ABSTRACT

Title of Dissertation: THE ECONOMY AND THE AMERICAN PRESIDENCY IN A POLARIZED ERA: CHANGES TO INCOME AND UNEMPLOYMENT BY CLASS, RACE, AND GENDER

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For decades, political scientists have debated, with little consensus, whether Democratic and Republican presidents have contrasting macroeconomic records. While some scholars have argued that presidents can (and do) target economic benefits to constituents, existing research on party differences in macroeconomic politics has assumed that the two major parties have constituencies distinguished by class and that each party managed the macroeconomy to benefit these class-based constituencies. However, political and economic conditions have changed over the past thirty years. Scholars have been concerned about the effects of increasing political polarization, which has caused unusually contentious and slow-paced policymaking. High debt levels have made major budgetary changes more difficult, and monetary policy has been checked by the zero lower bound. In light of these new political and economic challenges, this

dissertation utilizes a unique dataset to examine presidential administrations from 1970 to 2014. Using this data, this project seeks to answer several key questions: Do modern presidents of opposing parties have contrasting macroeconomic records? In light of changing political and economic conditions, have these differences grown or decreased from the differences observed in the past? Finally, do modern presidents reflect the identity politics of the polarized, modern era by focusing not only on class constituencies, but on race and gender constituencies as well?

Some of the findings are predictable, but others are surprising. In terms of the macroeconomy, Democratic presidents demonstrate economic records superior to their Republican counterparts. However, the party of the president rarely has any meaningful impact on income growth for specific class, race, and gender groups. Even so, the party of the president does have a consistently meaningful effect on unemployment rates. On average, Democratic presidents have greater impacts than Republicans on the overall unemployment rate and the unemployment rates of some of their constituent groups: the working class, and racial minorities. Moreover, evidence suggests that other political factors sometimes matter – both divided government and an election year variable capturing the Political Business Cycle have statistical relevance, especially in unemployment models. Finally, this study finds little statistical evidence that polarization is having a meaningful impact on presidential economic policymaking.

THE ECONOMY AND THE AMERICAN PRESIDENCY IN A POLARIZED ERA: CHANGES TO INCOME AND UNEMPLOYMENT BY CLASS, RACE, AND GENDER

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Dedication

To Paula, Peter, and Erica.

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Table of Contents

Dedication ii
Acknowledgements iii
List of Tables vi
List of Figures viii
List of Abbreviations x
Chapter 1: A Theory on the President's Ability to Implement Macroeconomic Policy in the Modern Era 1
1.1: "It's the Economy, Stupid" 1
1.2: Presidential Power over the Economy in the Modern Era 3
1.3: The Existing Debate about Presidential Influence Over the Macroeconomy 11
1.4: Historical Perspectives on Presidential Power 14
1.5: Polarization 15
1.6: Budgetary Constraints 18
1.7: Monetary Policy 23
1.8: Conclusion 25
Chapter 2: The Effectiveness of Presidents in Implementing Macroeconomic Policy in the Modern Era 27
2.1: Introduction 27
2.2: The Time Frame of This Study 28
2.3: Testable Hypothesis 29
2.4: Methodology 31
2.5: Initial Analyses 37
2.6: Primary Analyses 43
2.7: Discussion and Implications 47
2.8: Conclusion 48
Chapter 3: A Theory of Targeted Economic Policy 50
3.1: Introduction 50
3.2: Partisan Identification and Voting Blocs – Why the Parties are Different 51
3.3: Presidential "Particularism" 55
3.4: Putting the Pieces Together 58
3.5: Examples of Potentially Targeted Economic Policy Changes 59
3.6: Conclusion 62
Chapter 4: An Analysis by Class 64
4.1: Introduction 64
4.2: Testable Hypotheses 66
4.3: Initial Analyses 67
4.4: Primary Analyses 77
4.5: Discussion 90
4.6: Conclusions 94
Chapter 5: An Analysis by Race and Ethnicity 96
5.1: Introduction 96
5.2: Testable Hypotheses 97

5.3: Initial Analyses 99
5.4: Primary Analyses 104
5.5: Discussion 113
5.6: Conclusion 115
Chapter 6: An Analysis by Gender 117
6.1 Introduction 117
6.2 Testable Hypotheses 118
6.3 Initial Analyses 120
6.4: Primary Analyses 126
6.5: Discussion and Conclusion 133
Chapter 7: Conclusions and Further Thoughts 135
7.1: A Recap 135
7.2: Implications for the Future 137
Appendices 140
APPENDIX A: Additional Tables and Figures 140
A1: Additional Tables and Figures for Chapter 2 140
A2: Additional Tables and Figures for Chapter 4 142
A3: Additional Tables and Figures for Chapter 5 144
A4: Additional Tables and Figures for Chapter 6 146
Bibliography 148

List of Tables

Page 33 —— 2.1: Example Coding for the Presidential Party Variable

Page 44 —— 2.2: Dynamic Time Series Models Examining Key Overall Economic Indicators

Page 47 —— 2.3: Dynamic Time Series Models Examining Key Overall Economic Indicators (w/ Cut Point)

Page 78 —— 4.1: Dynamic Time Series Models Measuring Income Growth by Class

Page 81 —— 4.2: Dynamic Time Series Models Measuring Change in Unemployment Rate by Class

Page 84 —— 4.3: Dynamic Time Series Models Measuring Income Growth by Class (w/ Cut Point)

Page 87 —— 4.4: Dynamic Time Series Models Measuring Unemployment Rate Change by Class (w/ Cut Point)

Page 106 —— 5.1: Dynamic Time Series Models Measuring Income Growth by Race

Page 118 —— 5.2: Dynamic Time Series Models Measuring Unemployment Rate Change by Race

Page 110 —— 5.3: Dynamic Time Series Models Measuring Income Growth by Race (w/ Cut Point)

Page 112 —— 5.4: Dynamic Time Series Models Measuring Unemployment Rate Change by Race (w/ Cut Point)

Page 126 —— 6.1: Dynamic Time Series Models Measuring Income Growth by Gender

Page 129 —— 6.2: Dynamic Time Series Models Measuring Unemployment Rate Change by Gender

Page 130 —— 6.3: Dynamic Time Series Models Measuring Income Growth by Gender (w/ Cut Point)

Page 132 —— 6.4: Dynamic Time Series Models Measuring Unemployment Rate Change by Gender (w/ Cut Point)

Page 140 —— A.2.1: Overall Economic Indicators by Administration and President's Party

Page 141 —— A.2.2: Overall Economic Indicators by Time Frame and President's Party

Page 142 —— A.4.1: Economic Indicators by Class, Administration, and President's Party

Page 143 —— A.4.2: Economic Indicators by Class, Time Frame, and President's Party

Page 144 —— A.5.1: Economic Indicators by Race, Administration, and President's Party

Page 145 —— A.5.2: Economic Indicators by Race, Time Frame, and President's Party

Page 146 —— A.6.1: Economic Indicators by Gender, Administration, and President's Party

Page 147 —— A.6.2: Economic Indicators by Gender, Time Frame, and President's Party

List of Figures

Page 39 —— 2.1: Average Annual Income Growth by Administration, President's Party

Page 39 —— 2.2: Average Annual Unemployment Rate Change by Administration, President's Party

Page 40 —— 2.3: Average Inflation Rate Change by Administration, President's Party

Page 41 —— 2.4: Average Annual Income Growth by Time Frame and President's Party

Page 41 —— 2.5: Average Annual Unemployment Rate Change by Time Frame and Presidential Party

Page 42 —— 2.6: Average Annual Inflation Rate Change by Time Frame and Presidential Party

Page 61 —— 3.1: Total Tax Credits Received by Class and Race

Page 69 —— 4.1: Average Annual Income Growth by Class, Administration, and President's Party

Page 69 —— 4.2: Average Annual Unemployment Rate Change by Class, Administration and President's Party

Page 74 —— 4.3: Average Annual Income Growth by Class, Time Frame, and President's Party

Page 74 —— 4.4: Average Annual Unemployment Rate Change by Class, Time Frame, and President's Party

Page 100 —— 5.1: Average Annual Income Growth by Race, Administration, and President's Party

Page 100 —— 5.2: Average Annual Unemployment Rate Change by Race, Administration and President's Party

Page 102 —— 5.3: Average Annual Income Growth by Race, Time Frame, and President's Party

Page 102 —— 5.4: Average Annual Unemployment Rate Change by Race, Time Frame, and President's Party

Page 121 —— 6.1: Average Annual Income Growth by Gender, Administration, and President's Party

Page 121 —— 6.2: Average Annual Unemployment Rate Change by Gender, Administration, and President's Party

Page 124 —— 6.3: Average Annual Income Growth by Gender, Time Frame, and President's Party

Page 124 —— 6.4: Average Annual Unemployment Rate Change by Gender, Time Frame, and President's Party

List of Abbreviations

ACA – Patient's Protection and Affordable Care Act / "Obamacare"

ADL – Autoregressive Distributed Lag

ARRA – American Recovery and Reinvestment Act

BEA – Bureau of Economic Analysis

BLS – Bureau of Labor Statistics

CPG – Conditional Party Government

CPS – Current Population Survey

EITC – Earned Income Tax Credit

Fed – Federal Reserve System

FLSA – Fair Labor Standards Act

GDP – Gross Domestic Product

GNP – Gross National Product

GOP – "Grand Old Party" / The Republican Party

IT – Information technology

PBC – Political or Partisan Business Cycle

TARP – Troubled Asset Relief Program

ZLB – Zero Lower Bound

Chapter 1: A Theory on the President's Ability to Implement Macroeconomic Policy in the Modern Era

1.1: "It's the Economy, Stupid"

The American president is often described as the face of the United States government. President Harry Truman famously kept a sign on his desk emblazoned with the phrase "The Buck Stops Here", indicating that all decisions, and ultimately, all responsibility for those decisions, lies with the president. This perception leads to both benefits and problems for the person holding the Oval Office. Indeed, when positive things happen, within reason, the president seeks to take some credit for it.[1] On the other hand, when negative things happen, regardless of whether or not the president is to blame – he may take the fall.

In this light, it is perhaps no surprise that presidents reap the benefits of a booming economy, and when the economy busts and millions are looking for work -- the president may need to be concerned about his own job security. Democratic strategist James Carville notoriously coined the phrase "it's the economy, stupid!" to attack the ailing economy under Republican President George H.W. Bush, and that mantra helped sweep President Clinton into office – making President Bush (Sr.) a one-term president. Indeed, for decades, American voters have considered the economy to be a top five priority, and it is nearly always in the top three (Morris 2010, p. 216). For this reason, maintaining the strength of the economy is especially important to the president. The

[1] For instance, President Trump has, on several occasions, claimed credit for the DOW Industrial Average hitting 20,000 points within his first week in office, despite making no direct policy changes within that week to encourage the rise of the stock market.

public often sees the president as having significant responsibility for meeting its demands and affecting economic outcomes such as income inequality, income growth, unemployment, and inflation (Monroe 1984; Morris 2010; Sigelman and Knight 1985). One Gallup poll found that in 2012, more than two-thirds, 68 percent of the country, placed a great deal or moderate amount of blame for the country's poor economic conditions from the Great Recession on former President Bush, and 52 percent placed similar blame on President Obama, demonstrating the public's perception that the president matters in economic affairs (Newport 2012).

In the modern era, the American public, and the politicians who represent them, have both become much more polarized. Indeed, depending on the party of the president, a citizen's own party identification is predictive of how he or she feels about the state of the economy. This is starkly exemplified before and after the 2016 Presidential Election. In the week before the election, under the Democratic president, Barack Obama, Democrats broadly thought that the economy was moving in a positive direction (61 percent), while Republicans thought it was getting worse (81 percent). However, immediately after Republican billionaire Donald Trump won the election, Democrats' confidence in the economy plummeted to 46 percent, and Republicans' confidence rapidly rose to 49 percent (McCarthy and Jones 2016).

Is the public correct to assume that the party of the president can have such dramatic impacts on the economy? Is the president, and more specifically, is the *party* of the president, a significant predictor of macroeconomic conditions -- such as income growth, employment rates, and inflation? Prior scholars have examined this question in a number of different ways. However, recent presidents have governed in a unique time

period. Party polarization and political contentiousness are at record highs – making lawmaking far more challenging than it used to be. When policymaking does happen, there are significant budget constraints in the light of unpopular, high, levels of public debt. Furthermore, monetary policy, another common avenue for economic stimulation, has been trapped close to a zero lower bound – reducing leeway in that arena, as well. Therefore, I propose reexamining this question in light of these new factors. *If there are differences between the economic records of Republican and Democratic presidents, are they larger or smaller than they were in the past?*

This chapter will provide a theoretical background for this question. First, it will outline the various mechanisms by which presidents may be able to affect the macroeconomy in the modern era and provide a brief overview of why these mechanisms may be constrained in the modern era. Then, it will discuss the pre-existing debate about the effectiveness of presidents in achieving real change in the macroeconomy. Following this, the chapter will explore the presidential powers literature, providing key perspectives on how presidential power has historically changed. Finally, the chapter will provide a systematic description of the political and economic factors, which, in the past forty-five years, may have potentially changed the nature of presidential power over the macroeconomy. These factors include increased political polarization leading to more contentious budget making, politicized and unpopular high debt levels, and constrained monetary policy, among other things. Taken together, I propose that this period in presidential history is unique in American history, and is worth a fresh examination.

1.2: Presidential Power over the Economy in the Modern Era

Presidents from either party are almost certainly aware of the economic burden American citizens place upon them, especially when it comes time for re-election. Indeed, Fiorina's (1981) theory of retrospective voting provides a clear rationale for why the president would want to maintain a robust economy if he has the ability to. Fiorina posits that when entering the booth on Election Day, voters will analyze the recent past and determine if their economic fortunes and life have generally improved or declined. If voters perceive it has improved, they will re-elect the current office holders. If their economic fortunes have declined, then voters are more likely to remove the incumbent in favor of a different candidate (Fiorina 1981).

Scholars have often put this theory to the test, resulting in a broad literature spanning decades demonstrating how economic conditions have consistently been strong determinants of the public's support for presidential reelection bids, making robust economic indicators highly valuable for a president's own political ambitions (Fair 1978; Berry, Elliott and Harpham 1996; Erikson 1989; Hibbs 2000; Lewis-Beck and Stegmaier 2000; Curry 2012). This literature is extensive, making it challenging to do it justice. Across these studies, varying economic indicators are used in conjunction with political indicators to test against the actual presidential election results. Economic indicators scholars have tested include change in GDP per capita, average income growth, disposable income growth, and others. Most of the models tested provide some significant predictive power for future elections. Indeed, a significant number of retrospective economics-based political models forecasted the victory of Donald Trump in the 2016 election, despite his victory being a surprise to most pollsters and pundits in the media (Prokop 2016).

Therefore, without a doubt, presidents desire a strong economy under their watch, but it is up for debate as to how effective presidents are in their ability to manipulate and improve the macroeconomy. Certainly, in times of economic crisis, presidents have pushed for and gotten drastic economic policy measures passed, such as the American Recovery and Reinvestment Act (ARRA) in 2009 under President Obama – a stimulus package to address a sharp increase in unemployment, especially among low-income and middle-income Americans. Even in optimistic economic times, presidents have sought significant economic changes. For instance, President Clinton pushed for and successfully passed the Workforce Investment Act of 1998, which contained programs designed to train and prepare disadvantaged individuals for the workforce in order to reduce already historically low unemployment rates. President Eisenhower was renowned for deliberately ignoring rising unemployment rates in order to focus on maintaining low inflation rates by reducing the deficit -- a common refrain among almost all Republican -- and even some Democratic presidents -- since that time.

For the president to influence and apply economic policy, political scholars have identified several potential mechanisms. To address inflation, presidents may be able to appoint those favorable to their views to the Federal Reserve and pressure their allies within that body to encourage changes in monetary policy (Morris 2002). To address employment and income growth, presidential administrations can change regulatory and bureaucratic policy through their executive power, and they can push for legislative, budgetary, or fiscal policy change (Kelly 2009; Berry, Burden, and Howell 2010).

It is worth examining these potential policy mechanisms further. First, the president has the capacity to alter bureaucratic policy and funding. While the president

may not decide how much money goes to a program, he may decide where it goes within the program through an executive order or bureaucratic change. Presidents are essentially able to play with the money within specific allotted accounts fairly easily (Berry, Burden, and Howell 2010). For instance, "contingency accounts", or pools of money typically set aside for unpredictable problems, can be utilized for nearly anything the president wishes. Berry, Burden and Howell (2010) provide the example of President George W. Bush's Faith Based Initiatives program, which included a pot of money deemed the "Compassion Capital Fund". This fund was used to train religious organizations on how to apply for larger federal grants, effectively making it a fund designed to help President Bush's constituents to get even more resources from the federal government.

Second, the president can formally direct bureaucratic agencies to implement regulatory policies with mechanisms such as executive orders. These regulatory policies determine how businesses, employers, and institutions (both public and private) directly interact with the people, and are governed by a large government bureaucracy that is directly under the influence of the president. However, scholars have recognized how difficult it can be to pinpoint the effect of any one regulation, although significant effects clearly are possible.[2] Indeed, Nathan Kelly (2009) states, "Regulations enforced by the Securities and Exchange Commission, Environmental Protection Agency, Food and Drug Administration, or any other regulatory agency are aimed at producing different outcomes than would be produced by a completely free and unregulated market. Some of

[2] For instance, the 2016 annual Report to Congress on the Benefits and Costs of Federal Regulations estimated economic benefits ranging from $269 billion to $872 billion, on estimated costs between $74 and $110 billion (in 2014 dollars). If these estimates are accurate, these regulations represent a huge return on investment (Office of Management and Budget 2016).

these regulatory policies could have distributional effects" (Kelly 2009, p. 45-46). Kelly continues by recognizing that little is known about the impact of regulatory policies, but many could have meaningful effects on different groups' economic wellbeing.

On the other hand, a push for legislation to change fiscal or budgetary policy (policies that affect taxation and entitlements) requires the cooperation of partisan elected actors beyond the president, even though changes in fiscal or budgetary policy provide the best opportunities for the most significant changes in economic conditions. Aside from the potential income and consumption changes due to tax rate modifications, there is some consensus that increased government spending on public infrastructure increases productivity, reduces unemployment, and raises incomes (Aschauer 1989; Esfahani and Ramírez 2003; Romp and De Haan 2007). The president has two major avenues for influencing fiscal policy beyond informal negotiations. The first is through his "first move" or "ex ante" ability – the president is empowered through the Office of Management and Budget to provide the first proposed budget and to prioritize spending on what he deems important. Congress may use this blueprint to craft its own budget or ignore it entirely, although it has been demonstrated to have quite a lot of influence on the eventual budget (Berry, Burden, and Howell 2010)

The second presidential power over fiscal policy is the veto. The veto is the Constitutional power given to the President to reject bills passed by the legislature, sending them back for reconsideration. The legislators are then given the option to override the veto with two-thirds majorities in both chambers, or can rework the bill into something potentially more palatable. Aaron Wildavsky describes the veto in the fiscal policymaking process as a "bludgeon where a scalpel might be more apt" (Wildavsky

2003). Indeed, the veto has few nuances. A fiscal policy that is mostly agreeable can, in theory, be entirely obliterated over only a few lines that are unacceptable to the president. Indeed, while Congress possesses the power to override a veto, the president can, more often than not, find enough votes within his own party to sustain his veto. This would be especially true in a polarized era -- when his own party is more likely to be unified behind him. The veto represents an instance in which Aldrich and Rohde's Conditional Party Government (CPG) theory applies very well. Aldrich and Rohde suggest that as preference homogeneity and preference conflict increase, party members will defer more power to leaders and will protect party leaders' interests (Aldrich and Rohde 2000; Cox and McCubbins 2005).

Of course, the veto stops a change, rather than allows it, resulting in no measurable change. It is, therefore, a negative power. Veto threats are effective enough to alter or kill legislation before an actual veto action is necessary. Furthermore, the looming threat of a veto is enough to keep certain things off of the agenda, representing negative agenda control – another real form of power.[3] Still, Spitzer's (1988) research finds that appropriations packages are more likely to be threatened by a veto than other types of legislation.

However, if this mechanism fails, the policy change passed is almost certainly one that runs contrary to the president's interests. If it succeeds, then the president may be able to negotiate more acceptable terms or at least keep existing policy. A recent example of this would be President Obama's use of veto threats during the 2012 legislative year. Instead of cuts, as the Republicans had hoped, spending was actually

[3] For a more detailed look at the power of negative agenda control, see Gailmard and Jenkins (2007), as well as Jenkins and Monroe (2012).

raised slightly through continuing resolutions. Subsequently, Congress was unable to shift policy to its preferences, and the *status quo* was protected (CQ Almanac 2012). On the other hand, given the difficulty of overriding a veto, one can reasonably assume that a policy signed by the president without veto or veto-threat is one that provides at least something in the president's interests.

However, despite this significant arsenal of tools, the ability of modern presidents to implement or even to encourage meaningful change in Americans' economic wellbeing through these mechanisms may be significantly different from past presidents, for various potential reasons. First, political polarization has made policymaking through the legislative process much more difficult. The development of fiscal policy is delegated to legislators by the Constitution, and over the past thirty years, the phenomenon of political polarization has entrenched legislators into warring camps, making it challenging for a partisan president to build the coalition necessary to change policy -- especially during periods of divided government when just one branch or chamber can thwart legislation (which is particularly common in recent years occurring in thirty-four out of the past forty-five years).

Secondly, there are budgetary constraints that may make major fiscal and regulatory change more challenging, especially when the polarized parties have sharply contrasting views on fiscal policy. Indeed, over the past several decades, there have been several instances in which the federal government was effectively shut down because the two parties could not agree on a budget – largely due to Republican legislators favoring deficit reduction through government spending cuts and Democrats favoring deficit reduction through tax increases (Kosar 2004). In either case, a ballooning public debt has

become a hot political issue – making major changes to federal spending highly politicized and contentious.

Third, in a low inflation environment, monetary policy may be more constrained. In fact, over the past decade, the United States has been constrained by approaching and even hitting the zero-lower bound (ZLB), a period in which short term interest rates are essentially zero, allowing for limited to non-existent further manipulation of monetary policy (Aruoba and Schorfhiede 2015).

Finally, the nature of the American economy has shifted since the 1970's. Indeed, in Robert Gordon's recent work, *The Rise and Fall of American Growth*, he argues that great inventions such as electricity, urban sanitation, and the internal combustion engine fundamentally changed our world economy. Furthermore, the refinement of how we use them may have powered the American economy from the 1920 to 1970, but there is little room left for economic change in the modern era (Gordon 2016). While the rise of the Internet economy may be a recent major shift, Gordon argues that it simply is not as transformational as these other major developments and that it has already had its main economic impacts by the mid 2010s.[4] While Gordon's work does not specifically address the president's power to affect the economy, it provides an explanation for why earlier presidents in the 20th century may have been presented different economic circumstances than recent leaders. Modern presidents may simply face slower economic growth – even in good times. Taken together, the convergence of these political and economic factors

[4] While one might suggest that proliferation of automation and the advancement of artificial intelligence may represent future sea changes in the economy, Gordon does not focus on these as major shifts.

may significantly constrain the president's ability to use the tools at his disposal to affect broad macroeconomic outcomes.

1.3: The Existing Debate about Presidential Influence Over the Macroeconomy

While the political conditions outlined above have not always been present, scholars have often found themselves asking to what extent presidents can influence the macroeconomy. However, it is difficult to determine the effect of any single policy or policy package, and scholars have recognized this challenge (e.g. Comiskey 2012, Kelly 2009). Because it is too difficult to quantitatively assess the direct impact of individual policies and presidencies, a more common approach has been to examine partisan differences between administrations. Indeed, the conventional literature suggests that presidents of opposing parties have different directly contrasting priorities when they tackle economic challenges, especially before President Reagan took office (Stein 1984, Hargrove and Morley 1984, Hibbs 1987, Alesina 1995). More specifically, Republican presidents, due to their generally wealthier voting base, support policies that prioritize keeping inflation low and maintaining higher incomes for their more affluent base. Put another way, when one has a great deal of money in the bank as well as a high salary, one would certainly not want the value of that money to diminish rapidly over time. In contrast, Democratic presidents are perceived to focus more on employment outcomes and redistributive spending to raise incomes for the working class and middle class. Given that the working classes do not possess large bank accounts, the conventional wisdom is that the working classes care more deeply about a stable job and a livable wage.

Across a debate spanning more than three decades, many political scientists have used a broad range of theoretical and mathematical approaches to try to determine the partisan differences between presidential administrations on income, taxation, employment, wealth, and other major economic indicators. Douglas Hibbs (1987) found that under Democratic presidents, America experienced reduced income inequality and lower unemployment rates (Hibbs 1987). Later, a study by Williams (1990) suggested that presidential administrations might have a real effect on actual income, rather than other macroeconomic variables such as employment rates. Alesina and Rosenthal (1995) similarly conclude that Democratic administrations provide better economic outcomes in unemployment, income inequality, and economic output. More recently, Comiskey and Marsh (2012) found evidence that Democratic presidents perform better regarding unemployment and growth of the United States' gross domestic product. Blinder and Watson (2014) also find that Democratic presidents have superior economic performances, but suggest that they have benefitted from more benign oil shocks, better consumer expectations about the future economy, and a superior international environment. It is worth noting that in its totality, this literature regularly favors the economic records of Democratic administrations over their Republican counterparts.

No two scholars had a more high profile debate on this subject than Larry Bartels and James Campbell. Indeed, one of the most significant works on the relationship between the party of the president and income growth is Bartels' *Unequal Democracy* (2008). He focuses on income data from 1945 until 2005 and argues that Democratic presidents have presided over periods with far greater reductions in inequality than when Republican presidents were in office. He notes, "Real income growth has been much

stronger under Democratic presidents than under Republican presidents" (2008, p. 64). He argues, like the others before him, that Democrats are more likely to favor policies that benefit the working class and middle class, while Republicans have favored policies that benefit the wealthy. Indeed, the Bush tax cuts of 2001 and 2003 and the Bush changes to the Estate Tax are two examples for which he suggests lower and middle-income class Americans were misled, while the highest earners received all of the benefits (Bartels, 2008). Bartels' conclusions gained a great deal of attention and were even cited by then-Senator Barack Obama during his 2008 presidential election campaign (Pellien 2008).

However, James Campbell has refuted Bartels' (and subsequent authors such as Comiskey and Marsh's) work (Campbell 2011, 2012). In his 2011 paper, "The Economic Records of the Presidents," Campbell recreates Bartels' study and then expands upon it. He argues that Bartels fails to account for the prior economic conditions inherited from presidency to presidency, and that Democratic administrations have more consistently handed weaker economies over to Republican administrations than the other way around. To some extent, then, according to Campbell, Republican administrations are taking the fall for already crumbling economies inherited from Democratic administrations. In contrast, Democratic administrations are, to some extent, benefitting from the growth made possible by their Republican predecessors. When these conditions are accounted for with lagged economic indicators, Campbell finds that there are no partisan effects of presidential administrations on economic growth or on unemployment or on income inequality. In a later *Presidential Studies Quarterly* article, Campbell reaffirmed his

earlier findings and refuted Comiskey and Marsh's (2012) paper, which provided some support for Bartels' claims (Campbell 2012).

While scholars have been unable to agree on the relationship between presidential party and economic outcomes, new dynamics such as the rise of polarization, extreme budgetary constraints, an ultra-low inflation environment, and a fundamentally changed global economy have almost certainly affected economic policymaking in recent decades, providing meaningful reasons to give this topic another look. This project expands upon the work of Bartels and these other scholars by accounting for and examining the effect of the new political and economic dynamics of polarization, high debt, and constrained fiscal policy. Furthermore it omits a potentially skew-inducing period of time and provides a modernized, more detailed look at presidential capacity to impact macroeconomic outcomes.

1.4: Historical Perspectives on Presidential Power

In order to understand the increasing limitations on modern presidents in their ability to execute policy goals, it is prudent to understand the historical perspectives on presidential power. Indeed, in the classic presidential studies literature, the president has been perceived as having power relative to his ability to communicate and negotiate, as well as the time period in which he governs. The president's power to realize a vision of ideal policy has traditionally fallen on the ability to convince legislators of best course of action. Richard Neustadt lays out this argument in his pioneering work, *Presidential Power*. His work influenced all future studies of the presidency by arguing that presidential power is primarily the power to persuade (Neustadt 1960). A president's

ability to bargain and use the prestige of office to form coalitions and gather allies on the Hill defines the president's ability to pass an agenda.

