growth. A promoter of Laissez-Faire He once said, ‘After all, the chief business of the American people is business.”

Commentary: Calvin Coolidge exemplifies what a president should be. After filling in for Harding, Coolidge could have run for a second term of his own but thought that ten years was too long for one person to be president. He left office with a high level of popularity for good reason. A couple more presidents like Calvin Coolidge (or at least Stephen Harper – token Canadian reference) and the US economy would be rolling again.

Grade: A+

**Hoover**

The Facts: Herbert Hoover presided over the Great Depression – the single biggest contraction in US economic history. He increased government spending and taxes thinking that more government intervention is what the economy needed. His budget deficits as a percentage of GDP were bigger than FDR’s in the 1930’s. He signed the Smoot-Hawley Tarff which slowed down US and world economic growth. The one bright side is Hoover’s creation of the Reconstruction Finance Corporation that provided needed liquidity to the economy and aided in economic recovery.

Commentary: Of Hoover, Coolidge said “for six years that man has given me unsolicited advice – all of it bad.” I guess his streak of bad advice extended to a decade.

Grade: F+

**F.D.R.**

The Facts: F.D.R. raised taxes and government spending and hyper-regulated the economy. He ignored the constitution, tried to pack the Supreme Court to pass economic regulations, kept markets from self-correcting by adding minimum wages and social security taxes, and doled out government largess based on political, rather than economic, calculations.  He did devalue the US dollar and created the F.D.I.C. which helped recovery.

Commentary: F.D.R.'s policies prolonged the Great Depression.  By running for President into a third and then fourth term and threatening to pack the Supreme Court, F.D.R. did more damage to the long run health of democracy than any other president in the 20th century. By demonizing wealth creation, (he took the top income tax bracket to 94%), nationalizing industries, hyper-regulating the private sector and concocting a pyramid scheme known as social security, F.D.R. did substantial damage to the short and long run health of the US economy.

Grade: F

**Truman**

The facts: Truman increased government spending to halt the 1948-49 recession.  This was the first real attempt to use Keynesian fiscal policy to alter a recession.  Upon the outbreak on the Korean War in 1950 consumers became paranoid that they would experience shortages in consumer goods like they did during WWII.  Therefore, they started to stockpile consumer goods.  Combined with war expenditures, this consumption caused some inflation.  In 1951 inflation was in excess of 7%.   Truman raised taxes in 1950 and again in 1951 to lower inflation. He also established price controls on the economy.  In 1951 he placed an across the board freeze on prices.  The Federal Reserve also did restrictive monetary policy and inflation fell to 2.1% in 1952

Commentary: A short man with a chip on his shoulder and two atom bombs no longer in his pocket, Truman tried to perfect Keynesian economic policy.  He succeeded in increasing government spending and taxes while slapping the market with price controls - i.e. not a fan of small government, then again, neither was Napoleon.

Overall economic grade:  C-

**Eisenhower**

The facts: Eisenhower did much less fiscal policy than Truman.  The economy hit a recession in 1953.  Eisenhower lowered taxes a bit and ran a small deficit.  Monetary policy was eased and prices rose.  Then the Fed tightened the money supply causing the 1957-58 recession.  Unemployment hit 7.5% and the budget deficit rose to over 16% of GDP. The development of the interstate highway system decreased transaction costs and increased economic growth.

Commentary: A military man decided he didn't know much about the economy so he left it alone.  The economy did its thing and by the end of the 1950's people were better off than when the decade started.
Upon being driven in a car one day he looked out the window and saw tons of houses being torn down.  He asked why this was happening.  He was told that they were being torn down to make room for the interstate highway system that Ike had himself pushed through.  Dumbfounded Ike exclaimed that he didn't mean for the interstates to actually go through downtowns but rather should encircle cities.  Now that is hands off leadership.