Samuel Kernell builds off of Neustadt's core idea in *Going Public* (1993), which argues that presidential power is somewhat more constrained. Kernell argues that the in the media age, backroom bargaining is more difficult to achieve. Therefore, the president has had to turn to appealing to the public in an effort to persuade members of Congress to be more responsive to the public's policy preferences (Kernell 1993). However, this process only works if the public is already on the president's side. (Kernell 1993; Canes-Wrone 2001; 2010; Canes-Wrone, Howell, and Lewis 2008).

Perhaps it is Stephen Skowronek's theory of "political time" that best describes the predicament of modern presidents. In Skowronek's view, presidents have cyclical patterns of increasing and decreasing opportunities to lead and produce meaningful change. A president may be a natural leader, but when conditions are not right for his or her big ideas, the president's ability to produce meaningful change is severely limited (Skowronek 1997). Putting this theory into the context of this project, it is possible that a convergence of all of these factors, high polarization, extreme budgetary constraints, and limited flexibility in monetary policy have produced a political "low" for recent presidents.

1.5: Polarization

If scholars such as Neustadt or Kernell are correct, presidential power is a function of the characteristics of the individual holding the office (i.e. being a good negotiator, popular, communicator, strong-willed, etc.), and, to some extent, this is likely. But, at the same time, the rise of polarization may be producing a political condition in

which heightened partisanship is making legislators much less likely to support the president's agenda if the president is of the opposing party,[5] regardless of how persuasive or influential the president may be.

There are a several theories about what is causing the rise of political polarization. Alan Abramowitz (2010) posits that polarization has developed and increased based largely on increasing racial, gender, and economic class divisions. Similarly, McCarty, Poole, and Rosenthal (2006) suggests that increasing economic inequality, coupled with increased numbers of ethnic minorities immigrating to the country, have driven the parties apart. In Bill Bishop's controversial book, *The Big Sort* (2008), he proposes that American politicians are becoming increasingly polarized because American voters are choosing to move to places where they can be around likeminded individuals. This trend is reiterated and reinforced by the work of Ian McDonald (2011). The ongoing migration of citizens, in turn, results in more ideologically hardline politicians being elected from safe, extremely polarized districts.

Whatever the reason for polarization's rapid rise, the end result of political polarization is that legislators are voting along party lines at the highest rate since the 19th century (McCarty, Poole, and Rosenthal 2006). This, in turn, has resulted in a decline in comity between partisan actors in the legislature as well as the White House (Mann and Ornstein 2012). Indeed, studies suggest that legislative politics are now dramatically more hostile and divisive than they were in the 1950s and 1960s (Binder and Smith 1997). But why does increased polarization drive political actors to behave this way?

[5] As previously noted, this same logic implies that Presidents do get increased support for their policy ideals during times of unified government. However, in the forty-five years from 1970 to 2014, only eleven years, or a little less than one quarter of the observations, were periods of unified government.

Frances Lee's *Beyond Ideology* (2009) argues that in the modern era, partisanship is the most essential factor explaining the current high levels of conflict. Lee argues that legislators will take strong positions, even against what might ideologically be in their own interest, in order to in order to stop political rivals (especially the President), from being able to claim credit for policy victories (Lee 2009). Indeed, there is perhaps no clearer illustration of this strategy than the actions taken by Republican leadership at the beginning of Democratic President Obama's presidency. House Minority Leader John Boehner (R–OH) said of Obama's agenda, "We're going to do everything — and I mean everything we can do — to kill it, stop it, slow it down, whatever we can." In keeping with these statements, Senate Minority Leader Mitch McConnell (R–KY) also said, "The single most important thing we want to achieve is for President Obama to be a one-term president" (Barr 2010).

If legislators of the opposition party are willing to take strong political stances (sometimes even beyond their own ideological interests) in order to stop the President, it stands to reason that legislators of the same party should unify behind the President, whose successes aid their own reelection chances (Lebo and O'Geen, 2011). In these polarized conditions, the ability of the president to induce major fiscal policy change is likely to be significantly constrained in conditions of divided government due to legislative gridlock. Even in *unified* government, majority parties may have difficulty overcoming increased use of the filibuster, necessitating supermajorities for legislative progress. In fact, in the 1990s and early 2000s, about half of major legislation encountered a filibuster challenge from the minority party in the Senate (Sinclair 2006).

Indeed, there is a broad discussion about whether divided government dynamics are important for understanding when policy change is possible (Binder 1999; Jones 2001; Rogers 2005). In a polarized era, if the President's party controls both chambers, only then can legislatively mandated policy shift *heavily* towards the President's ideal positions; otherwise, hard-fought compromises are few and far between, and gains will likely be minor.[6] Furthermore, when presidents choose to actively support legislation, that legislation is far more likely to fail under divided government (Edwards, Barrett, and Peake 1997) While there are some who find fault with these scholars' arguments (e.g. Beckman and McGann 2008), some formal models of party unity and its effects on legislative productivity seem to provide some credence to these concepts (Chiou and Rothenberg 2003).

1.6: Budgetary Constraints

The size of the public debt is a politically charged issue. Indeed, the presence of high public debt restrains political actors from spending money for any policy, but especially for big-ticket items such as tax cuts, social welfare policy, or major stimulus or infrastructure packages. In fact, Alesina and Tabellini (1990) suggest that presidential administrations actually manipulate the state of the debt in order to influence the choices of their successors. In their view, conservative Presidents may strategically wish to leave higher debt levels in order to force more liberal successors to spend less – and vice versa (Alesina and Tabellini 1990).

In recent decades, legislative spats over the budget, debt, and the debt limit have

[6] For most votes, having a supermajority or being able to negotiate a few key votes from the opposing party is necessary in order to survive a cloture motion. However, for budget votes, a supermajority is not required.

become more and more common, resulting in fewer long-term budgets and an increasing reliance on continuing resolutions to keep the government operating (Meyers 1997, Streeter 2003). Why? One reason is that the debt levels under modern presidents are dramatically larger than the debt levels under their counterparts in the 1950s, 1960s, and 1970s. Historically, through those three decades the debt to GDP ratio declined steadily to around 30 percent – meaning that the total debt of the country was only equal to less than one third of its annual production.[7] However, after 1980, the debt to GDP ratio rose dramatically, hitting fifty percent by around 1990, seventy-five percent by 2008, and one hundred percent by 2012 (St. Louis Federal Reserve Bank 2016).

This is important because high federal debt is extremely unpopular.[8] Because of the debt's unpopularity, raising the debt limit – the self-imposed limit on how much money the United States government can borrow – has also become very unpopular, despite a general lack of understanding on what the debt and debt limits even do. Raising the debt limit does not increase the United States' monetary burdens and not raising the debt limit does not decrease them (Austin 2015). However, during one fight over the debt limit in 2011, 42 percent of Americans opposed raising the debt limit, while only 22 percent supported it (Saad 2011). As a result of this unpopularity, the debt level and debt ceiling have been increasingly used as political tools to thwart increased spending. As Frances Lee (2013) notes regarding debt ceiling clashes:

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[7] Debt to GDP ratio is commonly used because it measures debt levels relative to the production of a country. This is important because as a country's economy grows, the debt the nation can effectively handle will also grow. Using this ratio also provides a measure that is useful for debt-burden comparisons between different nations.

[8] Pew Surveys found that between 60 and 75 percent of respondents from 2013 to 2015 said that reducing the budget deficit -- thereby reducing the debt the United States is taking on – should be a top priority for the President and Congress (Pew 2015).

> The contemporary politics of raising the debt limit in Congress are actually quite simple. No one wants to vote in favor! Delay, procrastination, and buck-passing are the order of the day. The party not controlling the presidency will generally use the occasion to excoriate the president for his policies and his management of the economy, and it will do so with particular ferocity under conditions of unified party control.

With regularly contentious budget crafting, Congress is more likely to miss deadlines or fail to compromise. This has led to an increased frequency of the worst-case scenario – a lengthy government shutdown due to a lack of appropriated funding. Over the past two decades, the government has shut down three times, and during these three events, the federal government was shut down for 42 days – more than twice the number of days the government had been shut down over all other funding lapses combined. Even when the government does not shut down, contentious budgetary politics has plagued recent presidential administrations from Clinton to Obama.

In order to illustrate contentious, partisan, budget crafting further, take for instance, the budgetary crises occurring in the summer of 2011, and again in October 2013. These cases provide examples of several occasions in which President Obama has faced budgetary crises in his presidency. In the summer of 2011, a newly elected Republican majority in the House of Representatives would not raise the debt ceiling without deficit reduction policies put in place. In this case, the Republican Tea Party caucus insisted upon draconian spending cuts, while Democrats encouraged tax increases on the wealthy, resulting in a standoff teetering at the edge of shutdown and default. This 2011 crisis was averted at the last minute with a political deal that eventually brought about "sequestration," a relatively untargeted cutting of spending across the board on

some Republican and Democratic policy priorities (Mann and Ornstein 2012).[9] The end result of this challenge was reduced spending on all priorities – Republican and Democratic alike – and significantly reducing the President's capacity to implement new spending policies to boost the economy.

In another example of highly contentious budget crafting, in October 2013, the United States House of Representatives failed to pass a continuing resolution to fund the government in a last ditch effort to stop the implementation of the Affordable Care Act, President Barack Obama's signature health care reform (passed during a rare period of fully united government).[10] Demonstrating the partisanship of this era, on the first day of the shutdown, the Democratic president placed the blame squarely on the shoulders of the Republican Party:

> One faction, of one party, in one house of Congress, in one branch of government, shut down major parts of the government -- all because they didn't like one law. […] Republicans in the House of Representatives refused to fund the government unless we defunded or dismantled the Affordable Care Act. They've shut down the government over an ideological crusade to deny affordable health insurance to millions of Americans (Washington Post Staff 2013).

It took sixteen days to reach a resolution. When public approval for the legislature crashed downward, the shutdown ended with the passage of the Continuing Appropriations Act, resolving the crisis with a temporary fix (changing nothing about the

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[9] There were some major mandated programs exempted from the cuts such as Social Security, Medicaid, and the Children's Health Insurance Program (CHIP). However, the overwhelming majority of federal programs were slashed.

[10] Arguably a form of distributive policy, the ACA provides health care stipends to low income households in order to ensure greater health care availability. This, in turn, increases their capacity to spend on other necessities, increasing living standards and capacity for work. Noel (2016) considers the ACA to be one of the Obama administration's largest policy changes targeted at improving economic standing of the working class.

budget) until early 2014. Demonstrating the partisanship of the modern era, Democrats in both chambers unanimously supported the continuing resolution to maintain spending at current levels for another several months, while Republicans in both chambers only provided enough votes to barely accept the deal. Demonstrating the partisanship of these conflicts, eighty-seven of the 231 Republican members of the House voted *against ending the shutdown*, alongside eighteen of the forty-five GOP members of the Senate. In both of these instances, the budget was held hostage and partisanship was the driving factor for the crisis. One budget fight resulted in a lengthy shutdown with the eventual continuation of the existing budget, while the other resulted in draconian untargeted spending cuts across large swaths of the United States budget. Neither of these situations represent optimal scenarios for any political actors, but both scenarios certainly demonstrate how challenging modern presidents' efforts to affect budgetary policy are likely to be.

While limited research has been done on the topic, scholars have identified the rationale behind recent budget conflict – largely stemming from partisanship. Meyers (1997) points out that with the growing acceptance of continuing resolutions being used to pass a budget, the budget process is, naturally, delayed. This delay does not present a significant problem as long as the House and the president are of the same party. However, if they are not, then conflict is quick to arise in a hyperpolarized environment. This volatile environment has resulted in a tendency for parties to utilize a tactic of "strategic disagreement" with the president (Gilmour 1995). The opposition party recognizes that keeping conflict alive is politically more advantageous than resolving the dispute with a policy compromise. Indeed, getting a compromise is seen as half a victory,

while a full victory may be possible if their party gains even more power through unified government. Therefore, delaying the resolution of an ongoing conflict is politically a better choice (Gilmour 1995).

Taken together, these examples and the literature around them suggest that because the debt is seen as a political tool, budget making in periods of high debt is extremely contentious and chaotic, not only due to polarization, but because a strapped budget has little political room for maneuvering. New spending or taxes to pay for new spending are both very challenging to acquire and when high debt levels are so unpopular, a budget deficit and the national debt are both utilized by the opposition party to attack the President. This means that the capacity for compromise or real change extremely limited. Under these conditions, increasing federal spending is unlikely for major new distributary policies or tax cuts to affect the macroeconomy.

1.7: Monetary Policy

The Federal Reserve System, or Fed, is designed to be a non-partisan, independent agency that controls the monetary policy of the nation. When the Fed decides to increase the money supply, it reduces interest rates, stimulating the economy as consumers borrow more, but generally causing inflation to increase. When the Fed raises interest rates, inflation is lower, but consumers tend to save more, reducing consumption and slowing economic growth.

In general, scholars have held that the Fed is only somewhat affected by politics and the presidency. Federal Reserve Board members, and the Federal Reserve Chair are presidentially appointed and confirmed by the Senate. However, once appointed, there is

no guarantee that a FED chair or committee member will act in a fashion to the President's liking, nor is it easy to hold them accountable if they do not.

Chappell, Havrilesky, and McGregor (1993) examine whether the primary route of presidential influence of the Fed is through appointment or by applying pressure on a board-member post-appointment. Their study shows that the appointment is the strongest avenue for presidential pressure. In a follow up study, the same authors examine the topic further, and find that, while there are systematic differences between appointments under partisan presidents, there are many personal characteristics, such as their length of experience in government and prior experience with the Federal Reserve System, that predict the policy preferences of Federal Reserve Committee members (Chappell, Havrilesky, and McGregor 1995). Even so, if the appointment of Fed officers requires cooperation and understanding between the branches of government, getting appointees through a polarized Senate that want significant policy change is daunting work for any president in the modern era.

Irwin Morris's essential work, *Congress, the President, and the Federal Reserve: The Politics of American Monetary Policy-Making* (2002) explores even further the relationship between political institutions and the Fed. Morris theorizes that the Federal Reserve is strategically taking positions that it knows will be politically palatable to the present composition of Congress and the White House. If the positions of the Fed match with the positions of Congress as well as the President, then the capacity for broader monetary policy change is higher than when the three are not unified. Such a political situation is dependent on unified government, and major change is likely to be more challenging when ideologies are more polarized, as they have been for the last two

decades.

Aside from the political constraints that are likely during a period of polarized politics, the Fed has been forced into a corner by national economic conditions for a significant period of time. Indeed, during the past decade, the United States has been constrained by approaching and even hitting the zero-lower bound,[11] a period in which short term interest rates are essentially zero, allowing for limited to non-existent further manipulation of monetary policy (Aruoba and Schorfhiede 2015). It was forced into this condition to stimulate the economy in the wake of the Great Recession. However, at this point, the Fed can only reasonably move interest rates up, thereby constraining growth and reducing inflation further from its already low rates. Unfortunately, with a potentially volatile economy, the Fed is unlikely to move monetary policy much in the foreseeable future, removing the influence of any president or Fed nominee, regardless of party or political ambition.

1.8: Conclusion

The debate about the power of the President to affect macroeconomic indicators has remained inconclusive. Presidential scholars have, over time, consistently questioned the President's ability to affect economic change, and the power of the President is, at least partially, a function of time period. Presidents in the past two decades have been struggling with complex challenges – polarized politics, extreme budgetary constraints, and inflexible monetary policy. Furthermore, as Gordon argues, the opportunity for technological revolution is diminishing. These unique conditions make it valuable to

[11] The United States actually reached the zero lower bound in 2009, during the Great Recession.

examine the partisan differences of modern presidents in two ways. First, by looking at the differences between the economic records of presidents of both major parties across the entire time period. Secondly, by examining presidents in the past two decades and comparing them to presidents of the two and a half decades preceding them in order to ascertain if these unique economic and political conditions have increased, or diminished, those party differences. The next chapter will provide a quantitative analysis examining the differences in presidential records on the overall macroeconomy as measured by income growth, change in the unemployment rate, and change in the inflation rate. Furthermore, it will provide a detailed explanation of the data and methodological approaches to be used for the remainder of this project.

Chapter 2: The Effectiveness of Presidents in Implementing Macroeconomic Policy in the Modern Era

2.1: Introduction

In the previous chapter, I identified number of factors that may explain why presidents of both parties in the past two decades have faced a tumultuous political period with potentially more limited opportunity to move the overall macroeconomic needle.[12] These factors include increased political polarization, limited monetary policy, a tighter federal budget, and a fundamentally changed American economy. In light of this, this chapter seeks to examine quantitatively the essential question: *Are presidents effectively implementing macroeconomic policy in the modern era?* Put another way, *are the economic policies enacted by modern presidents of opposing parties having discernible impacts on overall national income growth, inflation rates, and employment rate. Furthermore, are new economic and political dynamics such as significant political polarization, increased budgetary constraints, and restricted monetary policy increasing or reducing these effects?* In order to examine this question, I will first examine the macroeconomic records of presidential administrations, and their party affiliations, over the past forty-five years, and then compare these records using a cut point meant to capture the unique conditions facing more recent presidents. Then I will provide a

[12] This does not suggest that there have not been some opportunities to affect the macroeconomy, but many of the best examples of recent presidents getting major economic stimulus packages -- George Bush's auto bailout and his Troubled Asset Relief Program (TARP), or Barack Obama's American Recovery and Reinvestment Act (ARRA) -- were all passed when the president was given a special political opportunity: the emergency period in response to the worst economic disaster since the Great Depression. These stimulus packages are potentially the exception that proves the rule, and with the exception of the auto bailout, these policies are not generally designed to manage the economy in order to provide benefits for constituencies.

detailed analysis of any statistically meaningful trends, as well as a discussion of the macroeconomic policy implications these trends may present.

2.2: The Time Frame of This Study

This analysis is based on annual data collected from 1970 to 2014, resulting in forty-five unique observations spanning eight presidential administrations. While previous scholars have examined the time period from 1948 forward, there are reasons to suggest that including presidents from the mid 20th century may make a fair analysis of party differences challenging. Indeed, the parties significantly realigned from the 1940s to the 1960s due to the Civil Rights movement. The longstanding Democratic bastion of the South shifted into a Republican stronghold, and the values of the parties changed, along with the central issues for voters in both parties. Carmines and Stimson's important book, *Issue Evolution* (1989), argues that by 1972, race had become a central dividing issue that gives shape to voters' belief systems in ways that had not been before (p. 131).[13]

Moreover, the economic conditions and factors presidents dealt with in the post-war era are distinctly different from the conditions faced by presidents since the 1970s. In what has been termed the "Golden Age of Capitalism", the post-war economic boom saw historically unprecedented economic growth and prosperity fueled by continued military spending, significant post-war scientific advances (resulting in consumer goods), and the

[13] This is especially relevant because race is such an important part of the analyses comprising later sections of this dissertation. Conveniently, economic microdata that can be stratified accurately by race/ethnicity, class, and gender is only available from 1970 onward.

rise of suburban America (Marglin and Shor 2000). Indeed, one out of every four houses existing in the 1960s was built in the 1950s (Cohen 2004).

This "Golden Age of Capitalism" also encompasses the arguments presented by Gordon (2016). Technological advances that completely revolutionized our economy and human potential make the period before 1970 unique. While there are some arguments to be made that the information technology (IT) boom of the 1990s is another brief period of unique economic growth, Gordon suggests that this could only be considered a minor blip compared to the rapidly changing American economy from 1920 to 1970.

The unusual period of economic growth in the post-war period also can be demonstrated numerically. Indeed, the period of 1948-1969 saw average annual income growth at over twice the rate as the years from 1970 to the present – 2.7% compared to 1.3%, respectively. Similarly, the Gross Domestic Product (GDP) per capita grew at a 2.6% annual rate from the post-war era to 1970 and a 1.2% growth rate from 1970 onward. In short, 1948-1969 was a notably different period in the history of the United States for two key reasons: First, the priorities and constituencies of the Democratic Party and Republican Party have changed significantly since that period, and second, economic growth was unusually phenomenal due to unique technological advancements. Therefore, making comparisons across the typical time frame is extremely challenging.

2.3: Testable Hypothesis

The current literature testing presidential effects on income growth, unemployment, economic growth, and inflation is inconsistent in its findings, so it does not provide significant guidance for this study. Typically, when scholars have found a discernible partisan effect, Democratic administrations have produced superior economic

results in terms of income growth and unemployment when compared to Republican administrations (i.e. Bartels 2008, Comiskey and Marsh 2013). At the same time, due in part to their constituent bases, Democratic presidents are more interested in reducing unemployment than Republicans, while Republicans are historically more interested in reducing inflation. However, Campbell's research found no discernible difference between Democratic and Republican administrations, providing support for a null hypothesis (Campbell 2011, 2012). Therefore, for the first set of tests and models, I will examine the question simply as continuation of these studies. I propose presidents are inhibited in the modern era by polarized politics, a tighter budget and a more chaotic budget-making process, as well as constrained monetary policy. In other words, presidents in this modern, polarized era are unlikely to make a significant difference in income growth, unemployment rates, or inflation rates, after controlling for broader economic conditions.

> *H_0 – Variations in national overall economic conditions (income growth, unemployment rate, and inflation rate) are unrelated to presidential partisanship.*
>
> *H_1 – Democratic administrations exhibit greater income and employment growth than Republican administrations. However, they also will provide greater inflation growth, in return.*
>
> *H_3 -- (Polarization Model) – The distinctiveness of partisan effects on overall economic conditions has diminished since 1996.*

2.4: Methodology

This dataset and research project cannot examine the impact of one particular policy, nor can it claim to measure the impact of one president's policies upon the next president, despite the fact that many policies remain in place into later presidencies (Grafstein 2008). Indeed, a president begins a term where the previous president left off, and change is not always rapidly implemented. However, scholars agree that a president should not immediately be held liable on day one for the state of the economy. New hires have to be made; new staffers have to be trained; the presidency, itself, almost certainly has a fairly steep learning curve; policy proposals have to be written, amended, passed, and then implemented. Even when these policies are implemented, they have to take effect, which may take some time. For example, one of the Obama administration's greatest legislative achievements, the Patient Protection and Affordable Care Act (ACA or "Obamacare") had designed implementation delays for some parts of the law several years after the bill was signed, while other parts of the law were deemed effective the moment the bill was signed.[14] As Campbell notes, "It generally takes a good deal of time for the impact of policies to be realized" (Campbell 2011, p. 3).

Furthermore, as other scholars have rightly suggested, even if a new president sees significant income growth or increased employment in his *second* year of office, it may still be unfair to suggest that this is largely the president's own doing. When American businesses thrive (regardless of the president), it still may take some time for

[14] The ACA included tax credits and entitlement benefits that have almost certainly had an impact on the post-tax income of many low- and middle-income families across America, but have yet to be quantified in any national dataset that the author is aware of. However, as previously mentioned, Noel (2016) lists the ACA as one of the Obama administration's greatest policy achievements designed for improving the economic standing of the working class.

that money to be shifted into increased salaries or new hires. Taking all of this into account, it is unsurprising that the length of the lag has been a source of some contention. For example, Bartels (2008) and others use a one-year lag, Campbell (2011) accounts for the last two quarters of the previous year's economy, but not the entire year, itself, and Comiskey and Marsh (2013) weight the potential influence of the president on each quarter of a year – essentially phasing the president into complete influence (or responsibility) over time, with a new president only taking full credit after two full years in office.[15]

The annual data used in this research does not allow for as complex a weighting system as Comiskey and Marsh were able to achieve with quarterly data, but, conceptually, it makes sense to phase in the president's responsibility rather than to consider a president immediately responsible for the economy at the end of the first year. In order to mirror their theoretical concept, this project adopts a lagged weighting system in which an incoming president takes no credit for the first year of his tenure, and gets half credit for the second year of his tenure. This allows for a new president to have some time for getting policies passed in his first legislative session, and to allow some time for implementation as well.[16] An example of this coding is demonstrated below:

[15] Campbell's argument rests on the idea that the first two quarters of Republican to Democratic transition years are usually mediocre, but the second two quarters are usually strong. Therefore, in his view, his lag distribution provides evidence that Democratic presidents are handed a stronger economy than Bartels gives Republicans credit for.

[16] This coding specification was tested for robustness by using models with a binary "transition" variable alongside the classic binary presidential party variable as a counter-measurement.

Table 2.1: Example Coding for the Presidential Party Variable

President	Year	Pres. Party Coding
George W. Bush	2008	0
Barack H. Obama	2009	0
Barack H. Obama	2010	0.5
Barack H. Obama	2011	1

Similarly, if one assumes that there are lingering effects of previous economic conditions, an appropriate model specification should include a measure not only for the previous year's overall economic performance (measured by annual change in the Gross Domestic Product "GDP" per capita) as well as the economic performance of the year prior to *that* year.[17] Indeed, the general autoregressive distributed lag (ADL) time series model utilized for this research assumes that prior-year lags are applied in order to account for the lingering effects of previous policies, even if those policies have been changed within the past year.

In this study, income growth for a particular group is measured as the percent-change in average income of the total group or income quintile. Each income quintile represents one-fifth of the income-earning population, and are commonly used by scholars in this field as a proxy for class (Bartels 2008, Campbell 2011, Campbell 2012). It is worth noting that this measure of income change does not capture the income growth

[17] Campbell includes the annual change in the Gross National Product (GNP) per capita as his economic control variable. It is unclear why this would be a superior measure of economic performance to annual change in Gross Domestic Product (GDP) per capita. Indeed, GDP measures the production occurring in the United States while GNP covers the production of US residents, either located in the United States or abroad. The GNP was the primary measure of economic activity until the 1990s when the country adopted the GDP instead, bringing the US into line with most other countries. A 1991 Bureau of Economic Analysis paper notes, "GDP is consistent in coverage with indicators such as employment, productivity, industry output, and investment in equipment and structures" (BEA, 1991). This data was acquired from the Bureau of Economic Analysis (2016), -- the same source as that used by other researchers in the field.

of a particular individual within that group or quintile, so it does not capture movement of individuals between classes across years.[18] Instead, it is simply a measure that determines if that particular class or group is experiencing better or worse income growth relative to other income groups. Put another way, this measure can answer whether income growth for low-income people, on average, is higher or lower from year to year, than the income growth for individuals within another income quintile.

Average income (as opposed to median income) is chosen for several reasons: first, when analyzing subsets within a group, it is important to recognize where the main distribution of that subset is. For instance, it has been well established that a small subset of the population at the very top of the income distribution has been gathering enormous riches over the past several decades. A measure capturing average income for the top quintile may more accurately reflect this divergence than simply using the percentile threshold required to be in the top twenty percent. Second, the measure of income chosen by the Bureau of Economic Analysis (BEA -- the government agency responsible for providing macroeconomic statistics) is the average, rather than a median or percentile. The data for national average income is calculated by the BEA and acquired from their webpage, while the data for income centiles was acquired from the United States Census Bureau's Current Population Survey and calculated by the author for this study.[19]

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[18] The dataset used for this study, the Current Population Survey by the United States Census Bureau, rotates the population selected for the study, ensuring that no person is surveyed twice in consecutive years. This constraint removes the capacity to measure movement of individuals between income groups. However, prior studies in this field have had similar shortcomings – largely due to unavailable data.

[19] In order to calculate the average income values by income quintile used for this dissertation, the author removed nonexistent and zero income observations from the CPS survey sample. Then, for each year, the author calculated the 20th, 40th, 60th, and 80th percentile cut points in order to separate the population into each income quintile.

Models predicting unemployment and inflation rates are similarly calculated as an annualized rate of change. For the unemployment rate, the variable is the first difference of the national unemployment rate, as provided by the Bureau of Labor Statistics (2016).[20] The inflation rate, similarly, is calculated as a first difference in the inflation rate. This study examined the annual change in the Consumer Price Index, as reported in the Consumer Price Index Detailed Report, compiled by the Bureau of Labor Statistics (2015)

In order to examine presidential administrations across time, the primary means of analysis is a general ADL time series model. This model specification is valuable for its simplicity and conservatism (De Boef and Keele 2008). Three sets of models are run in order to test each of the three main dependent variables – income change, change in the unemployment rate, and change in the inflation rate. For each model, the main dependent variable is regressed against itself with a one-year lag, and then all other independent variables are also regressed, each including an extra lag term, in order to account for the dynamic effects from year to year.

To account for the changing nature of political polarization, the model includes a binary cut-point variable where polarization is "active" for every year after 1996.[21] This partly based on Alan Abramowitz's (2012) "Time for Change" model for election forecasting, which includes a similar variable for every election since 1996, because

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Finally, within each quintile, the author calculated the average income within that group to provide the observed value used in the analysis.

[20] For clarity, the first difference is the year-to-year change, or $y_1 - y_2 = x$.

[21] The author tested numerous alternative cut points to check for sensitivity to this cut point, including the beginning of Clinton's term, however results were strongest for the 1996 cutoff.

every presidential election since that year has been so closely contested.[22] In short, since 1996 party supporters and party representatives have been notably less willing to cross party lines to support the opposing party. 1996 also corresponds with the second year that Republican Newt Gingrich held the office of Speaker of the House, a time period in which he stood as a strong opponent against Democratic President Bill Clinton. Mann and Ornstein's, *It's Even Worse Than It Looks* (2012) credits the rise of Speaker Gingrich and with being a major driver of the increased contention and enmity between the parties in Congress.

Two further important independent variables are a binary election year measure and a divided government measure that reflects the president's party weighting system. Including an election year measure is essential, because scholars such as Bartels suggest that it is possible that some Republican presidents are highly successful at implementing a Political Business Cycle (PBC)[23] strategy-- where other short-term policies are adjusted in election years to improve economic conditions shortly before elections in order to woo voters with low political knowledge and short memory spans (Bartels 2008). Including a divided government measure is designed to capture the political contention a president may face for his political proposals. This divided government measure includes the same adjustment for presidential "transition years" as the president's party variable, where applicable. Research by Binder (1999) suggests that legislative gridlock is more likely to

[22] Abramowitz (2012) codes this variable as an interaction with presidential approval, because he is predicting vote share. This is an unnecessary condition for predicting economic variables, as it is unlikely that presidential approval has any impact on economic conditions, although positive economic conditions almost certainly have an impact on presidential approval.

[23] For foundational work on the Political Business Cycle, see Tufte (1980).

occur during periods of divided government, although conflict even within the Senate or House chambers can be even more impactful (and more challenging to measure).

Finally, the model includes an interaction term between the president's party measure and the polarization measure. If presidents are still effective at passing and utilizing economic stabilization policy, one might expect polarization actually to amplify the partisan differences between the presidents' records, because their policy agendas are so starkly different. Take, for instance, the 2012 election, in which, by one measure which examines the content of each candidate's Twitter account, Democrat Barack Obama and Republican Mitt Romney were ideologically further apart than the median House or Senate Democrats and Republicans (Barbera 2015).[24] If party differences are becoming larger, then the interaction term should be significant and positive demonstrating a stronger effect of presidential party in the post-1996 period than presidents prior to 1996. If the interaction term proves to be statistically significant and negative, it would suggest the impact of party has diminished. Finally, if this variable is not significant, it would provide important evidence that the effects of polarization are perhaps not as large as one might expect.

2.5: Initial Analyses

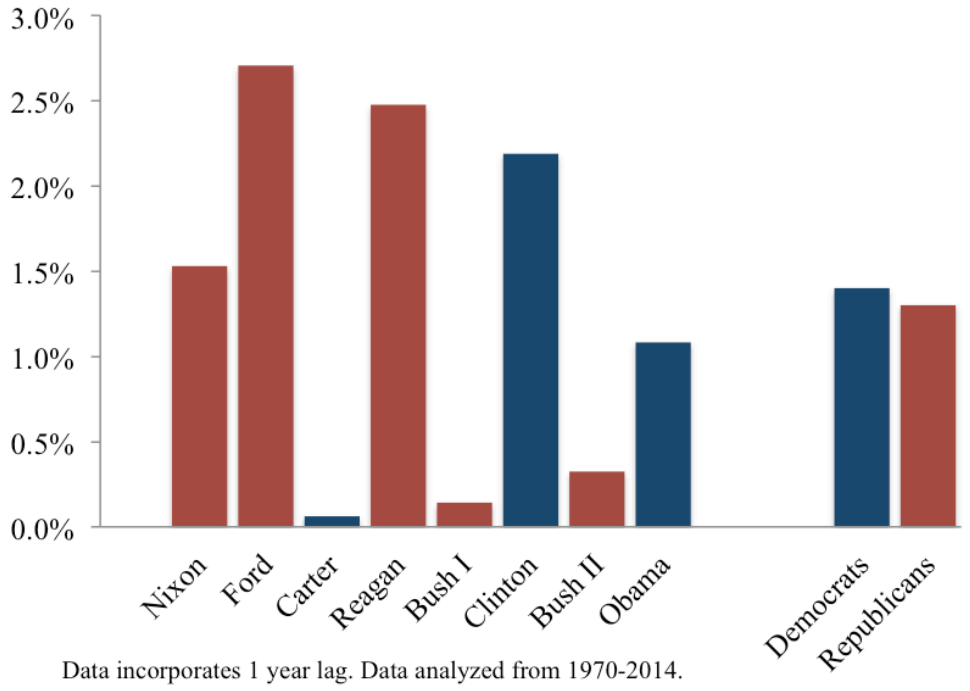
Across these forty-five observations, three Democratic presidents and five Republican presidents are represented, comprising eighteen years under Democratic administrations and twenty-seven years under Republican administrations. In general, these results suggest few partisan differences in economic performance. Figures 2.1-2.3

[24] Indeed, by this measure Hillary Clinton, the Democratic 2016 presidential nominee, is further to the left than President Barack Obama was in his 2012 re-election bid.

(below) show average income growth, average change in the unemployment rate, and average inflation growth across presidential administrations affiliated with the two parties. A standard one-year lag is incorporated into these analyses. Regarding average income growth, both Democrats and Republicans have mixed outcomes, resulting in averages that are nearly identical. Looking at income growth for the three most recent presidents, nothing seems out of the ordinary. For unemployment, Democrats perform better than Republicans, as has been suggested by previous literature. Only for the unemployment variable is the difference of means between the parties statistically significant.

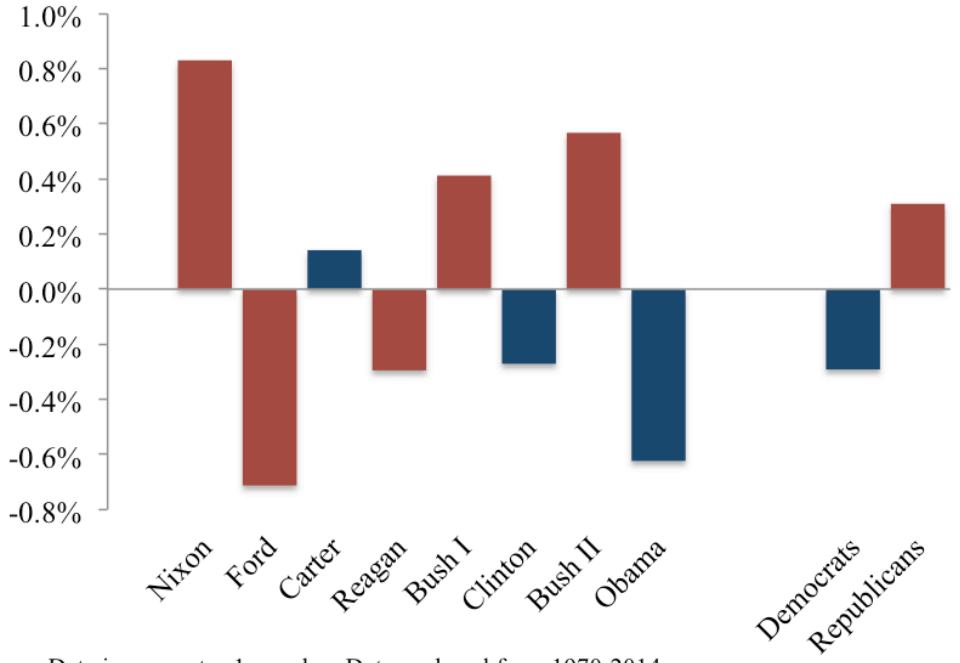
Regarding inflation, it is expected that changes in the inflation rates are limited, especially after 1996, and the data suggests this is the case. However, it does appear that Republican presidents favor reductions in the inflation rate over their presidency, as all four presidents with average inflation changes below zero are Republican. However, while President Carter is an outlier – with a period of relatively higher inflation -- low inflation during the time periods of Presidents Clinton and Obama keep the Democratic average close enough to ensure that the difference of means is not statistically significant.

Figure 2.1: Average Annual Income Growth by Administration, President's Party

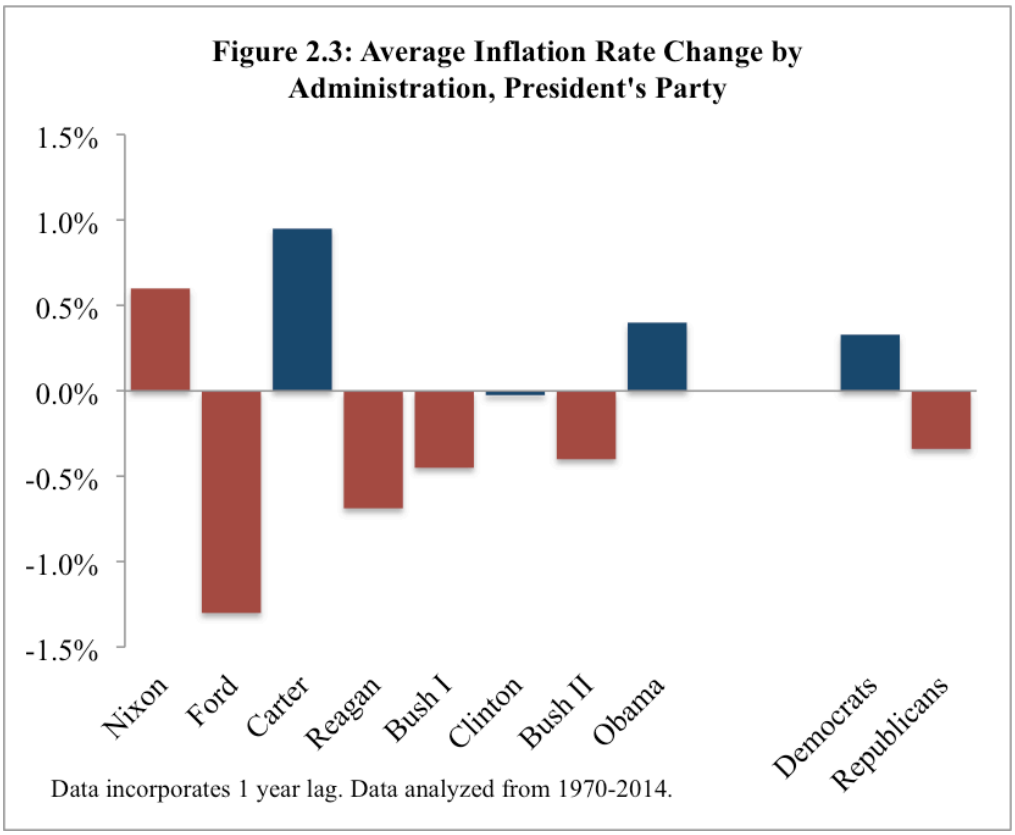


Data incorporates 1 year lag. Data analyzed from 1970-2014.

Figure 2.2: Average Annual Unemployment Rate Change by Administration, President's Party

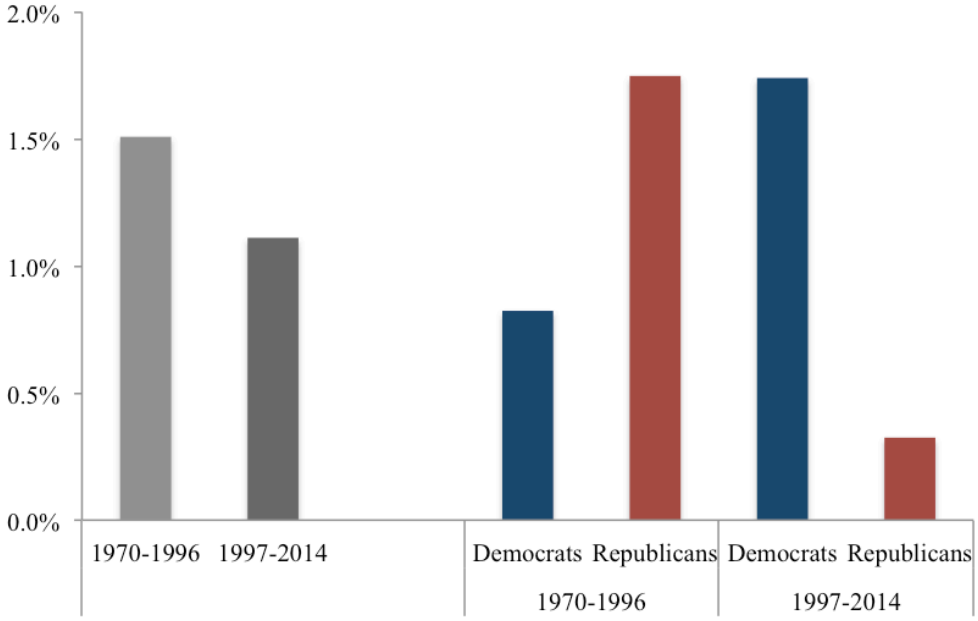


Data incorporates 1 year lag. Data analyzed from 1970-2014.



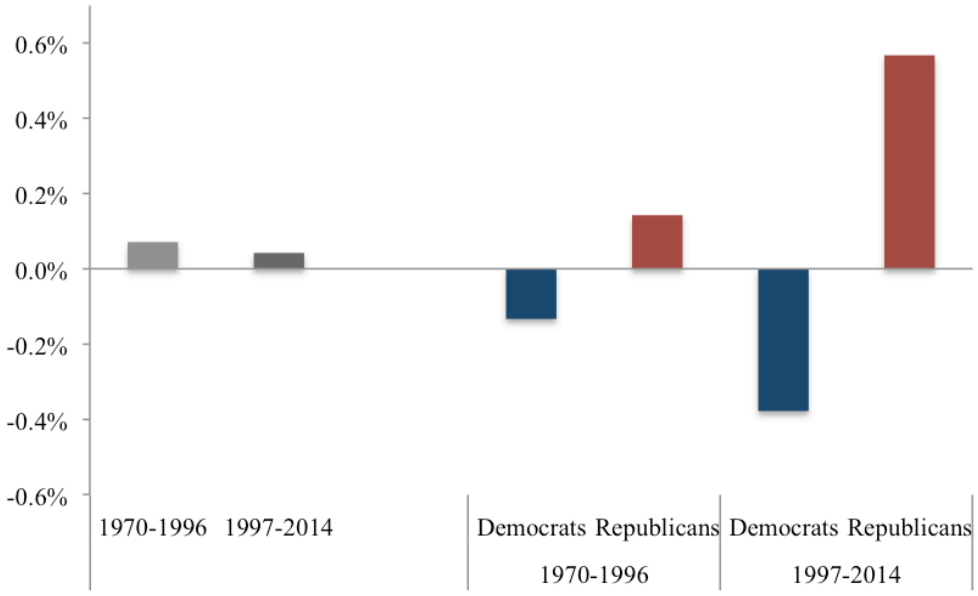
While these overall analyses suggest that Democrats and Republicans do not have particularly different economic records from the period between 1970 and 2014, this first set of graphics does not demonstrate whether presidents in the polarized era perform differently than presidents who did not face the same political challenges. Indeed, as shown in Figures 2.4-2.6, the average performances of Democratic and Republican administrations in the non-polarized era, without controlling for economic conditions, are not statistically differentiable. On average, Republican administrations saw higher average income growth, and decreases in inflation, while Democratic administrations saw slightly improved unemployment rates--a reflection of typical patterns.

Figure 2.4: Average Annual Income Growth by Time Frame and President's Party

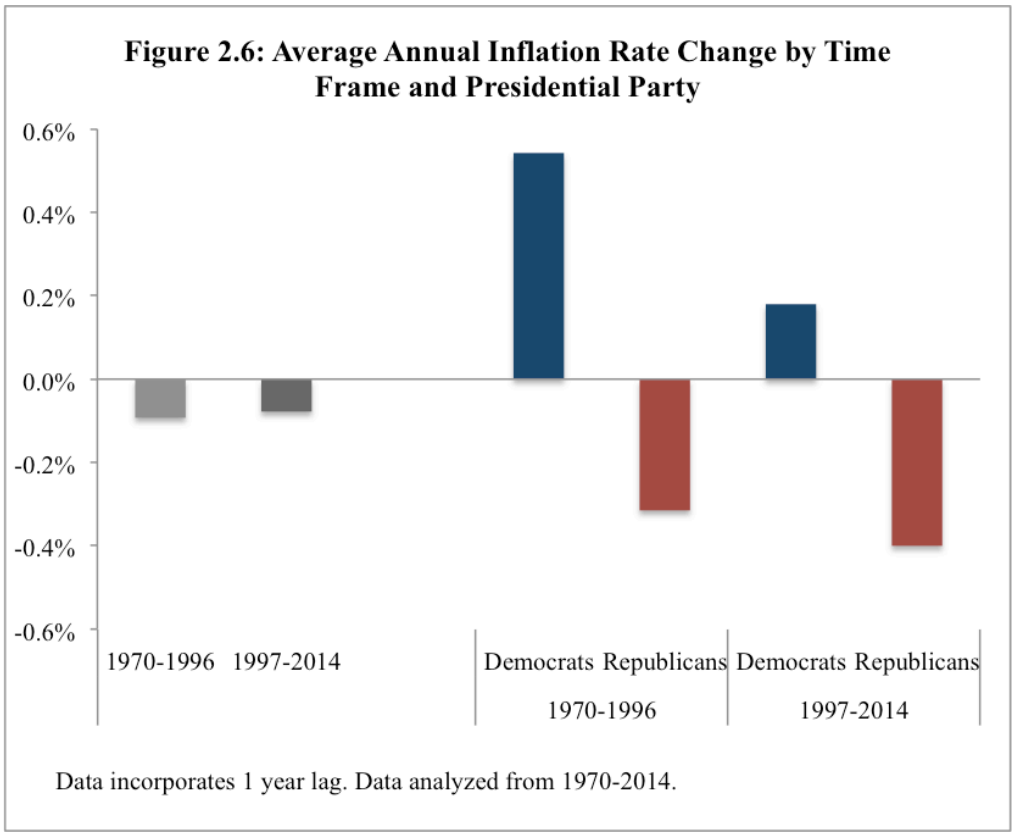


Data incorporates 1 year lag. Data analyzed from 1970-2014.

Figure 2.5: Average Annual Unemployment Rate change by Time Frame and Presidential Party



Data incorporates 1 year lag. Data analyzed from 1970-2014.



However, the polarized era actually sees far greater differences between the parties. Why? Looking back at the data broken down by administration, one can see that the Democratic administrations of Presidents Clinton and Obama saw higher income growth than the administration of President George W. Bush, and the improvement in unemployment under these Democratic administrations is statistically different from that under President Bush. However, there is one caveat: these averages do not control for overall economic fluctuations and political conditions – each of which are almost certain to have an important impact on income growth, employment, and inflation, well beyond a president's influence. Indeed, President Bush oversaw the Great Recession, a global market crash that was caused by internal and external economic factors for which the president may or may not be fully accountable. While President Bush may have been at

least partially responsible for the recession, it is important to consider the state of the national economy before making definitive claims on these presidents' records when it comes to income, employment, and inflation. The statistical analyses in the following section will be able to account for these economic and political conditions, providing a more detailed look at party effects on the macroeconomy in the modern era.

2.6: Primary Analyses

When it comes to the overall macroeconomy, the initial analyses found some interesting trends. First, without controlling for economic and political conditions, presidents of opposing parties do not appear to have different economic records when looking at the entire time period. Once we examine presidential records divided by the pre/post-1996 cut-point, however, we see that the economic records of Republican and Democratic presidents are more starkly different. Do these trends hold up once one includes controls for economic growth, divided government, and the partisan business cycle?

Table 2.2, below, shows the results for dynamic time series models on all three overall macroeconomic indicators across the entire forty-five year time period. First, one can see that across the entire time period, the party of the person in the Oval Office is significant. On average, holding all else constant, if the president is a Democrat in the year previously, incomes will rise by 1.2 percent. Furthermore, on average, if the president is a Democrat, the unemployment rate will decrease by 1.3 percent, and the inflation rate will increase by 1.1 percentage points – conforming to expectations.[25]

[25] Putting the effect of a Democratic administration in perspective, the average unemployment rate from 1970 to 2014 was 6.4 percent. This includes the incredible low

Taken together, these results correspond with expectations. Along with prior studies, these results provide further evidence that Democratic administrations, in general, out perform Republican administrations in regards to income growth and unemployment. Furthermore, Democratic administrations seemingly prioritize reducing the unemployment rate rather than decreasing the devaluation of currency through inflation.

Table 2.2: Dynamic Time Series Models Examining Key Overall Economic Indicators

	Δ Average Income			**Δ Unemployment Rate**			**Δ Inflation Rate**		
	Coeff.		Robust Std. Err.	Coeff.		Robust Std. Err.	Coeff.		Robust Std. Err.
Δ Average Income (%)				Δ UR (%)			Δ IR (%)		
L1.	10.8%		24.6%	6.0%		21.5%	93.0%	**	9.4%
President's Party									
L1.	1.2%	**	0.5%	-1.3%	**	0.4%	1.1%	*	0.7%
L2.	-1.2%	**	0.6%	0.9%	**	0.4%	-0.8%		0.7%
Δ GDP Per Capita (100%)									
L1.	36.1%	*	25.6%	-27.6%	**	9.6%	38.3%	**	12.2%
L2.	-24.8%	**	12.7%	14.6%	**	8.7%	16.5%	*	11.3%
Divided Government									
L1.	1.1%		1.1%	0.0%		0.5%	-1.3%	**	0.5%
L2.	-0.6%		1.0%	-0.0%		0.5%	-0.4%		0.5%
Election Year									
--.	0.6%		0.8%	-0.3%		0.4%	0.5%		0.5%
L1.	-0.8%		0.8%	0.1%		0.4%	-0.4%		0.6%
Constant									
--.	0.8%	*	0.6%	0.3%		0.3%	-0.0%		0.7%
N = 45				N = 45			N = 45		
R-Squared = 0.361				R-Squared = 0.563			R-Squared = 0.803		
Root MSE = 0.018				Root MSE = 0.008			Root MSE = 0.015		

** Represents significance at the 0.05 level (one-tailed test).
* Represents significance at the 0.10 level (one-tailed test).

of the Clinton years at just below 4 percent, as well as the Great Recession, peaking at a little below 10 percent. Therefore, the effect of a Democratic administration is quite substantively significant. Similarly, the average inflation rate from 1970 to 2014 was 4.2 percent.

Furthermore, growth in the economy, measured by GDP per capita, is highly predictive of change in these national economic indicators. On average, for income, a one-percent rise in the GDP per capita leads to a 0.36 percent rise in incomes. For the unemployment rate, a one-percent growth in GDP per capita in the previous year leads to over a quarter of a percentage point decrease in the unemployment rate. For inflation, the same growth in the GDP per capita is associated with 0.38 percent higher rate of inflation. Both of these rates of change are not substantively insignificant, as the average annual growth in GDP per capita over this time period is 1.2 percentage points.

While there is evidence that there are differences in the economic records of Republican and Democratic presidential administrations, the question remains: has a changing political and economic environment -- dominated by contentious, polarized politics, limited leeway for monetary policy change, and unpopular, high levels of national debt – altered the ability of presidents to implement macroeconomic policy that affects America's incomes, unemployment, and inflation?

Table 2.3 (below), shows the results from dynamic time series models including the pre/post-1996 cut-point and an interaction term designed to capture the combined effects of this changing political and economic environment. Once the 1996 cut point is accounted for, the models find different results from the first set of models. Beginning with the model examining average income growth, it is evident that this model finds little evidence for the growth or decline of the partisan differences illustrated in the first model, as there is no statistical significance for the interaction term. This provides some evidence that the aforementioned political and economic constraints do not have a significant effect on the president's ability to affect the broader macroeconomy. Indeed,

this model exhibits only one variable with statistical significance -- the economic growth measure, GDP per capita. Again, aligning with the previous model, this model suggests an even stronger boost of 0.39 percentage points to average incomes per percentage point increase in GDP per capita.

The second model testing the unemployment rate finds similar (although not entirely the same) patterns as the model measuring income growth. In this case, the interaction term is not a statistical predictor of the overall unemployment rate for the first lag, but is significant for the second lag. This may provide some evidence of widening gap in president's records on unemployment in the second year in the modern era. Why this would be true in the second year is unclear and inconsistent with the other models, so it may simply be an artifact of the model. Furthermore, like the income growth model, and similar to the model without the interaction term, the change in GDP per capita is highly predictive of changes in the unemployment rate. Indeed, on average, holding all else constant, a one percent growth in GDP per capita represents a 0.30 percent real decrease in the unemployment rate – a rate very similar to the model without the cut-point interaction term.

Finally, just as in the unemployment model, the model predicting changes in the inflation rate offers little evidence that the partisan differences between presidents and their capacity to influence inflation rates has changed dramatically. Indeed, the only statistically significant predictors of changes in the inflation rate are growth in the GDP per capita and divided government. Interestingly, on average, when the economy grows, the inflation rate grows with it, but when the government is divided, inflation rates are more likely to decrease.

Table 2.3: Dynamic Time Series Models Examining Key Overall Economic Indicators (w/ Cut Point)

	Δ Average Income			Δ Unemployment Rate			Δ Inflation Rate		
	Coeff.		Robust Std. Err.	Coeff.		Robust Std. Err.	Coeff.		Robust Std. Err.
Δ Average Income (%)				Δ UR (%)			Δ IR (%)		
L1.	-4.3%		30.7%	-0.3%		0.3%	87.9%	**	13.6%
President's Party * Post 1996									
L1.	2.9%		2.4%	-0.2%		1.1%	2.9%		2.3%
L2.	-0.4%		2.5%	-2.8%	**	1.5%	-2.6%		2.6%
President's Party									
L1.	-1.4%		1.8%	-1.5%	*	0.9%	0.0%		1.4%
L2.	0.0%		2.1%	2.5%	**	1.2%	-0.0%		1.4%
Post 1996									
L1.	-1.5%		2.3%	-1.7%	*	1.3%	-4.2%	**	2.4%
L2.	-3.2%		2.5%	3.0%	**	1.6%	3.8%	*	2.8%
Δ GDP Per Capita (100%)									
L1.	39.2%	*	26.1%	-30.0%	**	10.5%	34.1%	**	13.0%
L2.	-16.1%		17.7%	8.9%		10.7%	22.9%	**	13.3%
Divided Government									
L1.	-0.2%		1.5%	0.1%		0.6%	-1.8%	*	1.1%
L2.	0.6%		1.4%	1.0%		0.8%	0.7%		0.9%
Election Year									
--.	1.1%		1.0%	-0.3%		0.4%	0.7%		0.6%
L1.	-0.2%		0.7%	-0.2%		0.4%	-0.3%		0.7%
Constant									
--.	2.1%	*	1.5%	-0.7%		0.8%	0.5%		1.5%
N = 45				N = 45			N = 45		
R-Squared = 0.423				R-Squared = 0.556			R-Squared = 0.816		
Root MSE = 0.018				Root MSE = 0.841			Root MSE = 0.015		

** Represents significance at the 0.05 level (one-tailed test).
* Represents significance at the 0.10 level (one-tailed test).

2.7: Discussion and Implications

Overall, these models provide some interesting insights into the impact of presidents, polarization, budgetary constraints, and more, on the macroeconomy. First, the significance of the presidential variable in the first set of models suggests that generally the party of president does still matter, even in recent years. Presidents of

opposing parties still demonstrably have different policy priorities with opposite effects. However, the absence of significance for the cut-point and interaction term provide some evidence that perhaps polarization does not have as significant of an effect on the president's capacity to affect economic outcomes as one might expect.

How are presidents still impacting income growth, regardless of the political contentiousness of the post-1996 polarized era? One answer is there have still been some important opportunities to impact fiscal policy – especially around unified government and the Great Recession. President Bush and Obama both had key economic policy victories around the Recession. However, presidents are also able to directly impact incomes through regulatory rule changes. Take, for instance, President Obama's extension of overtime rules to millions of workers, increasing the overtime threshold from nearly $24,000, to over $50,000. Because this is a regulation allowed through the Fair Labor Standards Act (FLSA), the president did not need congressional approval. Estimates from the administration suggest that the change would impact nearly 5 million workers, or over 3.3 percent of the workforce (Bernstein 2015). While this does not sound like a huge deal, significantly raising the incomes of even 3 percent of the population from just one policy change would have a substantive effect on the national average income.