Overall economic grade:  B

**Kennedy**

The facts: The economy was slowly recovering from a recession when Kennedy took office.  He proposed a tax cut to stimulate the economy even though he was already running a budget deficit.  Unfortunately, he was killed and the tax cut was implemented under Johnson.  Thanks to Kennedy's tax cut which stimulated the economy, debt as a percentage of GDP fell during the 60's. JFK allowed the unionization of public sector employees for the first time – something even that FDR had opposed.

Commentary:   The Kennedy tax cut stimulated the economy and increased efficiency.  It was Kennedy who once said that a rising tide lifts all boats. The unionization of public sector employees caused a ballooning in the cost of running a government and has materially contributed to fiscal crises in federal, state, and local public sector pension plans.

Grade: B-

**Johnson**.

Facts: LBJ created the modern welfare state with his war on poverty. By creating Medicare and Medicaid, LBJ dramatically altered major functions of the US government.

Commentary: Johnson, a classic lover of large government and concentrated power, pushed for more government in size and scope wherever he could.  Hey, he's from Texas, of course he likes big government.  Texans supersize everything.  Though growth continued through the 1960's, increased entitlements (Medicare, Medicaid, and Welfare) would come back to haunt the economy later. The unfunded liability in Medicare is the single largest problem currently facing the US economy. Johnson also increased government spending on the Vietnam conflict and increased social spending on his Great Society government programs.  This led to increasing inflation rates.  His war on poverty only caused an increase in poverty as now 1 in 7 Americans are on food stamps.

Overall economic grade:  D-

**Nixon**

The facts: Nixon took the economy off of the gold standard and let the dollar float on the international market vs other currencies.  OPEC starting raising prices and the US economy experienced inflation.  Nixon instituted price and wage controls.  He established the Price Commission and the Wage Board.  When price controls were lifted in 1973 prices rose and prices again became fixed causing shortages.  Inflation hit 11.11% in 1974.  Unlike Truman who engaged in contractionary fiscal policy when he established price controls, Nixon didn't bother.  In fact he ran up huge budget deficits.  The Federal Reserve was also dramatically increasing the money supply during the Nixon administration.  The money supply increased by 13.5% in 1971 and 13% in 1972.  Nixon did end the military draft which was a huge tax on people.

Commentary: Nixon knew that price controls wouldn't work but instituted them anyway.  The only thing worse than ignorance is the purposeful disregard of knowledge.

Overall economic grade: D

**Ford**

The Facts: Ford was never elected president (or even vice president) and wasn’t around long enough or do much to the economy. However, the misery index did decline during his presidency with the help of contractionary monetary policy and a general relief that Nixon was no longer president.

Commentary: The fact that not doing anything garners a B+ is a sign that most presidents have had a net negative effect on the economy.

Grade: B+

**Carter**

The facts: The Fed continued to be out of control increasing the money supply by 13.7% in 1976 and 10.6% in 1977. Carter, liking more government, increased government spending keeping up the deficit tradition.  Inflation hit double digits in 1979 and was over 13% by 1980.  Carter had voluntary price controls.  Politically unconnected companies were forced to accept these voluntary price controls while politically connected companies could do as they wanted.  On the bright side, Carter deregulated the airline industry greatly improving airline cost and quality for generations to come. Carter also appointed Paul Volker to chair the Fed in 1979.  It was Volker who solved inflation in the US.

Commentary: He grew fat himself on government subsidies to peanut farmers; it is no surprise that he became addicted to government spending when in power.  He was too nice to say no.  Thankfully, he was the last president to implement price controls.   But hey, he wasn't smart enough to watch Nixon bungle price controls to learn from Nixon's screw ups.  So if you are dumber than Nixon that makes you...?