2.8: Conclusion

This chapter presents key evidence that presidents may still have the ability to implement policy in the modern era to affect the broad macro-economy. While there is little evidence that modern political and economic factors, such as polarization, magnify or reduce a president's ability to affect the broader macroeconomy (with the potential

exception of the second lag of unemployment), it is still possible that it magnifies or negates the president's ability to target economic policy to constituent groups. After all, there is evidence that recent presidents have been particularistic -- trying to direct federal resources to core constituencies in districts that support them (Kriner and Reeves 2015). If this is the reality, it is possible that modern presidents are more likely to direct federal resources and implement policies designed to improve incomes and employment rates for smaller constituencies rather than across the macroeconomy as a whole. This may be especially likely in an era of polarized parties with distinct voting blocs and limited room for massive overarching policy change. The following chapters will seek to examine this possibility, first in the context of class, and then in the context of race, and finally, gender, in order to determine if presidents are successfully using policy to have an impact on the economic outcomes of these potentially partisan voting blocs.

Chapter 3: A Theory of Targeted Economic Policy

3.1: Introduction

In the previous chapter, I presented evidence suggesting that over the past forty-five years, there are still some significant differences in the records of presidents of opposing political affiliations. However, there was a near total absence of significance for the pre-post 1996 cut-point. That being said, even if the political and economic conditions after 1996 are having less impact on presidential power than what one might expect, factors such as polarization may still influence which constituencies are served, or how much those constituencies are served by a president's economic policy efforts. Therefore, the question becomes: *Is the president targeting economic policy and federal resources to improve the economic standing of his constituent groups? Has the economic and political changes of the modern era increased or diminished the economic effects the president has on his constituent groups?*

To begin to tackle these questions, perhaps the first step is to ask what differences administrations of each party might have in their preferences? Why might the parties have distinct foci? It makes sense to start with these questions because understanding key differences in the parties should provide insight into the policies they might pursue. This chapter will address these questions, and then lay out a theoretical basis for why presidents may be targeting economic policy in light of polarized identity politics in the modern era. In order to do this, I will first lay out what kind of groups tend to support each party and why. Then, I will examine the existing literature on presidential particularism showing that presidents are able to allocate resources to specific groups and

why scholars believe they do so. Finally, I will put the pieces together to formulate the theoretical basis for the analyses in subsequent chapters.

3.2: Partisan Identification and Voting Blocs – Why the Parties are Different

Identity politics has become increasingly important in recent elections. Barack Obama's 2008 and 2012 campaigns were successful partly because they were systematic in the way in which they targeted groups of voters – a tactic often generalized as "identity politics". Why would presidents of one party put more emphasis on economically helping certain groups while the other party does not? Why should presidents of one party emphasize the working class and unions, while the other emphasizes corporate America and pulling oneself up by one's own bootstraps? To understand the potential policy differences between partisan administrations, it may be best to go back to the source – the voters. Indeed, if David Mayhew's theory that political actors' main ambition is to get re-elected is correct, then presidential administrations will, to some extent, wish to target policy in order to cater to the voters whom they know already support them (Mayhew 2004).

Historically, class has been a significant predictor of partisan preference. Indeed, since the time of Franklin Roosevelt and the New Deal, the American people generally perceive the Democratic Party to be the party of the working class and the Republican party to be the party of the wealthy and big business (Geer 1991; Baumer and Gold 1995; Nicholson and Segura 2011).

To some extent it is not surprising that many voters associate Democrats with helping lower income workers, given their political history. Major initiatives such as

Franklin Roosevelt's New Deal, and Lyndon Johnson's War on Poverty in the Great Society point to a clear focus of the Democratic Party on the poorest Americans as well as the working class. Indeed, during the New Deal, social security, unemployment insurance, and agricultural subsidies for farmers were all founded. For instance, studies of New Deal spending suggest that places with higher economic distress received higher allocations of resources (Anderson and Tollison 1991, Wallis 1998). Even recently, political scientists such as Hans Noel (2016) point to a slew of Obama-era policies and propositions targeted at improving the fortunes of the working class.

Therefore, reflective of policy, scholars of this era generally assert that class is a strong predictor of party identification (Berelson et al 1954; Campbell et al. 1980). Indeed, Campbell, Converse, Miller and Stokes' pioneering work, *The American Voter* (1980), provides the primary evidence for the idea that party identification comes predominantly from one's parents and socialization with people from a similar socioeconomic background as oneself. From interviews conducted with voters in three elections from 1948-1956, they propose that one learns one's beliefs (social and political) from an early age through parental guidance. Also, because voters tend to associate with like-minded people, social and group pressures around them encourage a particular party identification. In short, if one is born a member of a Democratic working-class family, one will likely (although certainly not guaranteed) continue to remain a Democrat in the working-class. Remarkably, in 2008, Lewis-Beck, Jacoby, Norpoth, and Weisberg duplicated the study using the same methodology but utilizing data from the 2000 and 2004 presidential elections. This modern reinterpretation reaches nearly identical conclusions about the drivers of party identification.

Certainly, however, scholars have also suggested that class is not the only predictor of party identification. A number of works, including *The American Voter*, also suggest that partisan identity is also primarily a function of one's group identity, of which class is only one part. These works argue that in order to ascertain a voter's party identification, the voter will consider which groups (class, race/ethnicity, and gender, among others) are associated with each of the major political parties. Then, the voter will examine which groups the voter *personally* identifies with. Depending on the group identifications that voters value most, they can work out to which party they should belong (Campbell et. al. 1970, Green et. al. 2002)

Indeed, for this reason, race and ethnicity is a significant predictor of partisan identification.[26] While President Obama is an African American and, therefore, should expect greater African American support, Democratic presidential candidates have long had the black vote securely in their column. John Kerry received 93% of the black vote in 2004, while Al Gore received 95% of the black vote in 2000 (Gallup 2016). One reason for this consistency is because African Americans share a "linked fate", a theory proposed by Michael Dawson (1994). When examining African-American voters, Dawson finds that black voters tend to vote as a bloc (largely for the Democratic Party) because what is in the best interest of the African-American community as a whole is perceived to be what is in the best interest of the individual (Dawson 1994). Despite the reality that African Americans are generally less economically fortunate than white

[26] Religion, too, has sometimes been a predictor of partisan identification, although in recent years it has been less reliable. The Catholic vote has become less monolithic for the Democratic Party, and while the Jewish vote has largely remained on the Democratic side, there are signs that this support may be eroding as well (Prendergast 1999; Windmueller 2003). Unfortunately, the lack of nationally representative economic data capable of being analyzed by religion removes it from consideration for this project.

Americans, this "linked fate" theory explains why even wealthy African Americans choose to vote for a Democratic ticket (one that does not necessarily represent their interests as wealthy individuals), but instead choose to vote in the interest of their racial identity.

Beyond race, women have also been increasingly more loyal to the Democratic Party and are, broadly speaking, more liberal than men. Indeed, according to Rutgers' Center for the American Woman and Politics, women are 80 percent more likely to be Democrats than Republicans, making up over 57 percent of the Democratic Party (Center for the American Woman and Politics 2014). Furthermore, Democrats have enjoyed an advantage among women across every presidential election since 1988 (Gallup 2016). This shows up in representation, as well, with women in Congress more than three times more likely to be a Democrat than a Republican, even though they were evenly distributed only three decades ago. Moreover, evidence suggests that female Republican representatives are ideologically moderate compared to their male counterparts (Thomsen 2015).

Why do women trend towards the Democratic Party? Certainly, women are more evenly distributed across class groups than are racial groups. It is likely that one major driver is due to social policy related to women's issues, such as reproductive rights. Indeed, studies have suggested that women have been far more likely to leave the Republican Party than men because of the party's stances on social and welfare issues such as gay rights and abortion, and men are more likely to enter the Republican Party because of their positions on these issues (Kaufmann and Petrocik 1999, Kaufmann 2002,

Norrander and Wilcox 2009).[27] At the same time, economic equality issues are of particular concern to women voters. For instance, Democrats have demonstrated a real interest in raising the wages of women to parity, with President Obama pushing for and signing the Lily Ledbetter Fair Pay Act early in his first term under unified government.

In total, this literature suggests that class, race, and gender all are correlated to party identification, with lower income Americans, minorities, and women all more likely to support the Democratic Party, and higher income Americans, whites, and men more likely to support the Republican Party. Because these class, race, and gender groups are at least somewhat polarized into party groups, it seems likely that presidents of different parties would seek to provide benefits to their respective constituent groups.

3.3: Presidential "Particularism"

The question then remains; do presidents target policy to benefit their constituencies? And if so, what types of constituencies? Scholars have recently begun to tackle this question, and thus far have not produced a conclusive answer. However, there is evidence for presidential "particularism" – or, put another way, there is evidence of the president targeting federal resources to those attached to their own group or party.

The idea that political actors target resources to their constituents is not new; indeed, congressional actors have long wanted resources targeted to their own districts in order to "bring home the bacon." If, indeed, as Mayhew suggests, the primary goal of elected officials is to get re-elected (Mayhew 2004), then congressional actors need only

[27] Another perspective is that it is male voting behavior that shifted, rather than women's. Men have grown more conservative, while women have remained with the Democratic Party that was dominant since the New Deal. Regardless, social and welfare issues have been key determinants of the gender gap (Kaufmann 2002).

answer to the set of voters in their district. Meanwhile, presidents technically are voted upon by the whole country, and, therefore, face a national constituency. Much of the conventional political science literature makes this assertion. Indeed, as Jide Nzelibe suggests, "One of the most widespread contemporary assumptions in the discourse of separation of powers is that while the president tends to have preferences that are more national and stable in nature, Congress is perpetually prone to parochial concerns" (Nzelibe 2006, p. 1217).

Indeed, scholars have held that the president actually limits Congress-members' ability to direct money to their districts, using his power to make sure the resources are spent more evenly. For instance, Kiewiet and McCubbins (1988) find that the presidential veto is only good for limiting spending the president does not want, rather than as a tool to encourage higher spending on the president's priorities. If the president does not choose to use such a blunt-force instrument, scholars suggest that presidents are also able to apply informal pressure through their party and a coattails effect in order to encourage more distributed universal spending (Fitts and Inman 1992).

These theories hold merit, but more recently, scholars have started to propose alternate theories. Indeed, contemporary presidents are the leaders of their political parties, and in an era of political polarization, they are far less likely to work in favor of universalism. As Dan Wood writes in his book, *The Myth of Presidential Representation,* modern American presidents are "driven more by partisanship than by a thirst to reflect the larger preferences of the community" (Wood 2009, p.36). Therefore, a broad and growing literature suggests that presidents, much like legislators, are particularistic in their distribution of Federal resources. Largely these distributions are made for

strategically political reasons; presidents seek to better the conditions of some core partisan constituencies over the interests of the nation as a whole. For instance, Shor (2004) examines the distribution of federal grants from bureaucratic agencies to states, and finds that states with more electoral votes receive more federal grants; this effect is actually enhanced by whether or not the state is electorally competitive. States that are less competitive receive more money, because the president may be shoring up the vote in these regions and keeping them in his pocket (Shor 2004).

In fact, the president may enlist his allies to help him to distribute the resources more strategically. Indeed, a later study by Larcinesse, Rizzo and Testa (2006) similarly found that states that supported the president were more likely to receive a greater budget allocation from the federal government – an effect that is positively affected by whether the governor of the state is the same party of the president. Berry, Burden and Howell (2010) argue that some congressional districts receive more federal resources (by a rate of 4 to 5 percent) when legislators in the president's party represent them.

That is not to say the president does not target districts or groups in more competitive states. Recent studies by Kriner and Reeves (2015a, 2015b) suggest that presidents push resources into swing states during election years, but still only into the districts within those states that have historically supported the president or his co-partisans. Indeed, Kriner and Reeves look at all federal grant dollars from 1984 to 2008, and find that presidents are certainly targeting a great deal more resources into states and districts that are either electorally competitive or support co-partisans. Take, for instance, Texas, which Kriner and Reeves estimate received nearly $2 billion more in 2008 as a result of George Bush being elected rather than John Kerry. Furthermore, they estimate

that the median county sending a co-partisan of the president to Congress receives $8.6 million in additional federal grant spending (Kriner and Reeves 2015a, 2015b). Obviously this is partially because the president wants to pad his own electoral chances, but also because a president needs co-partisans in Congress in order to build a coalition that can (and will) empower him to enact meaningful policy change.

Taken together, this literature suggests that presidents have the ability to direct appropriated funds to specific target groups – usually groups that are electorally relevant to them. It is worth noting that much of this research is centered in recent years, looking at the more modern presidency. Indeed, while presidents may have long engaged in some electoral particularism, it may have become a more significant trend in recent years. While broader fiscal policy change may be difficult to achieve in the current political climate, presidents may still be able target resources to have an impact on the economic wellbeing of certain groups – especially constituents.

3.4: Putting the Pieces Together

Putting these various literatures together results in the following theory: First, in the previous chapters, I have demonstrated that modern presidents face increasingly severe constraints in their efforts to bring about broad macroeconomic change. Therefore, it seems likely that presidents are going to need to take a more subtle approach to economic change, if at all. Secondly, in a polarized era, presidents are partisans and if, as the literature has suggested, modern presidents are successfully targeting resources at strategically important locations to improve their electoral competitiveness -- especially during election years -- then it seems likely that they should be targeting resources at strategically important groups. The literature suggests that arguably the most strategic

groups for the president are his co-partisans, and there are strong correlations between party identification and class, race, or gender. In this case, these groups, for the Democratic Party, should be low and middle-income Americans, ethnic minorities (African American/Black and Hispanic/Latino), and women. For the Republican Party, these groups should be middle and high-income Americans, whites, and men. On a broad level, the work of Bartels (2008) provides some basic credence to this theory. His research suggests that under Democratic presidents, the income growth for low and middle-income Americans is far higher than for high-income Americans, but it seems possible that the patterns may be more complex. This study will expand upon Bartels' (and others) work by examining not only class, but also race and gender – constituencies with strong identities and party loyalties. Furthermore, it will examine these variables in the context of the modern presidency – one in which the president must emphasize identity politics and face different political and economic constraints from his counterparts from a half-century prior.

3.5: Examples of Potentially Targeted Economic Policy Changes

If presidents are targeting their economic policy and federal resources at these groups, what might it look like? For example, in 2014, President Obama issued an executive order (E.O. 13658 2014) to raise the minimum wage for federal employees, increasing the real income of low-income individuals (one of his Democratic constituencies), many of whom may be minorities. While this executive order only had an impact on an estimated 250,000 workers, it set a precedent that has encouraged major employers such as McDonalds and Wal-Mart to increase their minimum wages.

Or, for another more detailed example, one could examine the changes made during the Great Recession under President Obama (with a unified government). In 2009 and 2010, some of the greatest economic actions were being taken to combat the Great Recession. In the American Recovery and Reinvestment Act – or the "stimulus" bill there was a temporary $400-$800 tax credit given out in 2009 and 2010 to individuals earning under $75,000 and families earning under $150,000, called the "Making Work Pay" tax credit (Internal Revenue Service, 2016). When one examines tax credit data in the Census Bureau's Current Population Survey, one finds that between 2008 and 2009, the average change in total provided tax credits across all income groups was over $300 -- with the largest increases going to the middle classes -- before credits dropped back down in 2011.[28]

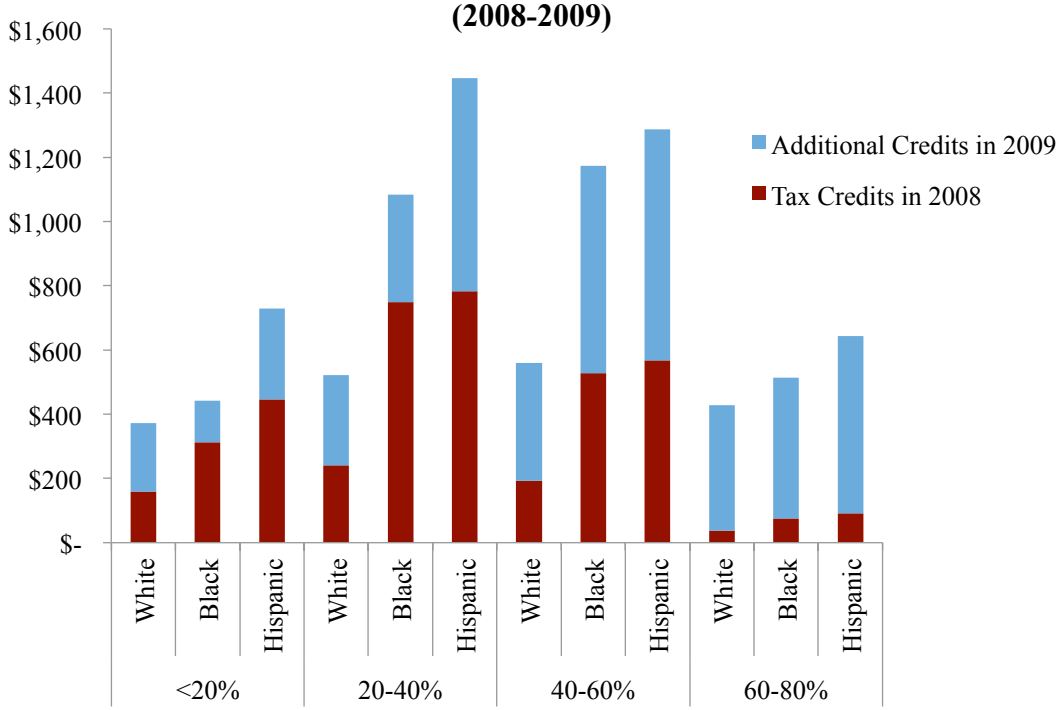
There are other remarkable patterns in the data (Below in Figure 3.1). Most notably, these tax credits overwhelmingly benefit black Americans and Hispanic/Latino Americans much more than white Americans. Indeed, the average tax credit for black Americans in the lowest-income quintile is, on average, approximately 75 percent larger than their white counterparts, and for Hispanic/Latino Americans, this balloons to nearly 170 percent larger. In the second income quintile (20%-40%), the differences are even starker – 189 percent and 231 percent, respectively.

What is driving this gap? It turns out that the Earned Income Tax Credit (EITC) has a much larger impact on low-income minorities than it does on low-income whites. Indeed, across all years, the average EITC accounts for almost the entire gap between white Americans and non-White Americans. Interestingly, the average tax credit under

[28] Analysis conducted by the author on 2008-2010 Current Population Survey Data.

President Obama, after excluding the years with the Making Work Pay credits, is consistently larger than under President Bush, even after accounting for inflation. The gap between the presidencies is largest among Hispanic/Latino Americans, with a nearly 25 percent increase in the average tax credit going to Hispanic families in the second and third quintiles.

Figure 3.1: Total Tax Credits Received by Class and Race (2008-2009)



Note: Data shown in constant 2014 dollars.
Note: Top income quintile omitted because observed tax credits for this group are negiligible.

Examining this more closely, it appears that in the American Recovery and Reinvestment Act (ARRA), the EITC was expanded specifically for families with three or more children. It seems likely that while the policy change appears race-neutral on its surface, policymakers in the Obama administration probably knew it would disproportionately aid low-income African American and Hispanic families. Indeed, the White House touted the disproportionate impact of the expanded EITC on minority

groups, suggesting the expansion benefits 2.2 million African American families in the United States (The White House). However, while African Americans *are* disproportionately impacted by this policy change, Hispanic/Latino families are even more so. In the first income quintile (incomes in the bottom 20 percent), Hispanic/Latino families are nearly 66 percent more likely to have a large family of 3 or more children. In the second income quintile (20%-40%), African Americans are nearly twice as likely, and Hispanic/Latinos are nearly four times as likely as their white counterparts to have a family with 3 or more children. This small policy change has enormous impact that is largely centered on minority populations in these income brackets.

Finally, there may be other types of targeted policies that may have significant economic effects, which are not conventional economic policies. Take for instance, the Lily Ledbetter Fair Pay Act signed in 2009 by President Obama. This act makes it easier for women to bring pay discrimination lawsuits to court. Such a law does not immediately bring wages for women in line with those of men, but makes it easier for women to fight for it. Or, for another example, consider Executive Orders 11478 and 13087, signed by President's Nixon and Clinton, respectively. These prohibited discrimination in employment in the competitive, or civil service, on the basis of sex, race, religion, or sexual orientation, among others. Considering the civil service is one of the nation's largest employers, these kinds of unilateral actions may significantly help in the reduction of unemployment for these groups.

3.6: Conclusion

In this chapter, I have outlined the literatures explaining why presidents should be interested in targeting economic policy to benefit constituent groups, and how presidents

can be particularistic in order to present a theory of targeted economic policy change for presidents in the modern era. Then, I provided examples of regulatory and legislative change (in a period of unified government) that appear to illustrate how one president -- President Obama -- has attempted to benefit specific constituent groups. The concepts outlined here build upon the work of prior scholars in the field by taking a closer look at the identity politics common in the modern era, while also incorporating the new economic and political challenges modern presidents face. While other scholars have examined class, this project will take this several steps further, looking at more tightly linked political constituencies. The following chapters will use quantitative methods to test whether these theories hold up, in light of prior findings.

Chapter 4: An Analysis by Class

4.1: Introduction

In June 2016, in the heat of the presidential election, Thomas Frank, the author of the controversial and thought-provoking book, *What's the Matter With Kansas?* released a new book, *Listen, Liberal,* in which he takes the modern Democratic party to task for abandoning working-class Americans in favor of the "Professional Class", or people with advanced degrees (Frank 2016). Frank is not the only scholar holding this perspective. For instance, a recent article published by *Ozy* also suggests that modern Democrats are abandoning the working class vote (Fouriezos 2016). Indeed, Fouriezos argues that economic and social policy positions adopted by the Democratic Party from guns to gay marriage are alienating the more rural working classes. Of course, not everyone holds this belief. Recently, Hans Noel editorialized that Democrats never abandoned the working class under President Obama, pointing to the Affordable Care Act, the regulation of banks to stop predatory practices, the stimulus package of 2009, and more as evidence that Democrats made a concerted effort to help low-income Americans (Noel 2016). In the end, however, Frank and Fouriezos' concerns about the declining support of the working class seemed to become all too real when Democratic nominee Hillary Clinton lost a large portion of the working class vote, and the presidency, to a Republican billionaire and real estate tycoon, Donald Trump.[29]

Of course, the question remains as to whether presidents can help particular class groups at all – as Noel suggests. Political scientists such as Larry Bartels, James

[29] Race is also an important part of this equation. The white working class has trended far more conservative than the remainder of the working class. However, an analysis examining racial groups will be included later in the dissertation.

Campbell, Michael Comiskey, and Lawrence Marsh (among others) have questioned whether presidents have particularistic tendencies and can target impactful economic outcomes for class groups (Bartels 2008, Campbell 2011, 2012; Comiskey and Marsh 2012; Kriner and Reeves 2015a, 2015b). Bartels' research finds evidence that Democratic presidents provide far better income growth to lower income groups, while Republicans are better at helping wealthier Americans. Comiskey and Marsh find evidence that Democratic presidents provide a stronger economy than Republican presidents, but find less evidence regarding class-based income growth. Campbell, on the other hand, entirely disagrees with these works, suggesting that there are no real statistical differences between the economic records of presidents of opposing parties once prior economic indicators are appropriately taken into account.

With such diverging opinions, the question remains, can presidents (still) have meaningful impacts on the economic fortunes of class groups in the modern era? If so, then this would only affirm the conventional wisdom of scholars such as Bartels. If not, then the results would provide evidence in favor of more recent work such as Campbell's analyses. This chapter will examine the question with a new perspective. First, I focus on the post-60's era. Then, I test the differences between presidents in this modern era by direct comparison and then through two sets of dynamic time series analyses – one based on a general model and one which includes a cut-point interaction term designed to account for the effects of polarization, constrained monetary policy, and reduced budgetary flexibility.

4.2: Testable Hypotheses

Because of the extensive debate among political scientists on this topic, there is little scholarly consensus to provide definitive guidance for hypotheses. For instance, researchers such as Bartels, Comiskey, and Marsh find statistically significant partisan differences by presidential administration and by class, while Campbell argues that there are no statistical differences between Republican and Democratic administrations (Bartels 2008, Comiskey and Marsh 2012, Campbell 2011). In this research, the null-hypotheses would affirm Campbell's findings -- suggesting that there is no statistical difference between administrations of different parties regarding the economic outcomes (income growth and unemployment) of different class groups, especially once prior economic factors are taken into consideration. This null hypothesis is the same across all methodological approaches. However, prior scholars, such as Bartels, Comiskey and Marsh, and Kriner and Reeves, have found evidence that presidents are able to reasonably target redistributive policy towards specific groups of voters, benefitting the groups that have supported the president, at the time – in this case, geographically. Therefore, in the first set of models, which test the entire time period without a polarization cut point, one might expect a continuation of these findings, with Democratic administrations providing greater income gains and greater reductions in unemployment for lower income groups, rather than higher income groups. In this vein, Republican administrations will provide better economic outcomes for higher income groups than lower income groups.

However, for the second set of models – those that include the cut point – I propose, based upon the theoretical explanations outlined in the previous chapters, that

modern presidents are highly partisan actors with diverging policy objectives (Carmines and Stimson 1990). As such, one might expect that if they are capable of directing particularistic benefits towards their constituent groups, then one should expect that presidential administrations in the polarized period after 1996 should be *more* focused on the class groups that have historically supported them than in previous time periods. For Democratic administrations, these class groups are lower-income and middle income Americans. In contrast, Republican administrations should be more likely to encourage particularistic policies that favor upper-middle class and wealthy Americans. Therefore, I propose the following hypotheses:

> *H_0 – Variations in economic outcomes across income quintiles are unrelated to presidential partisanship.*
>
> *H_1 – Democratic administrations provide greater income and employment growth to lower- and middle- income Americans.*
>
> *H_2 -- Republican administrations provide greater income and employment growth to upper- income Americans.*
>
> *H_3 -- (Polarization Model) – The distinctiveness of partisan effects on income quintiles has grown since 1996.*

4.3: Initial Analyses

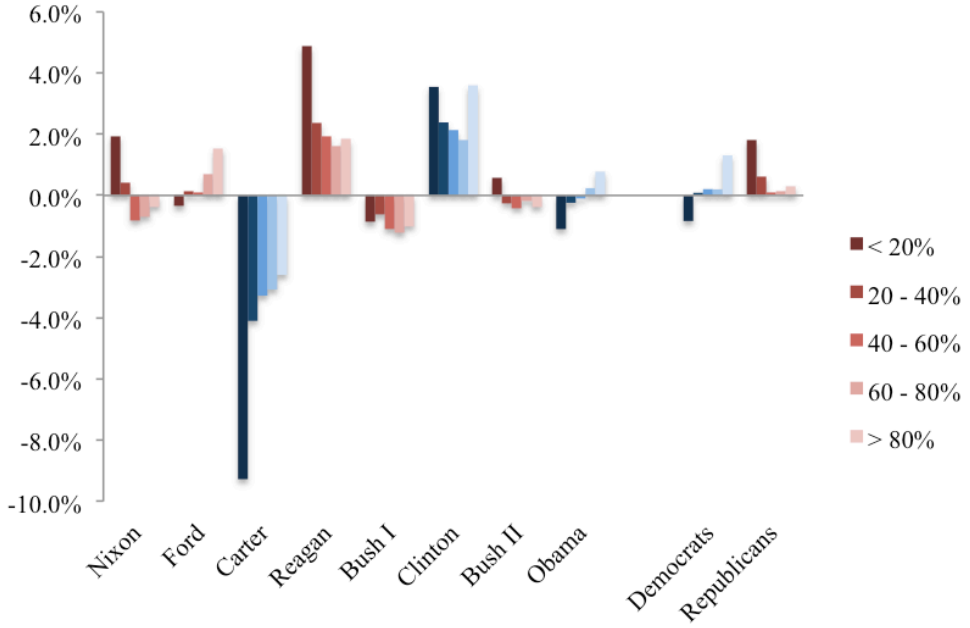
In Chapter 2, I outlined the data and methods that will be used to test these hypotheses. In this case, the data used will capture average income growth and the first difference in the unemployment rate by income quintile. Utilizing a measure that captures the change in the unemployment rate as opposed to simply using the raw unemployment

rate is particularly important because it makes unemployment across class groups comparable. Without a doubt, Americans in the lowest income quintiles are the most likely to be unemployed, and higher-income individuals are much more likely to be fully employed in order to provide that high-income. Furthermore, low-income individuals are simply less likely to have *stable and consistent* jobs – at least partially due to lower education levels (Hill and Ybarra 2014). Therefore, in order to compare class groups, the first-difference change in the unemployment rate is a fair measure that is much more comparable across income quintiles.

In order to determine if presidents of opposing parties have different economic records by class, it is prudent to examine each presidential administration since 1970 by itself, and then to look at overall party record doing this period. This first analysis simply allows us to view presidential records and make overall partisan comparisons, but does not control for political and economic conditions that each president faced during his tenure. Figure 4.1 and Figure 4.2 show the average income growth and average change in the unemployment rate by class and presidential administration, as well as each of these variables by overall presidential party from 1970 to 2014.[30]

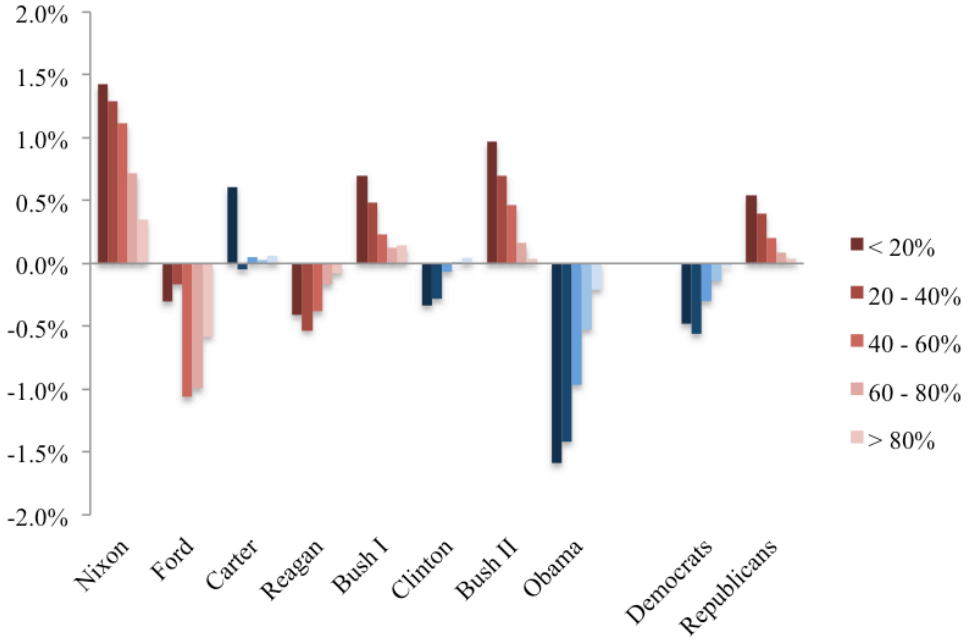
[30] Table 4.1, shown in the Appendix provides a table of the same data shown in Figures 4.1 and 4.2.

Figure 4.1: Average Annual Income Growth by Class, Administration, and President's Party



Data incorporates 1 year lag. Data analyzed from 1970-2014.

Figure 4.2: Average Annual Unemployment Rate Change by Class, Administration, and President's Party



Data incorporates 1 year lag. Data analyzed from 1970-2014.

At first glance, one can determine that each administration has relatively unique economic records. However, there are still some notable patterns and outliers. Income growth for the lowest income bracket is certainly more volatile, with average changes ranging from -9.3 percent under President Carter to 4.9 percent under Reagan. However, average income growth across this entire period is greatest for the highest income quintile. Presidents Clinton and Reagan oversaw the greatest overall income growth, although, perhaps contrary to expectations, President Reagan, a Republican, saw superior income growth among low-income Americans than among the highest-income Americans. In contrast, President Clinton, a Democrat, saw the greatest average income growth for the lowest *and* the highest income groups, with the middle classes experiencing the least income growth.

Turning attention to the other two presidents in the post-polarization era, one can see that income change has been more subdued, but still runs contrary to expectations. The only income group that saw positive income growth under the Republican George W. Bush administration was the lowest-income quintile. Meanwhile, under President Obama's Democratic administration, low-income Americans saw *the steepest decline*, while the wealthiest Americans are the only ones to see meaningful income growth. Taken at face value, these recent presidents run contrary to expectations and the work of Bartels. If anything, they provide some evidence that the Democratic Party *has* recently abandoned the working class.[31]

[31] It is worth noting that social insurance programs such as the Affordable Care Act or food stamps will not be reflected as income gains for low-income groups. These programs increase spendable income, but that is far more challenging to measure.

One interesting pattern is the boom-and-bust cycle of growth and decline that incomes face across changing presidential administrations. This pattern is more consistent for the middle classes and wealthiest class, in which administrations of negative income growth are consistently followed by administrations of positive income growth. This may represent a reversal of policy, or perhaps just a rebounding effect. When incomes are already repressed from an economic downturn in a previous administration, it may be easier to grow them back to where they were, bolstering the following president's economic record. It is worth noting, in the modern time-period from 1996 to the present, the "booms" have occurred during Democratic presidencies, and the "busts" have occurred under Republicans. However this partisan pattern is far less clear prior to 1992 – largely due to the fact that 4 out the 5 presidents in office between 1970 and 1992 were Republicans.

Examining the overall partisan record across the total time period (1970-2014), one finds that there are no statistically significant differences in the records of partisan administrations, regardless of class group. However, again, the averages by party show patterns in contrast from the conventional wisdom. Democratic administrations during this time period, on average, are worse for low income Americans, but are better for higher income groups. However, as previously noted, t-tests of these differences show that none of them are statistically significant – implying that any partisan differences in income growth during this total time period are superficial at best.

Looking at unemployment, one can see that President Obama, a Democrat, has had some of the most significant positive impacts on unemployment rates, with dramatic reductions in unemployment across the board. Furthermore, President Nixon, a

Republican, had some of the worst impacts on unemployment rates. While it is not surprising that this effect is diminishing as one's income quintile increases, this pattern does not always hold true. For instance, President Ford saw the greatest impacts on the third and fourth income quintiles – or, largely middle class workers – rather than the lowest-income Americans. Again, we see a boom-and-bust cycle of unemployment, with Democratic administrations outperforming Republican administrations – but again, this pattern ceases to exist prior to 1992.

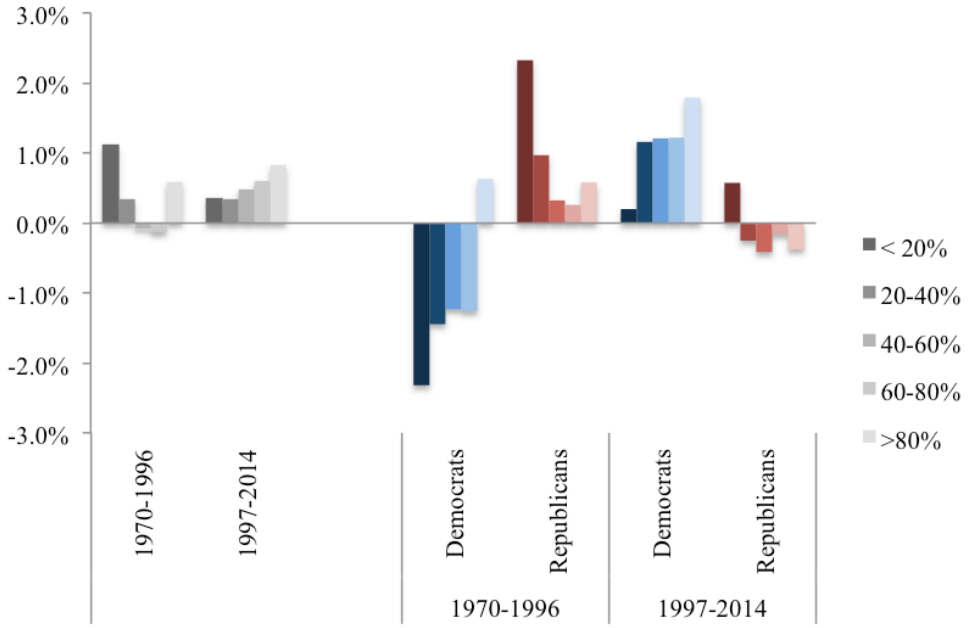
In contrast to the data on income growth, however, there is a clear partisan pattern in employment. On average across the total time period, Democrats reliably outperform Republicans across all class groups, with one exception – Jimmy Carter did not perform well for the lowest earners during his administration. Overall, however, the parties generally see inverse effects of each other, with Republicans overseeing periods of growth in unemployment, and Democrats overseeing decreases in unemployment. However, again, only one of the differences is statistically significant. The second quintile, or earners in the 20th to 40th percentile, saw an average decrease in the unemployment rate of 0.6 percent, while under Republican administrations, that same group saw an average rise in their unemployment of 0.4 percent -- a net difference of 1.0 percent. It is unclear why this group would be particularly singled out, however, so this result may be a statistical anomaly.

To take these analyses further, Figures 4.3 and 4.4, below, examine the differences between the economic records of presidents in the pre-polarization time-

period and the modern, polarized time-period.[32] First, it is apparent that there are few statistically significant differences between the records of presidents in each time-period, regardless of party. However, when you divide the sample to pull the more recent, very politically polarized era out, one can see some more marked differences between the records of different parties. In the period from 1970 to 1996, marked by predominantly Republican administrations, the Republican presidents perform well. Republican presidents saw noticeably stronger income growth across all quintiles except the top quintile, and only in the second quintile is the difference statistically significant. In contrast, in the polarized, modern period, presidents of opposing parties see the trends reverse. Democratic administrations see noticeably higher average income growth for every income quintile except the lowest- income quintile, although only one quintile (the top quintile) sees a statistically meaningful difference.

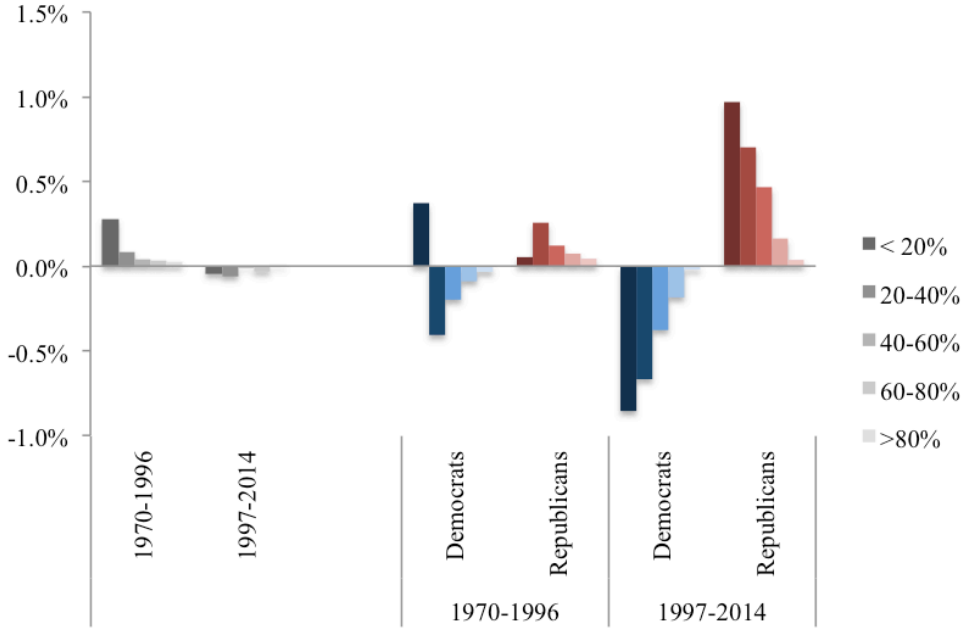
[32] Table 4.2, in the appendix, provides the data and difference of means results for the data shown in Figures 4.3 and 4.4.

Figure 4.3: Average Annual Income Growth by Class, Time Frame, and President's Party



Data incorporates 1 year lag. Data analyzed from 1970-2014.

Figure 4.4: Average Annual Unemployment Rate Change by Class, Time Frame, and President's Party



Data incorporates 1 year lag. Data analyzed from 1970-2014.

Turning attention to unemployment rates, one can see that, once again, the Democratic presidential administrations outperform Republican administrations. Before 1996, Democratic administrations saw decreases in unemployment across the three middle quintiles where Republican administrations did not. Even more significant, however, is the difference between partisan administrations in the modern, politically polarized time-period. The Democratic administrations of Bill Clinton and Barack Obama significantly outperform the Republican administration of George Bush, seeing statistically significant differences for both of the working-class, lower-income quintiles. These results provide some credence to the original hypothesis – that presidential administrations in this recent, polarized, era are potentially more likely to provide some targeted economic benefits to their constituent class groups.

Taken together, these initial results provide some interesting insights into the economic records of presidents over the past forty-five years. First, the comparisons of time frame, regardless of party, suggest that these economic indicators are comparable across the total time period. Put another way, presidents (of either party) prior to 1996 are, on average, not significantly outperforming presidents after 1996. However, over the past twenty years, the economic record of each party's administrations has changed dramatically. Prior to 1996, Republican presidents largely outperformed Democrat Jimmy Carter's administration in regards to income growth, with the one exception of low-income individuals. After 1996, these observations suggest that Democratic administrations outperform the Republican administration of George W. Bush in annual income growth across all class groups except, again, for low-income individuals. In

contrast, for unemployment, the pattern is generally more defined – Democratic administrations have a stronger record on unemployment than Republicans, with the one exception of the lowest income quintile prior to 1996 under President Carter.

What do these results mean? While these initial results certainly do not account for the state of the economy – something that will be captured in the next section of this chapter – they suggest that the party of the president *does not* appear to have much impact on the incomes of ordinary Americans. That being said, while most of the partisan differences are not statistically significant, there do appear to be some patterns that merit further exploration. One surprising finding is that more recent Democratic presidents *did* serve some benefit to the incomes of wealthy Americans; a finding that runs contrary to conventional theory, but may provide some merit to recent punditry questioning whether the Democratic Party has abandoned the working class to become the party of the elite.

In contrast to that result, however, are the findings from the unemployment analyses, which suggest that recent Democratic administrations are significantly better than Republican administrations for the employment outcomes of low-income and working-class Americans. At face value, these findings may suggest that, at least for modern presidents, there may be more leeway for presidents to develop and execute policy designed to help Americans get paying jobs rather than to help them see real increases in the wages paid by those jobs. However, none of these initial analyses are accounting for economic conditions. The following section will take these factors into account using dynamic time series modeling in order to determine if these patterns are simply coincidental ebbs and flows of the economy, or if they are consistent regardless of economic conditions.

4.4: Primary Analyses

Once we account for more economic and political conditions, do the trends (or lack thereof) found by the initial analyses hold up? The first set of models shown in Tables 4.1 and 4.2 (below) examine the economic records of presidents of opposing parties across the entire time period without a post-1996 interaction term designed to account for major political and economic challenges such as polarization and limited monetary policy – both of which have become more important in the past twenty years. Without this interaction, this first set of models approaches the question from a similar perspective to Bartels, and Campbell – accounting for basic economic and political conditions but little else.

Table 4.1: Dynamic Time Series Models Measuring Income Growth by Class

	0 – 20%			20 – 40%			40 – 60%		
	Coeff.		Robust Std. Err.	Coeff.		Robust Std. Err.	Coeff.		Robust Std. Err.
Δ Quintile Income (%)									
L1.	48.4%	**	23.1%	61.0%	**	14.3%	55.7%	**	21.2%
President's Party									
L1.	-0.0%		2.7%	-0.8%		0.9%	0.1%		0.5%
L2.	-1.8%		3.0%	0.8%		1.1%	0.1%		0.7%
Δ GDP Per Capita (100%)									
L1.	-6.3%		40.4%	1.1%		16.5%	1.0%		18.5%
L2.	-18.4%		30.8%	-28.3%	**	13.9%	-31.8%	**	14.5%
Divided Government									
L1.	1.1%		3.2%	0.5%		1.4%	0.4%		1.5%
L2.	-1.5%		3.2%	0.0%		1.5%	1.2%		1.2%
Election Year									
--.	0.1%		2.1%	0.4%		0.8%	0.5%		0.8%
L1.	0.2%		1.4%	0.4%		0.6%	0.1%		0.6%
Constant									
--.	1.5%		2.3%	-0.1%		1.1%	-0.3%		1.0%
N = 45				N = 45			N = 45		
R-squared = 0.283				R-squared = 0.163			R-squared = 0.364		
Root MSE = 0.053				Root MSE = 0.022			Root-MSE = 0.021		

** Represents significance at the 0.05 level (one-tailed test).
* Represents significance at the 0.10 level (one-tailed test).

Table 4.1: Continued

60 - 80%				80 - 100%			
	Coeff.		Robust Std. Err.	Coeff.		Robust Std. Err.	
Δ Quintile Income							
L1.	49.0%	**	21.6%	29.2%	*	19.1%	
President's Party							
L1.	1.0%	*	0.6%	1.0%		0.8%	
L2.	-0.9%		0.8%	0.0%		1.1%	
Δ GDP Per Capita (100%)							
L1.	0.3%		19.9%	23.6%		20.4%	
L2.	-33.3%	**	13.6%	-49.0%	**	17.6%	
Divided Government							
L1.	1.2%		1.1%	-0.3%		1.6%	
L2.	-0.2%		1.2%	1.0%		1.2%	
Election Year							
--.	0.5%		0.8%	1.3%		1.2%	
L1.	0.0%		0.7%	0.6%		0.8%	
Constant							
--.	-0.4%		0.9%	-0.5%		1.2%	
N = 45				N = 45			
R-squared = 0.341				R-squared = 0.334			
Root-MSE = 0.028				Root-MSE = 0.027			

** Represents significance at the 0.05 level (one-tailed test).
* Represents significance at the 0.10 level (one-tailed test).

Overall, this first set of models largely conforms to the findings from the initial t-tests. Beginning with Table 4.1 (above), one finds that the party controlling the White House is not a statistically significant predictor of income growth for most income quintiles, with the exception of the fourth quintile (60-80th percentile). In this case, holding all else equal, Democratic presidents provide one percent greater income growth. However, all other class groups are not statistically significant, suggesting this may be a more of an anomaly than a trend. Still, it may provide some evidence that Democratic

presidents are actually more likely to provide economic benefits to the upper middle class than the working classes – a point in favor of Frank's (2016) argument that Democrats have abandoned the working class. Aside from this exception, only the prior year's income growth and the second lag of GDP per-capita growth hold statistical importance.

Turning attention to unemployment, it becomes apparent that even though the president's party generally does not appear to have statistically significant effects on income growth, it does appear to be relevant for unemployment rates. Table 4.2 (below) shows that the president's party is statistically meaningful for all income quintiles, and the effects are quite meaningful. For instance, the effect of president's party on the unemployment rate of the first income quintile is a change of 1.4 percent – an enormous swing considering the average unemployment rate in the country from 1970 to 2014 was 6.4 percent. In all cases, Democratic administrations, on average, are superior at reducing the unemployment rate than Republican administrations. Furthermore, one can see that while Democratic presidents have superior records across all income quintiles, the greatest effects are seen on the working and middle classes.

Table 4.2: Dynamic Time Series Models Measuring Unemployment Rate Change by Class

	0 - 20%			20 - 40%			40 - 60%		
	Coeff.		Robust Std. Err.	Coeff.		Robust Std. Err.	Coeff.		Robust Std. Err.
Δ Quintile Unemployment (%)									
L1.	0.1%		0.2%	0.0%		0.2%	-0.1%		0.2%
President's Party									
L1.	-1.4%	**	0.8%	-1.8%	**	0.7%	-1.2%	**	0.6%
L2.	0.8%		0.8%	1.3%	**	0.7%	0.9%	*	0.6%
Δ GDP Per Capita (100%)									
L1.	-44.3%	**	14.9%	-37.4%	**	13.2%	-26.4%	**	15.4%
L2.	26.7%	**	10.7%	19.8%	**	9.3%	18.8%	**	7.8%
Divided Government									
L1.	1.3%	*	1.1%	1.2%	*	0.9%	0.8%		0.8%
L2.	-1.9%	**	1.4%	-1.4%	*	1.0%	-0.9%		1.1%
Election Year									
--.	-1.3%	**	0.6%	-1.1%	**	0.4%	-0.6%	*	0.4%
L1.	0.0%		0.6%	-0.1%		0.5%	-0.1%		0.3%
Constant									
--.	1.3%	*	0.7%	0.8%	*	0.5%	0.4%		0.4%
N = 45				N = 45			N = 45		
R-squared = 0.508				R-squared = 0.571			R-squared = 0.446		
Root MSE = 1.748				Root MSE = 1.314			Root-MSE = 1.131		

** Represents significance at the 0.05 level (one-tailed test).
* Represents significance at the 0.10 level (one-tailed test).

Table 4.2: Continued

	60 - 80%			80 - 100%		
	Coeff.		Robust Std. Err.	Coeff.		Robust Std. Err.
Δ Quintile Unemployment (%)						
L1.	-0.2%	*	0.2%	-0.4%	**	0.2%
President's Party						
L1.	-0.6%	*	0.4%	-0.4%	**	0.2%
L2.	0.4%		0.4%	0.5%	**	0.2%
Δ GDP Per Capita (100%)						
L1.	-19.8%	**	8.8%	-9.7%	**	4.2%
L2.	13.6%	**	5.7%	8.1%	**	3.5%
Divided Government						
L1.	0.8%	*	0.5%	0.6%	**	0.3%
L2.	-0.9%	*	0.7%	-0.5%	*	0.4%
Election Year						
--.	-0.4%	*	0.3%	-0.3%	*	0.2%
L1.	-0.4%	*	0.2%	-0.2%	*	0.1%
Constant						
--.	0.4%	*	0.3%	0.1%		0.2%
N = 45				N = 45		
R-squared = 0.489				R-squared = 0.494		
Root-MSE = 0.768				Root-MSE = 0.436		

** Represents significance at the 0.05 level (one-tailed test).
* Represents significance at the 0.10 level (one-tailed test).

However, other economic and political variables also attain statistical significance in these models. Least surprisingly, growth in the Gross Domestic Product (GDP) per capita is significant. Growth in the economy generally means more people will get jobs, and the unemployment rate will decrease. It is worth noting that the same growth has diminishing effects as income increases. Low-income people are dramatically more affected by economic growth (and therefore, economic decline) than wealthier Americans. More interestingly, however, political factors such as divided government

and election year are also statistically predictive of change in the unemployment rate. For the divided government variable, the effect is positive (i.e. divided government is predictive of higher unemployment rates) and diminishes as income increases. In contrast, the election year variable's effect is negative and also diminishes as income increases. This follows with the political business cycle theory (PBC) found in Bartels (2008) in which politicians infuse the economy in election years to aid with re-election.

This first set of models is broadly enlightening, as the models provide some evidence in favor of both Campbell and Bartels' arguments. While presidents of opposing parties seem generally unable to move the needle on income growth (a result in line with Campbell's own findings), there is a great deal of evidence for a partisan executive effect on unemployment rates.

Does this effect magnify or disappear when we account for the changing political and economic conditions faced by recent presidents? The second set of models includes the cut point and interaction term, providing an even more nuanced look at the question. First, the models testing income growth (Table 4.3) appear to provide even more evidence for the idea that the president ability to target policy at class groups in order to improve their incomes has changed little over time. Indeed, the interaction term is not statistically significant across all of the models. While the president's party is significant for the second quintile (second lag), it is hard to focus too much on the second quintile result when looking at the bigger picture across all the models, since neither presidential party nor the political era has any real statistical significance for all other class groups, making this potentially a statistical anomaly. However, in general, these results conform to the prior findings, suggesting that the party of the president is simply not predictive of

income growth across class groups, regardless of the political and economic conditions in which he governs.

Table 4.3: Dynamic Time Series Models Measuring Income Growth by Class (w/ Cut Point)

	0 - 20%			20 - 40%			40 - 60 %		
	Coeff.		Robust Std. Err.	Coeff.		Robust Std. Err.	Coeff.		Robust Std. Err.
Δ Quintile Income (%)									
L1.	50.1%	**	22.9%	59.8%	**	13.6%	53.9%	*	22.5%
President's Party * Post 1996									
L1.	8.9%		9.1%	3.5%		3.9%	1.0%		3.9%
L2.	-5.6%		8.0%	-3.4%		3.4%	-1.0%		3.1%
President's Party									
L1.	-7.7%		8.0%	-3.4%		2.8%	-1.8%		2.4%
L2.	3.6%		7.9%	3.7%	*	2.8%	2.1%		2.5%
Post 1996									
L1.	-5.7%		7.9%	-1.8%		3.6%	2.2%		3.7%
L2.	3.6%		7.9%	1.1%		3.4%	-2.5%		3.5%
Δ GDP Per Capita (100%)									
L1.	-9.4%		42.7%	6.0%		17.3%	2.6%		22.2%
L2.	3.6%		37.9%	-22.1%	*	16.2%	-28.0%	*	18.0%
Divided Government									
L1.	-2.5%		4.3%	-0.9%		2.0%	-0.6%		2.0%
L2.	0.3%		3.4%	1.0%		1.7%	1.1%		1.8%
Election Year									
--.	1.4%		2.5%	1.1%		0.8%	1.0%		1.0%
L1.	1.0%		1.8%	0.7%		0.8%	0.4%		0.7%
Constant									
--.	2.7%		3.0%	0.0%		1.4%	-0.4%		1.6%
N = 45 R-squared = 0.312 Root MSE = 0.055				N = 45 R-squared = 0.467 Root MSE = 0.023			N = 45 R-squared = 0.426 Root MSE = 0.022		

** Represents significance at the 0.05 level (one-tailed test).
* Represents significance at the 0.10 level (one-tailed test).

Table 4.3: (Continued)

60 - 80%			> 80 %		
Coeff.		Robust Std. Err.	Coeff.		Robust Std. Err.
Δ Quintile Income (%)					
49.2%	**	26.1%	29.7%	*	22.3%
President's Party * Post 1996					
-1.4%		3.9%	-1.0%		4.6%
1.9%		3.6%	0.8%		4.8%
President's Party					
-0.6%		2.5%	1.6%		3.8%
0.1%		2.7%	-0.7%		4.1%
Post 1996					
6.7%	**	3.9%	1.4%		4.4%
-6.9%	**	3.9%	-1.7%		5.2%
Δ GDP Per Capita (100%)					
-4.8%		26.7%	20.9%		26.0%
-31.6%	**	15.8%	-50.2%	**	25.0%
Divided Government					
-0.4%		2.0%	-0.3%		1.5%
0.3%		1.8%	1.0%		1.8%
Election Year					
1.0%		0.9%	1.3%		1.6%
0.4%		0.7%	0.7%		1.0%
Constant					
-0.3%		1.5%	-0.3%		2.2%
N = 45			N = 45		
R-squared = 0.442			R-squared = 0.336		
Root-MSE = 0.020			Root MSE = 0.028		

** Represents significance at the 0.05 level (one-tailed test).
* Represents significance at the 0.10 level (one-tailed test).

One notable pattern is that the second lag of growth in GDP per capita is statistically significant and negatively signed for all income quintiles except the first income quintile (low-income Americans). This pattern may suggest that the overall economic growth from two years prior to the present is a meaningful predictor of the

income change for the middle class and wealthier individuals in the present. It also may suggest that economic growth does less for the working classes.

It is somewhat challenging to explain why growth in the overall GDP per capita has a negative impact on income growth for higher earners. Without a doubt, their income growth remains high, despite economic growth. Perhaps one explanation is that, at least in post-War American history, periods of greater economic growth have typically been associated with periods of more even economic distribution. As the economy's growth has slowed, the wealthy have actually seen their incomes go up while everyone else's wages stagnated. Therefore, the model may be suggesting that when the economy improves, everyone benefits more evenly – and when it stagnates, only the wealthiest classes see their incomes continue to rise. Of course, another explanation might simply be that the statistically significant result is an artifact of the model, and little else.

Table 4.4: Dynamic Time Series Models Measuring Unemployment Rate Change by Class (w/ Cut Point)

	0 - 20%			20-40%			40-60%		
	Coeff.		Robust Std. Err.	Coeff.		Robust Std. Err.	Coeff.		Robust Std. Err.
Δ First Quintile UR (%)									
L1.	0.2%		0.2%	0.0%		0.2%	0.0%		0.2%
President's Party * Post 1996									
L1.	0.0%		3.6%	-1.3%		2.4%	-0.9%		2.2%
L2.	0.1%		3.6%	-0.5%		2.4%	0.2%		2.0%
President's Party									
L1.	-0.8%		2.4%	-0.9%		1.9%	-0.3%		1.5%
L2.	-0.2%		2.9%	1.5%		2.0%	0.7%		1.6%
Post 1996									
L1.	-0.4%		3.3%	0.1%		2.2%	-0.3%		2.1%
L2.	0.2%		3.7%	0.7%		2.4%	0.9%		2.1%
Δ GDP Per Capita (100%)									
L1.	-40.4%	**	16.8%	-32.7%	**	15.2%	-21.3%		17.7%
L2.	25.6%	*	15.7%	14.3%		12.7%	15.9%	*	10.3%
Divided Government									
L1.	1.6%		2.2%	1.8%	*	1.4%	1.3%	*	1.4%
L2.	-2.4%		2.3%	-1.4%		1.3%	-1.0%		1.2%
Election Year									
--.	-1.5%	**	0.8%	-1.3%	**	0.6%	-0.8%	*	0.5%
L1.	0.1%		0.9%	-0.3%		0.7%	-0.3%		0.4%
Constant									
--.	1.5%		1.7%	0.2%		1.0%	0.0%		0.9%
N = 45				N = 45			N = 45		
R-squared = 0.482				R-squared = 0.513			R-squared = 0.403		
Root MSE = 1.906				Root MSE = 1.488			Root-MSE = 1.247		

** Represents significance at the 0.05 level (one-tailed test).
* Represents significance at the 0.10 level (one-tailed test).