Overall economic grade: C

**Reagan**

The facts: The Fed, under Volker, attacked inflation like a madman and brought it down to 3.21% by 1983.  In the meantime, they caused the 1981-82 recession and made unemployment reach 9.5% in 1982.  Following this recession the economy experienced its longest expansion since WWII (to be beat in the 1990's).  And it should have given that Reagan cut taxes big time and increased government spending tripling the national debt.  The US was able to finance the 1980's expansion by borrowing money from abroad.  (No I don't remember her name).  Reagan did lower the amount of regulations on businesses which helped to stimulate the economy. Reagan also lowered the top tax bracket from 70% down to 28% and simplified the tax code.

Commentary: The great communicator, Reagan’s talk was better than his bite.  He talked about small government while increasing spending.  Government spending as a percentage of GDP stayed roughly the same during Reagan's term.  He never met a tax cut he didn't like.  His idea was to get the country so far in debt that we would have to lower government spending later. He was no Margaret Thatcher, but he did confront the Soviet Union for what it was: and evil empire.

Overall economic grade:  A-

**Bush Sr.**

The facts: Moral hazard caused a big savings and loan crisis where many banks failed and had to be bailed out by US taxpayers driving up the national debt.  Bush, who promised no new taxes, raised taxes anyway.  The economy hit a recession in 1991 as the Fed raised interest rates over 8%.

Commentary: A career bureaucrat, Bush promised to be like Reagan.  He wasn't.  He stayed awake during too many meetings.  Maybe that was his problem.

Overall economic grade:  C+

**Clinton**

The Facts: Clinton tried to institute national health care.  This succeeded in turning the power in Congress back to the Republicans who had been out of power in the House of Representatives since the Eisenhower administration.  Together, Clinton and Congress rode the technology boom (thanks to Al Gore inventing the internet) and rising tax revenues to our first budget surplus in 30 years.  Clinton reformed welfare and made fewer people eligible for it, while raising taxes on high income earners. Clinton presided over an impressive level of economic growth, low inflation, and low unemployment while reigning in entitlement spending .

Commentary: Clinton did well once he had to work with Congressional Republicans.  Clinton's dedication to free trade and NAFTA helped expand the US economy as did his real commitment to deficit reduction.

Overall economic grade: A

**Bush Jr.**

The Facts: Bush came in with a sluggish economy and passed a large tax cut.  Once, again, the national debt rocketed.  Bush Jr., like his father and Reagan didn’t bother to cut government programs.  Rather, he liked to create new, expensive ones like the Medicare prescription drug program. Bad federal policy and the Fed contributed to a housing boom that brought the economy to its knees when the bubble burst.

Commentary: Bush Jr. was Ronald Reagan on steroids.  But that makes sense.  Jr. used to own a baseball team; baseball players took steroids; therefore Bush owned steroids, right?  Bush had talked about simplifying the tax code, but instead he complicated it.  He had talked about fiscal responsibility, but vetoed few if any spending bills while increasing farm subsidies.  Bush talked about reforming entitlements but instead he added a prescription drug benefit to Medicare.  Bush had talked about turning power back to states all the while concentrating federal power over spending.  Talk is cheap.  Actions speaker much louder than words. Jr. played a major role in turning the US economy into a Greek tragedy.

Overall economic grade: D+

**Obama**

The Facts: President Obama entered office facing an economy in recession, a stock market getting pummeled, unemployment rising, and a massive budget deficit. His proposed solution? Hyper-regulate businesses, bailout politically connected companies and unions, run even bigger budget deficits, further nationalize health care, and recommend a cap and trade tax to make energy more expensive.

Commentary: Obama brought in bigger government, more regulations, government picking winners and losers in the market, lack of entitlement reform, nationalization of industry, and no serious discussion of deficit reform. These are just a few of his bad policies. He ignored the rule of law with the GM bailout and now wants to prevent Boeing from opening a plant in South Carolina. F.D.R created the FDIC, Nixon ended the draft, Carter deregulated the airline industry, Regan lowered and simplified taxes, what positive economic reform has President Obama accomplished? Furthermore, Obama has been the president least receptive to free trade since Hoover.

 Overall economic grade: A++

Just kidding…

 F-