Table 4.4: Continued

60 - 80%				> 80%			
	Coeff.		Robust Std. Err.	Coeff.		Robust Std. Err.	
Δ Fourth Quintile UR (%)							
L1.	-0.2%		0.2%	-0.3%	**	0.2%	
President's Party * Post 1996							
L1.	-0.1%		1.4%	0.0%		1.0%	
L2.	-0.1%		1.3%	0.0%		0.9%	
President's Party							
L1.	-0.4%		1.0%	-0.3%		0.6%	
L2.	0.3%		1.1%	0.4%		0.7%	
Post 1996							
L1.	0.1%		1.3%	-0.2%		0.9%	
L2.	0.0%		1.3%	0.2%		0.9%	
Δ GDP Per Capita (100%)							
L1.	-17.4%	**	9.8%	-7.5%	*	5.4%	
L2.	13.0%	**	7.3%	7.4%	*	4.6%	
Divided Government							
L1.	0.9%		1.0%	0.6%		0.6%	
L2.	-1.0%		0.8%	-0.6%		0.6%	
Election Year							
--.	-0.5%	*	0.4%	-0.3%		0.2%	
L1.	-0.4%		0.3%	-0.2%		0.2%	
Constant							
--.	0.3%		0.3%	0.1%		0.4%	
N = 45				N = 45			
R-squared = 0.465				R-squared = 0.441			
Root-MSE = 0.835				Root-MSE = 0.487			

** Represents significance at the 0.05 level (one-tailed test).
* Represents significance at the 0.10 level (one-tailed test).

Nevertheless, the models suggest that neither the party of the president, nor the era in which he governs, matter much when it comes to income growth across class groups. However, what about unemployment rates? As shown in Table 4.4 above, the results for models measuring the unemployment rate place significance on a number of

variables, but not the party of the president, political era, or the interaction term. This runs in contrast to the previous analyses, providing evidence that once political polarization and other economic restraints present in the past twenty years are taken into account, the party of the president does not have any statistically meaningful impact on the growth or decline of unemployment in the United States.

Despite these null findings, there are economic and political variables that do yield statistical significance. First, and least surprisingly, the change in GDP per capita is highly predictive of change in the unemployment rate. As the economy grows, the unemployment rate decreases the following year – which follows a relatively standard lagged economic pattern. Furthermore, economic growth has a significantly greater impact on the unemployment rates of lower income individuals than higher income groups. However, this is almost certainly due to lower income groups and low-skill workers being the first to be let go during slower economic times, resulting in higher unemployment rates in the first place.

While the party of the president does not seem to have an impact on changes in unemployment, some political factors certainly *do* seem to have an effect on unemployment rates by class. After the government is divided, the second and third income quintiles see statistically significant, and substantively large *increases* in unemployment the following year, at 1.8 percent and 1.3 percent, respectively. While all other income groups do not show statistical significance, all show a positive sign on their coefficient, implying that others class groups may still regularly feel an unemployment increase after a year of divided government. Flipping the script, this would also suggest that after a period of unified government, unemployment rates should decrease.

We also see evidence of the Political Business Cycle (PBC) in the election year variable. All income quintiles except the highest earners see significant decreases in unemployment during the election year, and the sign across all five-income quintiles is negative. While it is surprising that the top income quintile is not also getting a statistically significant economic boost during election years, perhaps the impact is not as significant because wealthier individuals have simply too low of an unemployment rate to change rapidly. Regardless, the evidence strongly suggests that there is some capacity for political actors – the president, legislature, or both – to bring some temporary, and broad economic boosts when their own jobs are on the line.

4.5: Discussion

This analysis of partisan presidents, comparing and contrasting their economic records by class group as a whole, and then comparing the modern, polarized time-period and non-polarized time-period finds mixed results. First, income growth across income quintiles does not appear to have any statistical relationship with the party controlling the White House, regardless of how it is modeled. In contrast, however, t-test comparisons as well as a dynamic time series model examining the entire time period from 1970 to 2014 did find some relationship between presidential party and change in the unemployment rate – at least, for low-income and middle-income groups. As one might expect, Democratic presidents provide better unemployment outcomes to their historical constituents – lower income and working class Americans – than higher income groups. Despite this, all groups seem to generally benefit from Democratic administrations, at least in regards to unemployment. It is worth noting, however, that the relationship between president's party and unemployment outcomes disappeared when an interaction

term was included to account for political and economic limitations in the past 20 years. Interestingly, Republican presidents do not appear to benefit their own wealthier constituents.

The fact that I do not find distinctive effects for the pre/post-1996 interaction term highlights a key takeaway from this research. Indeed, the political and economic constraints such as political polarization that have been discussed so extensively in recent years have not proven to be a significant predictor of either a diminishing or amplified effect on partisan presidential differences. Indeed, at least for certain groups, the party of the president matters, regardless of the era in which he governs.

Furthermore, there is evidence that politics, and the partisan composition of all three branches matters, at least regarding America's unemployment rates. Two political variables – divided government and election year – have a statistically meaningful impact on several income groups, including the middle-classes. This finding has some broad potential implications. One, it suggests that regardless of the political situation, wealthier Americans do not experience negative effects from divided government, while the middle and lower income brackets do. Secondly, it may suggest that divided government is less likely to respond -- or be able to respond to – smaller economic shocks that impact the working and middle classes. In contrast, during periods of unified government, when policy has more potential for change, the president and the legislature may be able to work together to actually improve the economic fortunes of some income groups – especially low-income and middle-income individuals.

Still, the fact that low-income citizens are the group economically damaged the most by a divided government is worth consideration. It is possible that politicians of

both parties are less likely to respond to their economic interests because these voters are generally less likely to vote or contribute to campaigns (Brady, Verba, and Schlozman 1995; Hill and Leighley 1992, 1995; Verba, Schlozman and Brady 1995). Indeed, in the modern era, with many avenues of political participation requiring financial resources, the socioeconomic divide in political participation (and therefore, the lack of interest given to the needs of lower income individuals) may be even more present (Krueger 2002; Jacobs and Page 2005; Rigby and Wright 2013; Gilens 2014).

However, another way to look at this result is that during periods of *unified government*, the interests of lower income individuals are better met. Indeed, periods of unified government are the time periods in which we see the greatest legislative productivity, and perhaps it is only during these time periods that low-income individuals see policy change that helps them (Binder 1999).

That being said, in election years, it appears that there is evidence of an election year political business cycle, where the economy is infused (albeit temporarily) to encourage those same low and middle-income voters to stay with incumbent candidates. Bartels, in his analysis of related issues, also found that the PBC is present in American politics. Indeed, as Bartels notes:

> [There is] a great deal of evidence linking the state of the economy and the political fortunes of the incumbent party in both presidential and congressional elections. It also seems eminently sensible, since competent governments in the post-Keynesian era are thought to exert real influence over the course of the national economy (Bartels 2008, p. 99).

Taking a jaded view of American politics, political actors can count on the reality that the voters in national elections are myopic. They only remember the most recent year when they go to the ballot box -- the election year -- and it seems possible that the president, Congress, or both, are able to manipulate that to some effect (Hibbs 2006). The president and his colleagues may not be successfully raising the incomes of low and middle-income groups, but they may be able to briefly infuse the economy with resources and policies that encourage the hiring of more low and middle- income workers when it is politically prudent.

What might such a political move look like in the modern era if the president is the one responsible? As previously noted, it is hard to ascertain the meaningful impact of any given policy, but if one assumes that a policy works the way it is supposed to, then one can find potential examples. In the modern, polarized era, with little resource flexibility, it seems unlikely that presidents could get major policy changes to benefit his electoral interests through a polarized Senate during election season. However, he may be able to find and redirect resources from elsewhere. Take, for instance, President Obama's Advanced Manufacturing Partnership (AMP), a program launched in 2011 that pulled resources from existing programs and proposals to invest over half a billion dollars into building and improving domestic manufacturing capabilities and advanced materials production (The White House Office of the Press Secretary 2011). The people making these goods could be presumed to be low to middle-income workers. The timing of this program's launch (which, using already allocated resources did not need congressional approval) could not be more ideal for the president – approximately a year and a half before his re-election. While such a program certainly cannot solely be the cause of the -

1.87% drop in the unemployment rate for the lowest paid workers in 2012 (compared to -0.5% in 2011), it may responsible for part of this hiring surge.

4.6: Conclusions

In conclusion, there is evidence that when it comes to economic indicators by class, the party of the president only matters regarding unemployment rates. Democratic presidents have generally been better for the unemployment rates of all groups than their Republican counterparts, however the effects are larger on low- and middle-income Americans. Interestingly, these partisan divisions are not amplified or removed by the hyperpartisan and challenging political nature of the past two decades – providing some evidence that political polarization, and the challenges it presents, are less impactful than one might expect. Furthermore, despite the numerous media and political accusations of class warfare and favoritism incited by the president (e.g. Cary 2011; Powell 2012; Martin and Harris 2013) – it is possible that Thomas Frank's criticism may be founded at least partially in reality. Despite their claims, Democratic presidential administrations do not seem to provide greater income growth middle and working-class groups than Republican administrations – although electoral incentives may make presidents from both parties attempt to make these groups' lives temporarily better. Indeed, to the contrary, President Obama and President Clinton, both Democratic presidents, ended up seeing greater income growth for the highest income quintiles than the lowest-income quintiles.[33] Once elected, however, presidents of both parties may count on the narrow-minded focus of voters to then turn their eyes to other issues.

[33] It is possible, of course, that these effects are not the product of the president's policies. Indeed, these effects may have occurred *despite* the presidents' policies. Broader global

However, while presidents are only somewhat able to provide particularistic benefits for constituent class groups, they may still demonstrate particularism for racial/ethnic groups. While class certainly has an impact on political behavior, class likely does not represent the same kind of identity for voters, whereas race can have broad impacts on voting behavior. Indeed, studies have demonstrated that racial and ethnic groups, such as African-Americans, can demonstrate "linked fate" voting behavior, where an African-American voter may not vote necessarily in their class/economic interests, but instead vote in the interest of their community as a whole (Dawson 1996; McConnaughy and White 2010). In contrast, voters rarely identify themselves by their actual class status. Most Americans identify themselves as "middle class", with low-income voters inflating their class status and higher-income voters deflating their status (Sosnaud, Brady, and Frenk 2013). Therefore, it is plausible that presidential administrations recognize this disconnect, and thus, they provide political and policy appeals to racial and ethnic groups because they are easier for members of those groups to identify with and, thus, are more useful for modern presidents. The following chapter will examine this question further, in order to find out whether or not it is racial groups, instead of class groups, to which modern day presidents are providing economic benefits.

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impacts far out of these presidents' control may also have played a role. However, this analysis observes what happened under each president's watch. It does not claim to predict what will happen for future presidents in each party.

Chapter 5: An Analysis by Race and Ethnicity

5.1: Introduction

"At a time when black unemployment remains twice as high as white unemployment, at a time when working Americans of all races have seen their incomes and wages stagnate even as corporate profits and the incomes of folks at the very top are soaring, we've got to pick up the torch of economic justice. We have to make this a country where anybody who works hard can earn their way into the middle class."

- *President Barack Obama, September 22, 2013*

The prior chapter considered whether Republican and Democratic presidential administrations have successfully provided particularistic economic benefits to constituent class groups, and whether their ability to do so has changed in the modern, polarized era. The answer appears to somewhat more complex than a simple yes or no – indeed, overall, Democratic presidents appear to be at least somewhat effective at targeting policies to provide particularistic benefits to their historical constituency -- low-income and working-class groups – at least, in regards to unemployment rates. However, surprisingly, across the overall economy, and across class groups, there has been no significant effect of modern political and economic factors, such as polarization, on the president's ability to impact the macroeconomy.

What about racial groups? As the nation's first African American Democratic president, when President Obama assumed the presidency in 2009, both African Americans and Hispanic Americans across the country overwhelmingly supported him, resulting in high expectations that Obama could prove to be especially beneficial for the economic future of America's minority groups, especially African Americans. In the quote above, President Obama noted the employment and income discrepancies of a key

racial group, which has been overwhelmingly supportive of his political party. However, he then put those inequities in the context of a broader America to potentially make his claims accessible to other voters. Indeed, while President Obama has repeatedly demonstrated his awareness of racial and ethnic inequities, he often attempts to shy away from publicly taking stances that are specifically benefitting racial and ethnic groups – a trend that places fears and doubts that he would not be as beneficial to America's African American population as they had hoped.[34]

Is President Obama suggesting that he will attempt to address racial inequity with targeted policies? Or is it realistic to assume that Democratic presidents, such as Obama, are paying lip service to the economic misfortune of racial minorities while actually achieving little to alleviate it? Indeed, it is possible that presidents who want the African-American/Black and Hispanic/Latino voting blocs only claim what is needed to secure their votes but then provide little economic change. Put more broadly, can presidents, and do presidents, bring about economic change for racial and ethnic groups?

5.2: Testable Hypotheses

There is reason to suggest that race may be a better predictor of targeted economic policy than class. If, as scholars such as Kriner and Reeves (2015a; 2015b) suggest, presidents are pushing resources to aid the constituencies that have historically supported them, then race is an even stronger predictor of vote choice than class. Indeed, the Democratic Party has had the overwhelming support of minority groups in recent elections, especially African Americans. This is especially the case with the phenomenon

[34] Recently, rhetoric that highlights racial issues has been considered unfavorable in American politics. Indeed, politicians tend to highlight race carefully, in ways that also appeal to the majority (Gillion 2016). Obama's speech exemplifies this trend nicely.

known as "linked fate" – in which African Americans have been noticeably more likely to vote with their community at large, rather than for personal interests (Dawson 1995). With the United States becoming increasingly more diverse (white Americans are projected to become a minority in the next thirty years), there are obvious electoral incentives for the Democratic Party to try to cement their advantage with these groups. Furthermore, with some scholars suggesting that polarization is partially caused by racial tensions and increased immigration (Abramowitz 2010, and McCarty, Poole, and Rosenthal 2008), one might expect a more pronounced division between the effects of presidential administrations of opposing parties. Indeed, a number of scholars have suggested that party positions on racial issues have polarized since the Civil Rights Era (Carmines and Stimson 1989; Layman and Carsey 2002).[35]

Therefore, it is possible that presidents participate in "partisan racial particularism"; they implement policies designed to advantage special racial/ethnic groups. To the extent that these efforts are successful, presidential administrations of opposing parties should have significantly different impacts on African Americans and Hispanics, with Democratic administrations providing particularistic benefits to these constituent groups, potentially more in the modern, polarized era. In contrast, I expect Republican administrations to seek to produce superior economic results for white Americans, a group that has been more central to Republican policy and consistently supports them in national elections. This contrast may also be especially pronounced in

[35] While not applicable to the data available, the Republican Party in the 2016 election is illustrative of this trend by becoming increasingly hostile to minority groups. For instance, the Republican nominee (and future president-elect) Donald Trump began his campaign by implying that Mexican immigrants were bringing a great deal of crime into the country. Indeed, one of his key policy proposals was to build an enormous wall between the United States and Mexico to keep immigrants out of the country.

the modern era, where racial patterns in voting have become even more explicit and pronounced, although it is possible that since the civil rights movement, both political parties have always and consistently supported their constituent racial groups. This theoretical background lends itself to several plausible hypotheses.

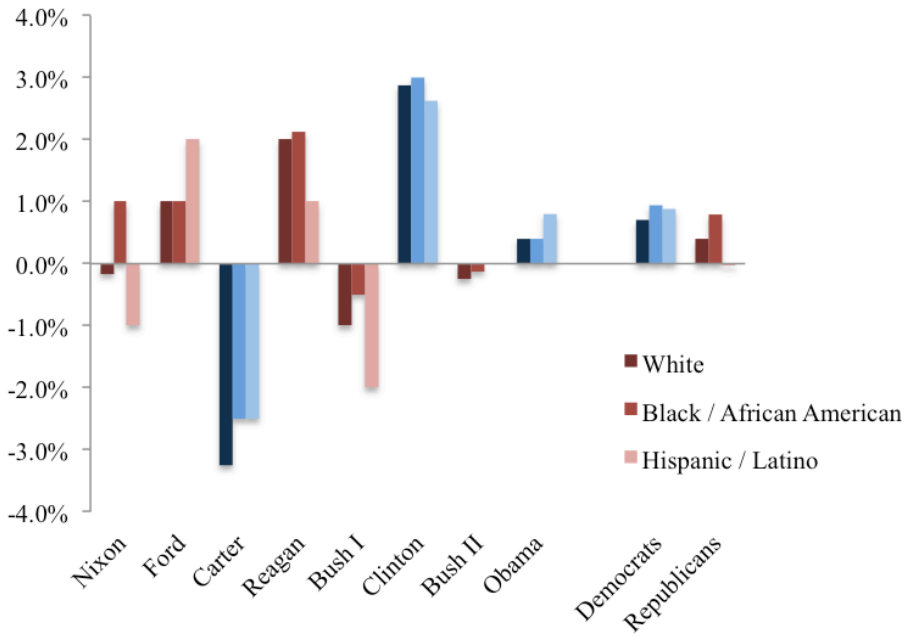
> *H_0 – Variations in economic outcomes across racial and ethnic groups are unrelated to presidential partisanship.*
>
> *H_1 – Democratic administrations provide greater income and employment growth to black Americans and Hispanic Americans.*
>
> *H_2 -- Republican administrations provide greater income and employment growth to white-Americans.*
>
> *H_3 -- (Polarization Model) – The distinctiveness of partisan effects on racial and ethnic groups has grown since 1996.*

5.3: Initial Analyses

Mirroring previous analyses, this analysis begins with an examination of each president and overall party record across the entire time period, by race and ethnic group (Figures 5.1 and 5.2, below).[36] Looking at income growth, at first glance, one can see that the two most recent Democratic administrations have seen positive income growth, while the two most recent Republican administrations have seen negative or nonexistent income growth for all races, although the differences seem slight. However, overall, income growth by race and presidential administration does not have any clear or consistent patterns in differences between racial groups.

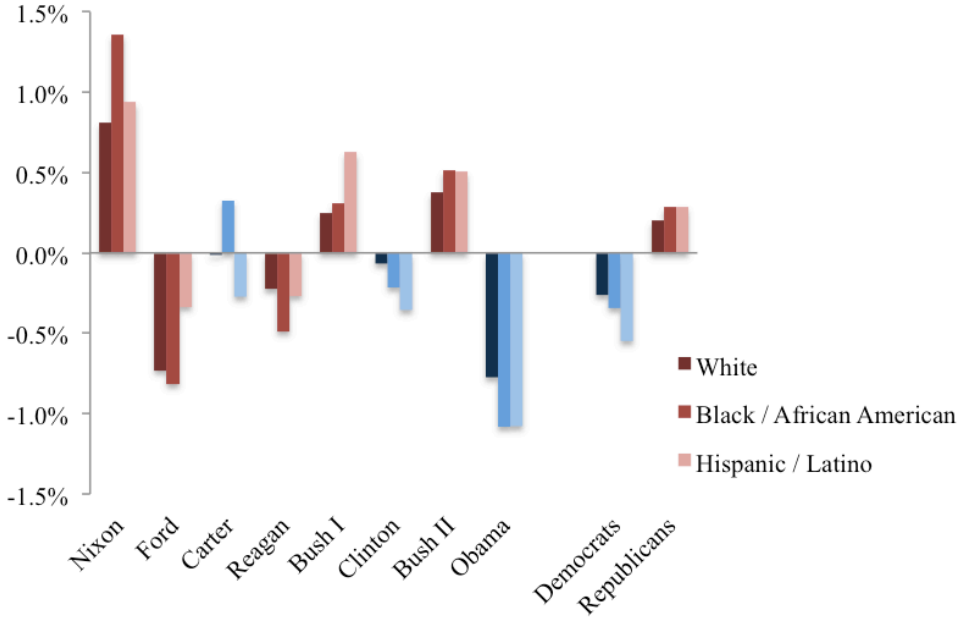
[36] A table capturing the data for Figures 5.1 and 5.2 is available in Appendix A.

Figure 5.1: Average Income Growth by Race, Administration, and President's Party



Data incorporates 1 year lag. Data analyzed from 1970-2014.

Figure 5.2: Average Annual Unemployment Rate Change by Race, Administration, and President's Party

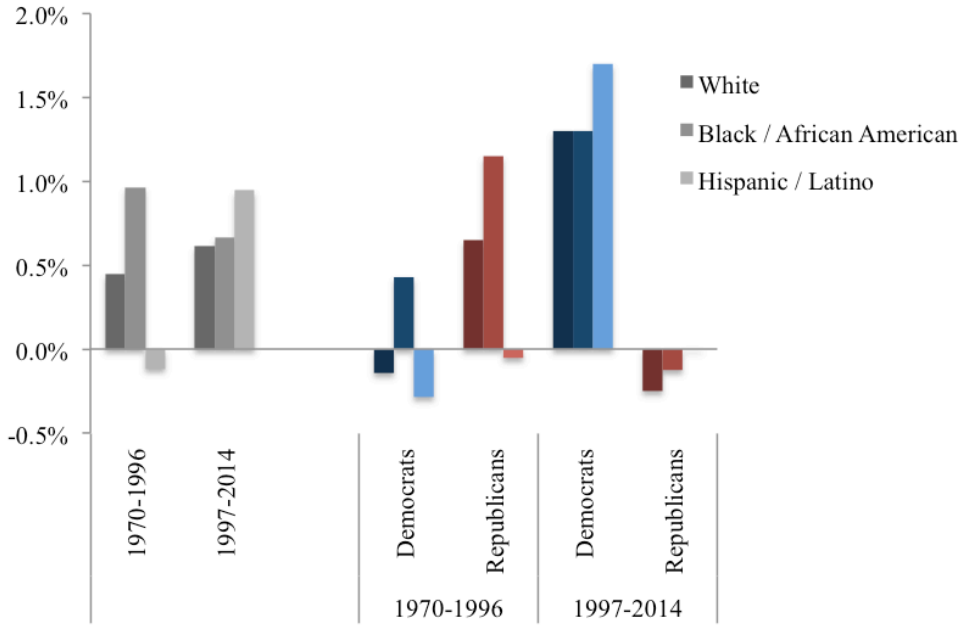


Data incorporates 1 year lag. Data analyzed from 1970-2014.

Turning attention to changes in the unemployment rate by race and presidential administration, there are more interesting and notable patterns. First, mirroring the average income pattern, recent Democratic administrations have outperformed their Republican counterparts, especially in the post-polarization era. Certainly some of this difference can be explained by the Great Recession – although there is some argument to be made that the Great Recession was at least partially caused by policies put in place by Republican President George W. Bush's administration.

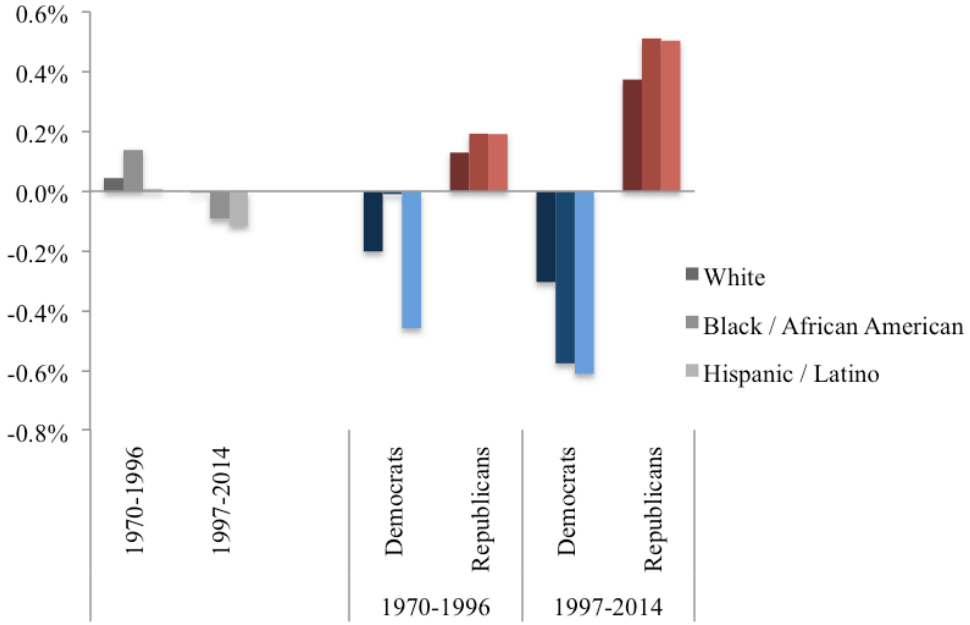
Another clear pattern is that non-white groups experience a more volatile employment market compared to white-Americans, especially African-Americans. Consistently across almost all administrations from 1970 to the present, when the unemployment rate for white-Americans rises, the unemployment rate for Black and Hispanic Americans rises faster. When the unemployment rate for white-Americans lowers, then, again, the rate of change is higher for non-white groups. Take, for instance, President Obama's record, in which the white unemployment rate has decreased by an average of 0.8 percentage points annually, where black-Americans and Hispanics have seen their unemployment rates decrease by a larger 1.1 percentage points annually. Almost certainly, this is related to the jobs that these racial groups are most likely to be employed in. White Americans are more likely to have higher education and therefore, more secure jobs when the economy goes awry. In contrast, African Americans and Hispanics are often the first let go when the economy starts to stall (Couch and Fairlie 2010).

Figure 5.3: Average Annual Income Growth by Race, Time Frame, and President's Party



Data incorporates 1 year lag. Data analyzed from 1970-2014.

Figure 5.4: Average Annual Unemployment Rate Change by Race, Time Frame, and President's Party



Data incorporates 1 year lag. Data analyzed from 1970-2014.

Still, while there appears to be some evidence of partisan differences in the modern, polarized, era, the differences are slight. Across the entire time period, only one category sees statistically significant differences by partisan administration – Hispanic or Latino unemployment. Indeed, across 43 years of observations, Hispanic-Americans saw an annual average of half a percentage point decrease in their unemployment rate under Democratic presidents, while under Republican presidents Hispanic unemployment rates rose 0.3 percent annually – a statistically significant difference of 0.8 percentage points.

However, by breaking out the polarized and non-polarized era, the partisan differences identified in the previous chart become more obvious. As shown in Figures 5.3 and 5.4 (above), there are no statistically significant differences between the records of presidents before and after 1996, although, on average, unemployment has generally declined for all groups after 1996 and had increased for all groups before 1996. Furthermore, prior to 1996, the differences in the economic records of Republican and Democratic administrations across both income growth and unemployment are not statistically significant. It is worth noting, however, that for unemployment, again, Democratic administrations, on average, outperformed Republican administrations across all categories.

Within the post-1996, modern era, however, there are some statistically significant differences between Republican administrations and Democratic administrations. Indeed, Democratic administrations saw a statistically significant difference from Republicans in income growth for white Americans of 1.6 percent per year. While similarly sized differences exist for the two non-white racial groups in the polarized era, the differences are not statistically significant.

Furthermore, while white Americans appear to get meaningful differences in income growth, non-white Americans see statistically different results for unemployment rates. Both African Americans and Hispanic/Latino-Americans see statistically meaningful average annual decreases in their unemployment of over half a percent under Democratic administrations, while under Republican administrations, their average annual unemployment rises by half a percent.

These initial findings suggest that there may be real differences between the parties and their records in regards to race in the modern era after 1996, but it is possible that these differences did not exist prior to the modern-day's extreme polarization and constrained budget. However, these analyses do not take into account economic and political factors beyond the party of the president and the rise of polarization. The next section will examine this same question using dynamic time-series modeling in order to determine if these differences can truly be attributed to the president or political polarization.

5.4: Primary Analyses

Using the dynamic time series modeling techniques established in previous chapters, Table 5.1 shows results for models predicting annual income growth by racial group, and Table 5.2 shows results for models predicting annual unemployment rate change by racial group. Neither of these first two models incorporate the pre/post 1996 interaction term designed to capture the changing political and economic conditions brought about by extreme polarization, a constrained budgetary process and other economic conditions.

Looking first at the model measuring income growth over the full time period (Table 5.1, below), one can see that there are no statistical differences between the income growth of racial groups under Republican or Democratic presidents between 1970 and 2014. Indeed, there are few significant predictors across the entire set of models. Change in the GDP per capita has some significance for all race/ethnic groups, however the effects vary Interestingly, the prior year's economic growth is not statistically predictive of income growth for white Americans, but is predictive for black Americans and Hispanic or Latino income growth. The effect of economic growth is much higher for Hispanic and Latino Americans than the other two groups. Aside from economic growth, only the second lag of divided government is significant, but this may simply be an artifact of the model, rather than anything particularly meaningful. In any case, I will explore these patterns later in the chapter.

Table 5.1: Dynamic Time Series Models Measuring Income Growth by Race

	White			Black / African American			Hispanic / Latino		
	Coeff.		Robust Std. Err.	Coeff.		Robust Std. Err.	Coeff.		Robust Std. Err.
Δ White Income (%)				Δ Black Inc. (%)			Δ Hispanic Inc. (%)		
L1.	54.6%	**	20.7%	15.3%		18.8%	-9.8%		16.4%
President's Party									
L1.	0.0%		0.8%	0.6%		1.4%	1.2%		1.5%
L2.	0.1%		1.0%	-0.1%		1.4%	0.2%		1.6%
Δ GDP Per Capita (100%)									
L1.	-6.6%		21.5%	32.2%	*	22.7%	47.1%	**	25.4%
L2.	-36.8%	**	14.7%	-24.4%	*	19.9%	-28.3%		24.8%
Divided Government									
L1.	-1.0%		1.5%	2.0%		1.6%	1.7%		2.1%
L2.	1.6%	*	1.2%	0.1%		1.8%	0.0%		1.7%
Election Year									
--.	1.0%		0.9%	-1.1%		1.2%	-0.1%		1.7%
L1.	0.8%		0.8%	-1.0%		0.9%	0.0%		1.0%
Constant									
--.	-0.2%		1.0%	-0.5%		1.0%	-1.5%	*	1.1%
N = 45				N = 45			N = 43		
R-squared = 0.3517				R-squared = 0.2401			R-squared = 0.212		
Root MSE = 0.0238				Root MSE = 0.0276			Root-MSE = 0.028		

Note: Hispanic/Latino has 43 observations because the Census Bureau did not disaggregate this ethnic group until 1971.
** Represents significance at the 0.05 level (one-tailed test).
* Represents significance at the 0.10 level (one-tailed test).

While the occupant of the Oval Office does not appear to have much of an impact on the income growth of racial and ethnic groups, he does appear to have dramatically more impact on the employment of these groups. Indeed, in Table 5.2, below, the Presidential Party variable is statistically significant across all three of the measured racial/ethnic groups. Furthermore, while the effect of a Democratic president is to reduce unemployment, the effect is much larger on racial and ethnic minorities than on white

Americans. Indeed, holding all else constant, the effect of a Democratic administration is to reduce the unemployment rate of African Americans by one-and-a-half percent annually, compared to under one percent for white Americans. For Hispanic or Latino Americans, the effect of a Democrat in the White House is similar to African-Americans, with a reduction in unemployment of 1.5 percent annually.

These effects are quite substantive. The average unemployment rate among white Americans over this time period is 4.9%, suggesting that on average, a Democratic administration would have a relative annual effect of decreasing the number of unemployed white Americans by nearly twenty percentage points. For African Americans, the average unemployment rate from 1970 to 2014 was 10.1%, meaning that the average annual decrease in the number of unemployed African-Americans under a Democratic presidency is also approximately fifteen percentage points. For Hispanic Americans, the effect is even greater than for African Americans. Indeed, with an average unemployment rate of 8.0%, the number of unemployed Hispanic Americans under a Democratic president decreases, on average, nearly 19 percentage points.

Furthermore, across all three race/ethnic groups, the national economy, as well as political factors, were significant predictors of a changing unemployment rate. First (and least surprisingly), growth in the GDP per capita dramatically reduces the unemployment rate. For every percent that the GDP per capita grows in the prior year, unemployment shrinks by 0.21 percent for white-Americans, 0.38 percent for African Americans, and 0.29 percent for Hispanic Americans. Secondly, when the government is divided in the prior year, unemployment is likely to go up among whites and Hispanics. Again, this effect is larger on Hispanics. Finally, we see continued evidence for the PBC in election

years, with unemployment decreasing among white and Hispanic Americans in election years – again, impacting white Americans the least.

Table 5.2: Dynamic Time Series Models Measuring Unemployment Rate Change by Race

	White			Black / African American			Hispanic / Latino		
	Coeff.		Robust Std. Err.	Coeff.		Robust Std. Err.	Coeff.		Robust Std. Err.
Δ White Unemployment									
L1.	-6.9%		17.8%	-10.5%		18.5%	-2.0%		18.0%
President's Party									
L1.	-0.9%	**	0.4%	-1.5%	**	0.8%	-1.5%	**	0.5%
L2.	0.6%	*	0.4%	1.1%	*	0.8%	0.9%	*	0.5%
Δ GDP Per Capita (100%)									
L1.	-20.9%	**	10.2%	-37.5%	**	14.3%	-28.9%	**	11.3%
L2.	13.6%	**	5.7%	15.7%	*	11.6%	17.1%	**	7.7%
Divided Government									
L1.	0.9%	*	0.6%	0.7%		0.9%	1.6%	**	0.8%
L2.	-1.0%		0.8%	-1.0%		1.1%	-2.0%	**	1.0%
Election Year									
--.	-0.6%	**	0.3%	-0.7%		0.6%	-1.5%	**	0.5%
L1.	-0.2%		0.3%	-0.4%		0.5%	-0.2%		0.4%
Constant									
--.	0.5%	*	0.3%	0.9%	*	0.6%	0.9%	**	0.9%
N = 45				N = 45			N = 42		
R-squared = 0.504				R-squared = 0.428			R-squared = 0.584		
Root MSE = 0.008				Root MSE = 0.015			Root-MSE = 0.011		

Note: Hispanic/Latino has 43 observations because the Census Bureau did not disaggregate this ethnic group until 1971.
** Represents significance at the 0.05 level (one-tailed test).
* Represents significance at the 0.10 level (one-tailed test).

These models provide significant evidence in keeping with the prior chapters. While there is meaningful evidence that Democratic administrations are better for unemployment outcomes across this time frame. There is little evidence that the party

controlling the White House matters for income growth. Furthermore, a number of economic and political factors appear to have significance for the unemployment rate, while having little predictive significance for income growth. However, the initial tests indicated that there are stark differences present in the economic records of Democratic and Republican presidents before and after the 1996 cut-point. The following models will examine how this first set of results holds up in light of the hyperpolarized environment, limited fiscal policy, and constrained monetary policy of the past two decades.

Table 5.3: Dynamic Time Series Models Measuring Income Growth by Race (w/ Cut Point)

White				Black / African Am.			Hispanic / Latino		
	Coeff.		Robust Std. Err.	Coeff.		Robust Std. Err.	Coeff.		Robust Std. Err.
Δ White Income (%)				Δ Black Inc. (%)			Δ Hispanic Inc. (%)		
L1.	54.8%	**	24.9%	15.6%		22.9%	-30.0%		19.2%
President's Party * Post 1996									
L1.	-1.1%		4.1%	-1.9%		4.7%	-5.8%		5.4%
L2.	0.6%		4.2%	3.8%		4.1%	3.9%		5.2%
President's Party									
L1.	0.1%		3.3%	0.9%		3.7%	3.0%		4.0%
L2.	0.4%		3.3%	-1.4%		3.7%	-0.9%		4.6%
Post 1996									
L1.	1.9%		3.7%	2.5%		4.7%	10.3%	**	5.8%
L2.	-2.3%		4.4%	-3.2%		4.8%	-8.4%	*	5.2%
Δ GDP Per Capita (100%)									
L1.	-6.9%		25.7%	28.6%		28.8%	62.2%	**	27.0%
L2.	-38.4%	**	19.8%	-27.5%	*	20.4%	-32.8%		28.7%
Divided Government									
L1.	-1.1%		1.4%	0.2%		2.9%	2.5%		3.2%
L2.	1.7%		1.5%	-0.5%		2.3%	0.3%		2.1%
Election Year									
--.	1.2%		1.2%	-1.2%		1.4%	-0.2%		1.9%
L1.	0.9%		0.9%	-0.9%		1.2%	-0.1%		1.1%
Constant									
--.	-0.1%		1.8%	0.3%		2.0%	-3.2%	*	2.1%
N = 45				N = 45			N = 43		
R-squared = 0.368				R-squared = 0.257			R-squared = 0.333		
Root MSE = 0.025				Root MSE = 0.0290			Root-MSE = 0.028		

Note: Hispanic/Latino has 43 observations because the Census Bureau did not disaggregate this ethnic group until 1971.

** Represents significance at the 0.05 level (one-tailed test).

* Represents significance at the 0.10 level (one-tailed test).

Beginning with the model measuring income growth, we again see little evidence that presidents of opposing parties, regardless of the era in which they govern, have any

significant effect on the incomes of constituent groups – in this instance, race and ethnic groups. Similar to the previous models, both income growth and economic growth in the previous years are significant. However, they have less predictive power in the models predicting income growth for racial groups than they did in the models predicting income growth for class groups. Only for white-Americans does the prior year's income growth provide any predictive value, suggesting that for this racial group, good economic times forecast strong income growth into the future. While such a scenario is unlikely, the model projects that, *ceterus paribus*, a doubling of white-American's salaries in the prior year predicts an over 50 percent growth of incomes in the present. The same pattern is not found for black Americans or Hispanic Americans. Instead, the strength of the economy seems to have great and positive effects for Hispanic citizens – with the prior year's GDP per capita growth proving to have a strong positive relationship with Hispanic income growth. African Americans see no statistically significant impact from economic growth.

Turning to the models measuring unemployment, again, once the pre/post 1996 cut-point is added, the models show no statistical significance for the interaction term. This continues to provide evidence that the impact of polarization is potentially not as significant as recent scholars have suggested it might be. Indeed, it is quite possible that polarization and other limitations on the president's economic power are having little impact on broader economic policy.

Table 5.4: Dynamic Time Series Models Measuring Unemployment Rate Change by Race (w/ Cut Point)

White				Black / African Am.			Hispanic / Latino		
	Coeff.		Robust Std. Err.	Coeff.		Robust Std. Err.	Coeff.		Robust Std. Err.
Δ White Unemployment				Δ Black UR			Δ Hispanic UR		
L1.	-7.1%		20.0%	-1.2%		20.7%	2.5%		19.5%
President's Party * Post 1996									
L1.	-0.6%		1.7%	-0.3%		2.5%	0.9%		2.6%
L2.	0.2%		1.5%	-1.0%		2.7%	-0.5%		2.5%
President's Party									
L1.	-0.4%		1.2%	-0.7%		1.9%	-1.7%		2.0%
L2.	0.6%		1.2%	-0.3%		1.7%	1.0%		2.2%
Post 1996									
L1.	-0.1%		1.6%	-0.7%		1.9%	-1.0%		2.5%
L2.	0.4%		1.5%	1.0%		2.2%	0.6%		2.4%
Δ GDP Per Capita (100%)									
L1.	-17.9%	*	11.6%	-33.0%	**	16.9%	-25.2%	**	13.7%
L2.	11.7%	*	7.9%	12.9%		15.5%	16.8%	*	11.2%
Divided Government									
L1.	1.2%		1.1%	1.2%		1.4%	1.5%		1.6%
L2.	-1.0%		0.9%	-1.1%		1.5%	-2.3%	*	1.5%
Election Year									
--.	-0.7%	**	0.4%	-0.8%		0.7%	-1.6%	**	0.6%
L1.	-0.3%		0.4%	-0.5%		0.6%	-0.2%		0.5%
Constant									
--.	0.2%		0.7%	0.5%		1.3%	1.4%	*	1.0%
N = 45 R-squared = 0.470 Root MSE = 0.009				N = 45 R-squared = 0.378 Root MSE = 0.016			N = 42 R-squared = 0.31 Root-MSE = 0.013		

Note: Hispanic/Latino has 42 observations because the Census Bureau did not disaggregate this ethnic group until 1971.

** Represents significance at the 0.05 level (one-tailed test).

* Represents significance at the 0.10 level (one-tailed test).

However, once again, the overall economy and several political variables show clear significance. The overall economy being statistically significant is not particularly surprising. Indeed, as the economy improves, for all groups, unemployment rates decline.

It is worth noting, however, that economic growth has a much larger effect on the unemployment rates of racial minorities than white-Americans. Indeed, holding all else constant, the same economic growth sees an effect that is, relative to white-Americans, over 80 percent greater for African Americans, and around 40 percent greater for Hispanics and Latinos. This is likely because minority groups are typically hit the most by economic recessions so when the economy is growing, they are the first to be hired – and when it is shrinking, they are the first to be fired (Smith, Vanski, and Holt 1974; Couch and Fairlie 2010; Grusky, Western, and Wimer 2011).

Aside from overall economic growth, election years bring encouraging changes in the unemployment rate for white-Americans and Hispanics and Latinos. On average, whites see a -0.7 percent reduction in the change of the unemployment rate, and Hispanics and Latinos see a reduction of over twice that rate, at -1.6 percent. This, again, provides evidence for the continuing presence of the Political Business Cycle (PBC), where political actors, including the present, are (at least temporarily) able to infuse the economy in the interest of re-election.

5.5: Discussion

Taken together, despite the fact that the initial analyses showed expanded differences between the records of Democratic and Republican administrations in the polarized era, the time series analyses provide little evidence that either the party of the president or the polarized era in which he governs has any significant or substantive effect on the incomes of racial groups. However, there is mounting evidence that the president can have meaningful impacts on the employment of constituent groups. Furthermore, taken with the findings from the class chapter, there seems to be little

evidence that increased partisanship, along with constrained budgetary policy, and limited monetary policy, is having an effect on the ability of the president to impact the economic fortunes of the country at large, or to provide economic benefits to targeted groups.

Taken with the finding that Democratic presidents are better for reducing unemployment rates of the working class, the fact that Democratic administrations also provide superior results to minority ethnic groups provides some evidence for the theory that presidents can effectively target policy to benefit constituent groups. Of course, to some extent, targeting policy to benefit lower income and working class Americans, or targeting policy to benefit non-White Americans may potentially be one and the same thing – and certainly presidents are aware of that fact. Class and race are inherently related. Indeed, to some extent, the reality that the unemployment rate of white-Americans also declines (to a diminished extent) under a Democratic administration provides some evidence that the policies may be more targeted at class groups, rather than specifically at racial groups, alone.[37]

The evidence is also mounting that political factors outside of the White House matter, especially for unemployment rates. There is evidence that election years benefit Hispanic Americans more than white-Americans. It is possible that this trend will only become more salient in the future. The American electorate is becoming increasingly, and rapidly, more diverse. For instance, from the 2012 election to the 2016 election, the

[37] Take, for instance, the Earned Income Tax Credit expansion example noted in Chapter 3. The expansion of the credit was made available to all low-income Americans, and therefore could economically benefit all racial groups. However, because minority groups are more likely to be low-income, the policy itself might also appear to be targeted to these minority groups.

number of white voters was only projected to increase by 2 percent. For African-Americans, the increase was 6 percent, and for Hispanic and Latino Americans, it was a whopping 17 percent (Krogstad 2016). If we assume, as Mayhew suggests, that all political actors, including the president, have the primary goal of re-election, then we should expect to see the magnified effects of election years on the economic fortunes of racial minorities to increase in the future (Mayhew 1974).

5.6: Conclusion

In the previous chapter, an analysis of presidential party, polarization, and class found little evidence that presidents of differing parties could meaningfully impact the incomes of class groups – regardless of political polarization and other economic constraints. However, there was evidence that presidents could potentially impact the unemployment rates of class groups, better results for lower- and middle-income Americans. It also found little evidence that polarization matters – partisan presidents are still impacting the unemployment rates of Americans regardless of the constraints they are facing.

Prying further, this chapter began with the suggestion that perhaps presidents do not specifically target class groups, because class is not a strong, relatable identity to appeal to. Furthermore, the rise of political polarization is significantly steepened by increasing racial divides in the United States, making racial inequities more contentious and polarized than class inequities. Therefore, analyses in this chapter examined the same question in the context of race. This chapter originally proposed that because racial minorities are a strong, unified, voting bloc that is much more linked to partisan identification, presidents may appeal to their constituent racial and ethnic groups to

strengthen their party's coalition. In regards to the significance of polarization, this study has found little evidence that it is a significant factor.

That being said, across both chapters, several things have become increasingly clear. First, Democratic presidents appear to be still able to influence economic outcomes for constituent groups (i.e. the working class, or minorities), but only in the realm of unemployment. Secondly, politics still matters. During election years, every political actor up for re-election may work together to attempt to stimulate the economy.

This chapter began with a quote by President Obama, in which he highlighted racial inequity in the economy, but then put that back in the context of helping all Americans. As noted then, there is a possibility that highlighting racial discrepancies and targeting policy to them is too controversial, and analyses of recent political rhetoric has provided some evidence for this claim. This analysis turned from analyzing class to analyzing race because partisan class distinctions are blurry in the modern era. However, as illustrated by the data, helping class groups and helping racial minorities are clearly interrelated. The following chapter will analyze this question in the context of gender – arguably the least controversial and broadest political and economic division.

Chapter 6: An Analysis by Gender

6.1 Introduction

"We all have a stake in choosing policies that help women succeed. Women make up about half of America's workforce. For more than two decades, women have earned over half of the higher education degrees awarded in this country. […] In colleges nationwide, there are more women graduating than men -- which means that for the first time, America's highly educated workforce will be made up of more women than men.

The challenge is…our economy and some of the laws and rules governing our workplaces haven't caught up with that reality. A lot of workplaces haven't caught up with that reality. So while many women are working hard to support themselves and their families, they're still facing unfair choices, outdated workplace policies. That holds them back, but it also holds all of us back. We have to do better, because women deserve better. And, by the way, when women do well, everybody does well."

- *President Barack Obama, October 31, 2014*

Without a doubt, in these comments, President Obama is acknowledging there are significant economic challenges facing women as a group. However, there are two other factors that the president did not mention. First, women make up more than half of the electorate, with over 6 million more women than men voting in the 2014 midterms, and nearly 10 million more in the 2012 presidential election (United States Census Bureau 2016). Secondly, women tend to vote for Democratic candidates -- with women voting for Barack Obama over his Republican rivals at margins of more than 10 percentage points in both his 2008 election, and 2012 re-election (Center for the American Woman and Politics 2012). Similar trends exist for every presidential election back to 1988, when Republican Vice-President George H.W. Bush eked out a 1 percent lead over the Democratic candidate, Michael Dukakis, among female voters.

The previous two chapters tested hypotheses predicting that presidents of opposing parties should have starkly different economic records for their constituent class and race groups – especially in a polarized era, in which policy positions have diverged

and class and racial issues have become more salient. Both chapters concluded with evidence that Democratic presidents are capable of influencing employment outcomes by class, as well as by race, although these issues are certainly related. However, both chapters also found that the incorporation of a cut-point meant to account for a changing political and economic climate due to increased polarization, contentious politics, a constrained budget, and limited monetary policy, was not a significant factor in the president's ability to affect economic change.

Class and race are polarizing issues. It may be politically more difficult in the modern era to successfully target and pass policies to aid these specific groups than it might be to pass policies to aid women. Indeed, presidents do still have a national constituency to be concerned about, and their rhetoric regularly reflects this reality. Perhaps, because they represent over half the country, the least divisive group to target and aid should be women. While women, as a constituency, favor Democrats, they are less unified than racial groups, making it potentially easier to appeal for and pass policy through a politically polarized and divided government. This chapter will seek to determine, through a final series of tests, whether partisan presidents in the modern era are able to provide targeted economic gains to constituent gender groups – namely women, rather than men.

6.2 Testable Hypotheses

Similar to African-Americans and Hispanics, Democratic administrations have more incentive to provide benefits to women – as women represent a key electoral base for the party. In contrast, men are somewhat more likely to vote for Republican candidates. With the exception of the 2008 presidential election, the plurality of men has

supported Republican presidential candidates in every election since 1980 (Center for the American Woman and Politics, 2012).

While certainly not as unified as racial groups when it comes to voting patterns, there is some evidence that women share a form of "linked fate" – the idea that what is good for one woman is good for all women, and the political application of this viewpoint. Therefore, working to benefit women should provide some electoral benefits. For one, women generally favor their own gender, although issue and partisan cues are more important (Thompson and Steckenrider 1997). Furthermore, women generally prefer government involvement in providing economic support to its citizens (Anderson 1999; Schlesinger and Heldman 2001). One could easily assume that means they would be especially likely to support government policies that provide economic support specifically to women. Finally, women are more likely to support female political candidates, even if the candidate is a member of the opposing party (Plutzer and Zipp 1996; Fox 1997; Dolan 2004).[38] Taken together, all of this literature suggests that women voters share some similarities to the "linked fate" patterns of African-American voters.

Political polarization may only have exaggerated the party differences related to gender and women's issues. While not necessarily an economic benefit, wedge issues such as abortion, contraception access, and paid family leave, are polarizing – driving the parties apart and making gender politics more salient. Taken together, all of this literature suggests that gender be a salient political division, and appealing to gender is a politically shrewd move to make. Democratic administrations, in particular, have reasons to attempt

[38] Unfortunately, there have been no female United States presidents to test this at the presidential level.

to particularistic economic benefits to women, although Republican administrations may be able to benefit from them, too. In this light, the following hypotheses come to light:

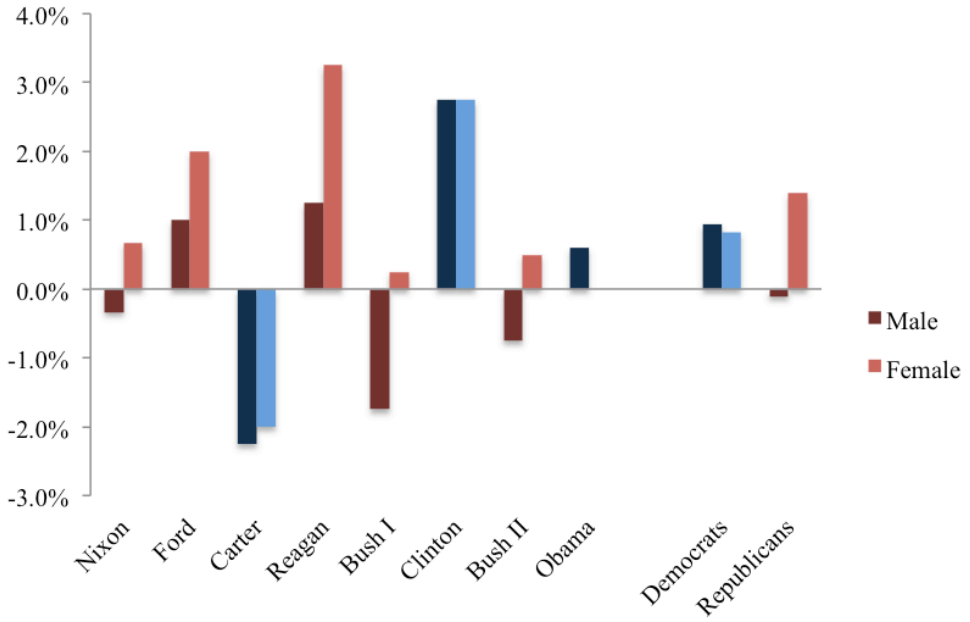
> *H_0 – Variations in economic outcomes across gender groups are unrelated to presidential partisanship.*
>
> *H_1 – Democratic administrations provide greater income and employment growth to women.*
>
> *H_2 -- Republican administrations provide greater income and employment growth to men.*
>
> *H_3 -- (Polarization Model) – The distinctiveness of partisan effects on gender groups has grown since 1996.*

6.3 Initial Analyses

Methodologically, this chapter will be approached similarly to the previous chapters. Figures 6.1 and 6.2 (below) show the average change in the average income and unemployment rate by gender broken down by presidential administration and political party.[39]

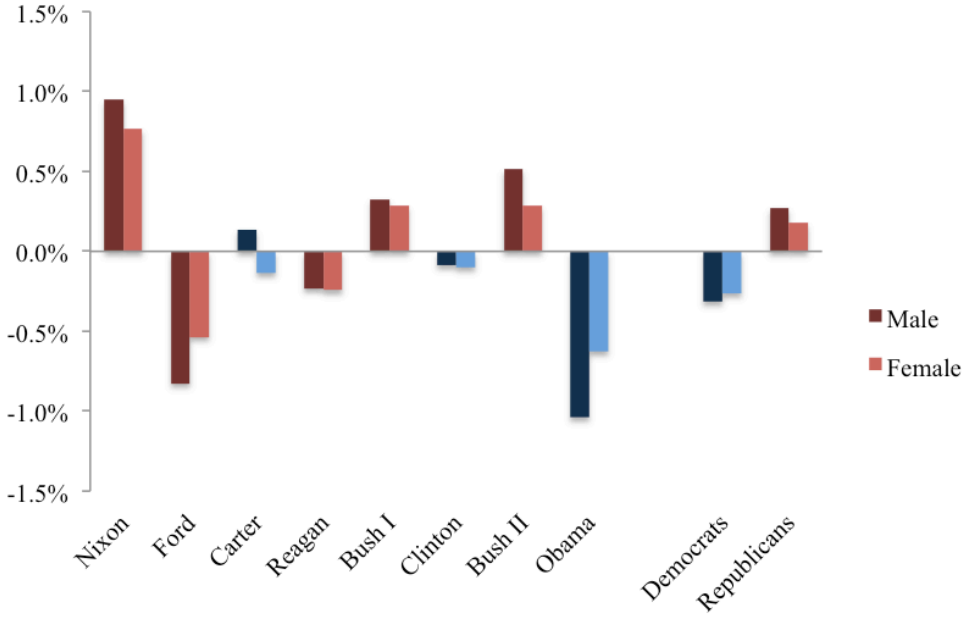
[39] Tables containing the data used to create Figures 6.1 and 6.2 are available in Appendix A.

Figure 6.1: Average Annual Income Growth by Gender, Administration, and President's Party



Data incorporates 1 year lag. Data analyzed from 1970-2014.

Figure 6.2: Average Annual Unemployment Rate Change by Gender, Administration and President's Party



Data incorporates 1 year lag. Data analyzed from 1970-2014.

The first noticeable trend is that women have generally seen positive income growth across all presidential administrations, with the exception of President Jimmy Carter's administration – a regular outlier who experienced a terrible economy under his watch. In contrast, men have seen alternating positive and negative income growth, although it is worth noting that in recent years, Democratic presidents have overseen positive income growth for men, while Republican administrations have overseen negative growth. For men, these patterns result in an average of 1.0 percent higher annual income growth under Democratic administrations. For women, however, *Republican* administrations see an average of 0.6 percent higher annual income growth – contrasting Democrats and contradicting theoretical expectations.

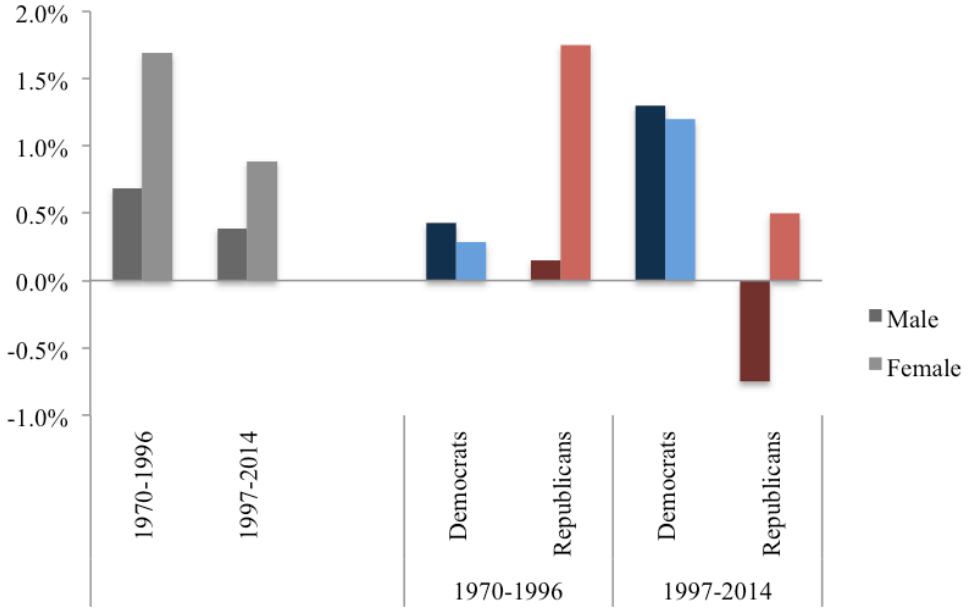
Similarly, when one examines change in the unemployment rate by presidential administration, men continue to see reductions in unemployment alternating with rises in unemployment. In the modern, polarized era, Democratic administrations have overseen decreases in male unemployment, while Republican administrations have experienced rises. However, the reduction under President Bill Clinton is merely 0.1 percent, so the differences are not drastic. For women, on average, unemployment rates have declined across most presidential administrations. However, across recent presidential administrations, Democratic administrations have outperformed Republican administrations. Indeed, both President George H.W. Bush and President George W. Bush oversaw average annual *increases* of 0.3 percent in female unemployment. In contrast, President Clinton oversaw an average annual *decrease* of 0.1 percent and President Obama oversaw an average annual decrease of 0.6 percent – a major drop in women's unemployment. Overall, from 1970 to 2014, Democratic administrations

outperformed Republican administrations in three out of four categories, male income growth, male unemployment, and female unemployment. Still, none of these differences were statistically significant, and therefore, provide little hard evidence in favor of the primary hypothesis.

Examining party differences by time period (shown in Figures 6.3 and 6.4, below) provides more substantial information.[40] First, across all four categories, there are no statistically or substantively significant differences between the time frames before and after 1996. Income growth is slightly lower in the post-1996 period, but unemployment change is approximately the same. Furthermore, in the pre-1996 period, the average difference between Democratic and Republican administrations is dramatically smaller than in the last twenty years – potentially demonstrating the increased polarization of policy preferences between administrations.

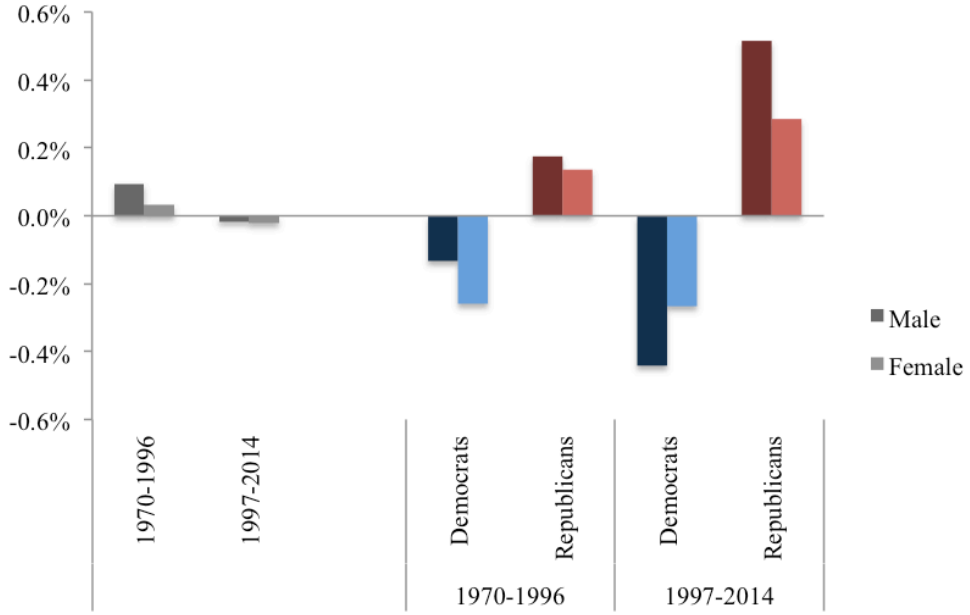
[40] Tables containing the data used to create Figures 6.3 and 6.4 are available in Appendix A.

Figure 6.3: Average Annual Income Growth by Gender, Time Frame, and President's Party



Data incorporates 1 year lag. Data analyzed from 1970-2014.

Figure 6.4: Average Annual Unemployment Rate Change by Gender, Time Frame, and President's Party



Data incorporates 1 year lag. Data analyzed from 1970-2014.

Furthermore, in the modern, politically polarized period, not only are the differences between presidential administrations of opposing parties generally larger (with the exception of women's average income growth), but the difference between the parties for male income growth is statistically significant. Over the 10 years of Democratic administrations, men's incomes have grown at an average annual rate of 1.3 percent, compared to shrinking at a rate of 0.8 percent under Republican presidencies. While women saw income growth under both Democratic and Republican presidents, Democratic administrations did fare better, with 1.2 percent annual income growth compared to 0.5 percent growth under Republican administrations.

It is surprising that these results run so contrary to expectations. Indeed, women seem to fare well under administrations of both political parties – while men generally do better under Democrats. If presidents are acting in any way to provide economic benefits to their voting base, one might expect the results to be the opposite. However, upon further consideration, there are reasons to expect these results. For instance, women may simply be doing better under all presidents because over the past forty-five years they have been steadily increasing their own educational attainment, labor force participation, and career growth (DiPrete and Buchmann 2013). However, this does not explain why men *do* potentially see different economic growth under presidents of opposing parties. These uncertainties make it worth examining these results further with dynamic time-series modeling before reaching any concrete conclusions about the topic.

6.4: Primary Analyses

While the initial analyses provide some insight into the basic question, the results were less than conclusive. The dynamic time series models allow us to examine the question controlling for factors such as prior economic conditions, and prior political conditions. Table 6.1, below, provides the results for the model examining income growth by gender without the pre/post 1996 cut-point and interaction term.

Table 6.1 Dynamic Time Series Models Measuring Income Growth by Gender

Male				Female			
	Coeff.		Robust Std. Err.		Coeff.		Robust Std. Err.
Δ Male Income (%)				Δ Female Income (%)			
L1.	22.5%	*	17.1%	L1.	30.8%	*	18.5%
President's Party				President's Party			
L1.	1.3%	**	0.6%	L1.	-0.6%		1.0%
L2.	-0.3%		0.8%	L2.	0.4%		1.2%
Δ GDP Per Capita (100%)				Δ GDP Per Capita (100%)			
L1.	29.3%	*	19.4%	L1.	6.8%		16.9%
L2.	-39.2%	**	20.3%	L2.	-23.4%	**	11.1%
Divided Government				Divided Government			
L1.	0.2%		1.5%	L1.	1.0%		1.5%
L2.	0.9%		0.9%	L2.	-0.3%		1.6%
Election Year				Election Year			
--.	0.5%		1.2%	--.	0.1%		0.7%
L1.	0.2%		0.8%	L1.	0.2%		0.6%
Constant				Constant			
--.	-0.9%		0.9%	--.	0.4%		1.0%
N = 45				N = 45			
R-squared =	0.319			R-squared =	0.225		
Root MSE =	0.025			Root MSE =	0.022		

** Represents significance at the 0.05 level (one-tailed test).
* Represents significance at the 0.10 level (one-tailed test).

This model provides some surprising results. Most surprisingly, the presidential party variable is significant, but not for women. Indeed, the model suggests that, holding all else equal, Democratic presidents provide a statistically significant 1.3 percent greater annual income growth *for men* than Republican administrations. Putting this in perspective, the average income growth for men over this entire time period is 0.2 percent per year. However, despite women being a more strategically important constituency for Democratic presidents, there is no difference between party records over the full time period.

Another key difference is that the economy (measured by growth in the GDP per capita) is only statistically relevant for male income growth, but not for female income growth. The model suggests that, *ceterus parabus*, a one percent growth in GDP per capita is related to a 0.29 percent growth in the income of men.

Why is there a difference for men, but not for women? For one, the party difference for women may not be significant because, as noted previously, women have actually generally outperformed men and benefitted across all presidential administrations, with the exception of Carter. This may be due to the rapid rise of women's education and their subsequent entry into higher-level positions over time – rather than any particular economic policies designed to explicitly boost incomes (DiPrete and Buchmann 2013). In contrast, men, who make up a larger percentage of the workforce, are more closely tied to the average income in general – a value that increases under Democrats (as demonstrated in Chapter 2).

Table 6.2 (below) shows the results of the model capturing unemployment rates by gender, without the interaction term. Contrary to the income growth model, both

women and men benefit from Democratic administrations, but men appear to benefit more. Indeed, on average, under Democratic administrations, men see an annual decrease of their unemployment rate of one percent, while women see a decrease of only 0.1 percent. This is a surprising result given the importance of women to the Democratic constituency.

Aside from the president's effect, we again see statistically significant effects for variables measuring the economy, divided government, and the Partisan Business Cycle (PBC) in these models. A growing economy impacts the unemployment rates of both groups, but affects men to a larger degree. Divided government also negatively impacts the male unemployment rate slightly more than the female unemployment rate – although the effect is somewhat similar. Finally, the election year variable is significant and negative for both groups – providing more evidence that politicians can manipulate the economy in their favor during election years.

Table 6.2: Dynamic Time Series Models Measuring Unemployment Rate Change by Gender

Male				Female			
	Coeff.		Robust Std. Err.		Coeff.		Robust Std. Err.
Δ Male Unemployment (%)				Δ Female Unemployment (%)			
L1.	-2.4%		17.3%	L1.	-0.7%		19.6%
President's Party				President's Party			
L1.	-1.0%	**	0.5%	L1.	-0.1%	**	0.3%
L2.	0.6%		0.5%	L2.	0.1%	*	0.3%
Δ GDP Per Capita (100%)				Δ GDP Per Capita (100%)			
L1.	-23.9%	**	11.8%	L1.	-19.0%	**	9.1%
L2.	19.1%	**	7.8%	L2.	8.3%	**	4.9%
Divided Government				Divided Government			
L1.	1.1%	*	0.8%	L1.	0.8%	*	0.5%
L2.	-1.3%		1.0%	L2.	-0.8%	*	0.6%
Election Year				Election Year			
--.	-0.7%	**	0.4%	--.	-0.6%	**	0.3%
L1.	-0.3%		0.3%	L1.	0.1%		0.2%
Constant				Constant			
--.	0.6%	*	0.4%	--.	0.4%		0.3%
N = 45				N = 45			
R-squared = 0.492				R-squared = 0.507			
Root MSE = 0.011				Root MSE = 0.007			

** Represents significance at the 0.05 level (one-tailed test).
* Represents significance at the 0.10 level (one-tailed test).

These first models provide significant evidence that presidents can seeminly provide benefits in the realm of unemployment, but income growth. However, the model is surprising in that it is men, rather than women, who benefit more from Democratic presidencies. What about when the pre-post 1996 cut-point is added? Does polarization diminish or expand the effect of presidents on the economic wellbeing of gender groups?

As shown in table 6.3, there is only one *economic variable* that has any predictive value at all, and it does not make a great deal of sense. The second lag of growth in GDP

per capita has a negative and statistically significant coefficient. According to the models, men are more impacted by economic growth than women, but the reasons for this are unclear, and it is likely that this finding is simply an artifact of the model.

Table 6.3 Dynamic Time Series Models Measuring Income Growth by Gender (w/ Cut Point)

Male				Female			
	Coeff.		Robust Std. Err.		Coeff.		Robust Std. Err.
Δ Male Income (%)				Δ Female Income (%)			
L1.	26.8%		21.5%	L1.	27.0%	*	19.0%
President's Party * Post 1996				President's Party * Post 1996			
L1.	-3.2%		3.8%	L1.	-0.8%		3.7%
L2.	3.7%		4.1%	L2.	0.9%		3.0%
President's Party				President's Party			
L1.	3.0%		3.1%	L1.	-0.1%		2.8%
L2.	-2.7%		3.4%	L2.	2.0%		2.4%
Post 1996				Post 1996			
L1.	4.9%		3.9%	L1.	1.5%		3.2%
L2.	-5.4%		4.2%	L2.	-1.8%		3.1%
Δ GDP Per Capita (100%)				Δ GDP Per Capita (100%)			
L1.	19.6%		26.0%	L1.	11.6%		16.9%
L2.	-44.7%	**	25.7%	L2.	-24.4%	**	11.9%
Divided Government				Divided Government			
L1.	0.6%		1.8%	L1.	0.5%		2.2%
L2.	0.2%		1.5%	L2.	0.3%		1.7%
Election Year				Election Year			
--.	0.3%		1.6%	--.	0.3%		0.7%
L1.	0.2%		1.0%	L1.	0.3%		0.8%
Constant				Constant			
--.	-0.3%		1.8%	--.	0.3%		1.5%
N = 45				N = 45			
R-squared =	0.338			R-squared =	0.280		
Root MSE =	0.026			Root MSE =	0.022		

** Represents significance at the 0.05 level (one-tailed test).
* Represents significance at the 0.10 level (one-tailed test).

Turning attention to the models predicting change in the unemployment rate (Table 6.4, below), we see similar patterns to the previous chapters. We again see an absence of significance for the pre-post 1996 polarization cut-point. We continue to see evidence that economic growth is highly predictive of change in the unemployment rate, which matches the results from the models without the pre-post-1996 cut-point and interaction term. Aside from this, only the election year variable is once again a significant predictor of a change in the unemployment rate of both men and women. As demonstrated by the first set of models, the economic boost of an election year seems to be relatively evenly distributed, as it affects men and women approximately the same, with men seeing their unemployment rate decline 0.8 percentage points and women 0.7 percentage points during these years.

Table 6.4 Dynamic Time Series Models Measuring Unemployment Rate Change by Gender (w/ Cut Point)

Male				Female			
	Coeff.		Robust Std. Err.		Coeff.		Robust Std. Err.
Δ Male Unemployment (%)				Δ Female Unemployment (%)			
L1.	0.4%		19.1%	L1.	-8.6%		21.6%
President's Party * Post 1996				President's Party * Post 1996			
L1.	-0.8%		2.3%	L1.	-0.1%		1.3%
L2.	0.1%		2.0%	L2.	-0.6%		1.2%
President's Party				President's Party			
L1.	-0.4%		1.6%	L1.	-0.5%		0.9%
L2.	0.5%		1.6%	L2.	0.6%		1.0%
Post 1996				Post 1996			
L1.	0.0%		2.1%	L1.	0.3%		1.2%
L2.	0.3%		2.0%	L2.	0.7%		1.2%
Δ GDP Per Capita (100%)				Δ GDP Per Capita (100%)			
L1.	-20.5%	*	13.5%	L1.	-16.6%	*	10.2%
L2.	16.6%	*	10.7%	L2.	7.1%		6.6%
Divided Government				Divided Government			
L1.	1.4%		1.6%	L1.	1.0%		0.8%
L2.	-1.5%		1.3%	L2.	-0.8%		0.8%
Election Year				Election Year			
--.	-0.8%	**	0.4%	--.	-0.7%	**	0.3%
L1.	-0.4%		0.5%	L1.	-0.1%		0.3%
Constant				Constant			
--.	0.4%		0.9%	--.	0.1%		0.6%
N = 45				N = 45			
R-squared =	0.462			R-squared =	0.461		
Root MSE =	0.012			Root MSE =	0.008		

** Represents significance at the 0.05 level (one-tailed test).
* Represents significance at the 0.10 level (one-tailed test).

6.5: Discussion and Conclusion

Overall the results from this chapter's analyses are both similar and contrasting to the results of prior chapters. Indeed, similar to prior chapters, the president is seemingly more influential over unemployment rates than income growth. Furthermore, the post-1996 variable lacking significance again suggests that polarization and the economic policymaking constraints of recent years are potentially not as important as many prominent political scientists have suggested.

However, this chapter contains the first models outside of the national average to suggest that presidents can impact income growth for a specific group. Indeed, men see statistically meaningful income growth under Democratic presidents, but women do not – running contrary to the hypothesis that presidents would target growth to their constituent groups – especially in challenging times. Furthermore, while both men and women see statistically significant effects of the president's party on unemployment rates, the larger effects on men also run contrary to expectations. Why might this be the case? One possibility is that the forces driving average income up under Democratic presidents are the same forces increasing male income. After all, men have represented a majority in the labor force for history in the country. Indeed, in 1970, at the beginning of this study, Men represented nearly 62 percent of the labor force, and even now, they represent over 53 percent (Department of Labor 2016). This may also explain the greater effects on unemployment rates.

Still, despite the lack of statistical difference for presidents raising women's income, presidents may still be taking targeted action. Take, for instance, President Barack Obama's administration's webpage on expanding economic opportunity for

women. First and foremost, the site touts the Lily Ledbetter Fair Pay Act, an act which does not mandate equal pay, but makes it easier for women to bring pay discrimination lawsuits to court. Such a law does not immediately bring wages for women in line with those of men, but makes it easier for women to fight for it. Secondly, the site notes a unilateral achievement, where the president signed an executive order to reduce pay discrimination for federal contractors. Again, while federal contractors are sure to make up a significant part of the workforce, this is not enough to create substantively significant wage increases on the national level (The White House 2016). These are the primary achievements the White House is boasting about, perhaps illustrating how little the president can actually do to raise real incomes.

President Obama's statement at the beginning of this chapter demonstrates that he recognizes the economic discrepancies between men and women and that he wants to do something about them. However, as the statistical models demonstrate, there appears to be little ability for the president to unilaterally do something to close the gender gaps in income and unemployment. To some extent, then, it is not that presidents are not particularistic and interested in helping their constituent groups, but their ability to affect change is hamstrung indeed.

Chapter 7: Conclusions and Further Thoughts

7.1: A Recap

Many scholars have examined the ability of the president to impact our economic wellbeing using numerous different approaches. However, none have included or attempted to account for the unique time period in which we currently live. Political contentiousness and party polarization are at record heights – making legislating difficult. When legislating does happen, it faces an exceedingly tight budget in light of unpopular, extraordinarily high levels of public debt. Furthermore, monetary policy, another common avenue for economic stimulation, has been trapped close to a zero lower bound – reducing presidential leeway in that arena, as well.

In light of increasing polarization and a growing use of identity politics, no studies (as far as the author is aware) have examined the president's ability to improve the economic fortunes of specific racial/ethnic, and gender groups. This is despite the fact that these groups are a key factor in the rapidly growing gap between America's political viewpoints. The southern realignment due to the Civil Rights Movement, as well as political positions regarding increased immigration from Central America have driven the American public, as well as their representatives in Washington, increasingly apart.

This study fills an essential gap – providing insight not only into the president's ability to affect the macroeconomy in the modern era, but also the influence of polarization, constrained budgets, and restrained monetary policy on his ability to do so. Indeed, this study demonstrates several essential findings. First, the president has dramatically more capacity to lower unemployment rates than to raise incomes in the United States. While the president's party is statistically meaningful for models

measuring overall average income growth and male income growth; all other models testing targeted growth to class groups, racial and ethnic groups, and women, find no statistically meaningful relationships between the party controlling the White House and income growth. In contrast, nearly all models find that Democratic presidents are, on average, providing greater reductions in the unemployment rate for constituent groups than their Republican counterparts.

Secondly, the absence of significance for the 1996 cut-point provides some evidence that the highly publicized trend of extreme polarization, as well as an increasingly constrained budget and more limited monetary policy, are simply not as important to economic policy as many might make them seem. Differences between the parties, and the presidents that represent them, do not appear to be widening – at least, in the realm of economic policy. Indeed, the absence of significance for this variable is certainly one of the most significant findings in this dissertation project. While it is possible that an alternate operationalization of polarization, if possible, might have found different results – for now, this study rejects the importance of polarization for the president's ability to manipulate economic conditions.

Finally, there is a great deal of evidence that politics beyond the president matters. Divided government is sometimes predictive of negative economic outcomes, especially in models predicting changes to the unemployment rate. It is quite possible that divided government, as proposed by scholars such as Binder, is predictive of gridlock. Therefore, economic challenges faced by different groups are less likely to receive policy solutions through legislative action during periods of divided government. Furthermore, in keeping with scholars such as Bartels, the presence of a Political Business Cycle is still found in

this dataset. Election years are often predictive of temporary economic boosts – most likely because political actors are aware of retrospective voting and want to maintain their own job security. However, the mechanisms by which these political actors are stimulating the economy have yet to be fully explored.

7.2: Implications for the Future

The 2008 and 2012 election and re-election of Barack Obama gave new life and meaning to the term "identity politics". President Obama's campaigns, and subsequent presidency, were well recognized for their capacity to appeal to specific social groups into which people stratify and identify. In Obama's case, he appealed strongly to minorities and women.[41] However, because of this, his tenure as president was marred by accusations of class warfare, preferential politics, and more. This research project suggests that while presidents can move the needle in regards to unemployment for specific groups, it is far more challenging for the president to show preferential treatment in the realm of income growth.

With the election of a Republican billionaire businessman, Donald Trump, to the presidency in 2016, there has been renewed discussion of class, race, and gender divisions. Indeed, a great deal of emphasis was placed on the white working class as a key to Donald Trump's victory, echoing the warning calls of Thomas Frank, and numerous other scholars who projected that growing class, race, and other divisions would pave the way for candidates who succeed by playing the divisions against each other. In fact, as Justin Gest notes in his recent book, *The New Minority: White Working*

[41] President Trump's 2016 campaign was well recognized for its appeals to white Americans and men.

Class Politics in an Age of Immigration and Inequality, lower income whites view non-white minorities as getting preferential treatment by the government at the expense of their own wellbeing (Gest 2016). Trump played these perceptions to his advantage.

Of course, for those who did not support Trump, the 2016 election brings great uncertainty about what the new Republican president -- borne to office by a white, working class, political renaissance -- will bring. While it is difficult to predict what the future holds, if the results of this dissertation are at all predictive, the voters who brought Donald Trump into office due to promises of a reenergized working class are headed for disappointment. Indeed, Democratic presidents have demonstrated a trend of returning working-class Americans to work, and Republican presidents have demonstrated the opposite. On the other hand, Democratic presidents do provide superior employment benefits to racial minorities, so these trends may be somewhat reversed under the new Republican president.

Furthermore, the stagnant middle-class incomes that Trump has promised to raise are unlikely to do so. Indeed, the president appears to have little ability to raise the incomes of Americans – although analyses of post-tax income may provide a different picture. In contrast, however, to those who fear the future, it is unlikely that Mr. Trump will cause a complete income collapse, either. Only greater market forces will seemingly be able to do so.

Finally, the contentious relationships between America's two major political parties have only continued to worsen over the past several decades. An extremely divisive figure, such as Donald Trump, whose approval ratings are the lowest of any new president in recent history, is unlikely to make this situation better. However, this project

finds little significance of this polarized trend on the ability of the president to affect the macroeconomy. Indeed, it seems quite possible, in regards to economic policy, at least, that polarization is not as impactful as many scholars have predicted.

` Without a doubt, the powers of the presidency are always evolving. The debate about the president's ability to affect the macroeconomy has and will continue to be waged for decades. Still, as policymaking becomes increasingly nuanced, focusing on particular groups (by class, race, ethnicity, gender, age, and sexual preference) will become increasingly important – potentially more important than a focus on the overall economy. As greater quantities of data on specialized groups become available, it will become possible to examine more of the targeted effects presidents might have on Americans' wellbeing.

Quantifying effects is only one area in need of greater understanding. Perhaps even more important should be an understanding of *how* presidents can achieve their economic goals. The effects of individual policies are hard to pinpoint, and this project only provides suggestions and examples of which policies may be producing the effects presently measured. Future research should seek a greater understanding of the mechanisms presidents can use in light of a changing political environment.

Finally, further understanding of the effects of this changing political environment can only elucidate our understanding of the presidency. While this project found evidence that polarization is seemingly insignificant on the president's ability to impact economic outcomes – it may have other quantifiable effects on other areas of presidential policymaking. As polarization evolves, it seems likely that it will gradually shape the way the president interacts with American policymaking.

Appendices

APPENDIX A: Additional Tables and Figures

A1: Additional Tables and Figures for Chapter 2

Table A.2.1: Overall Economic Indicators by Administration and President's Party

President	Party	Years	Δ Average Income (%)	Δ Unemployment Rate (%)	Δ Inflation (CPI - %)
Nixon	R	6	1.5%	0.8%	0.6%
Ford	R	2	2.7%	-0.7%	-1.3%
Carter	D	4	0.1%	0.1%	1.0%
Reagan	R	8	2.5%	-0.3%	-0.7%
Bush I	R	4	0.1%	0.4%	-0.5%
Clinton	D	8	2.2%	-0.3%	0.0%
Bush II	R	8	0.3%	0.6%	-0.4%
Obama	D	5	1.1%	-0.6%	0.4%
Democrats		17	1.4%	-0.3%	0.3%
Republicans		28	1.3%	0.3%	-0.3%
Difference of Means			0.1%	* 0.6%	0.7%

* Represents significance at the <0.1 level
N = 45
Data has 1-year lag applied. Differences may be off due to rounding.

Table A.2.2: Overall Economic Indicators by Time Frame and President's Party

	Years	Δ Average Income (%)	Δ Unemployment Rate (%)	Δ Inflation (CPI - %)
1970-1996	27	1.5%	0.1%	-0.1%
1997-2014	18	1.1%	0.0%	-0.1%
Difference of Means		0.4%	0.0%	0.0%
1970-1996 (Non-Polarized Era)				
Democrats	7	0.8%	-0.1%	0.5%
Republicans	20	1.7%	0.1%	-0.3%
Difference of Means		0.9%	0.3%	-0.9%
1997-2014 (Polarized Era)				
Democrats	10	1.7%	-0.4%	0.2%
Republicans	8	0.3%	0.6%	-0.4%
Difference of Means		-1.4%	* 0.9%	-0.6%

* Represents significance at the <0.1 level
N = 45
Data has 1-year lag applied. Differences may be off due to rounding.

A2: Additional Tables and Figures for Chapter 4

Table A.4.1: Economic Indicators by Class, Administration, and President's Party

			< 20 %		20-40%		40-60%	
President	**Party**	**Years**	**Δ Avg. Inc.**	**Δ UR (%)**	**Δ Avg. Inc.**	**Δ UR (%)**	**Δ Avg. Inc.**	**Δ UR (%)**
Nixon	R	6	2.0%	1.4%	0.4%	1.3%	-0.8%	1.1%
Ford	R	2	-0.4%	-0.3%	0.2%	-0.2%	0.1%	-1.1%
Carter	D	4	-9.3%	0.6%	-4.1%	0.0%	-3.3%	0.1%
Reagan	R	8	4.9%	-0.4%	2.4%	-0.5%	2.0%	-0.4%
Bush I	R	4	-0.9%	0.7%	-0.6%	0.5%	-1.1%	0.2%
Clinton	D	8	3.6%	-0.3%	2.4%	-0.3%	2.1%	-0.1%
Bush II	R	8	0.6%	1.0%	-0.3%	0.7%	-0.4%	0.5%
Obama	D	5	-1.1%	-1.6%	-0.2%	-1.4%	-0.1%	-1.0%
Democrats		17	-0.8%	-0.5%	0.1%	-0.6%	0.2%	-0.3%
Republicans		28	1.8%	0.5%	0.6%	0.4%	0.1%	0.2%
Difference of Means			2.7%	1.0%	0.5%	* 0.9%	0.1%	0.5%

			60-80%		>80%	
President	**Party**	**Years**	**Δ Avg. Inc.**	**Δ UR (%)**	**Δ Avg. Inc.**	**Δ UR (%)**
Nixon	R	6	-0.7%	0.7%	-0.4%	0.4%
Ford	R	2	0.7%	-1.0%	1.6%	-0.6%
Carter	D	4	-3.1%	0.0%	-2.6%	0.1%
Reagan	R	8	1.6%	-0.2%	1.8%	-0.1%
Bush I	R	4	-1.2%	0.1%	-1.0%	0.1%
Clinton	D	8	1.8%	0.0%	3.6%	0.0%
Bush II	R	8	-0.2%	0.2%	-0.4%	0.0%
Obama	D	5	0.2%	-0.5%	0.8%	-0.2%
Democrats		17	0.2%	-0.1%	1.3%	0.0%
Republicans		28	0.1%	0.1%	0.3%	0.0%
Difference of Means			0.1%	0.2%	1.0%	0.0%

* Represents significance at the <0.1 level

N = 45

Data has 1-year lag applied. Differences may be off due to rounding.

Table A.4.2: Economic Indicators by Class, Time Frame, and President's Party

		< 20 %		20-40%		40-60%	
	Years	**Δ Avg. Inc.**	**Δ UR (%)**	**Δ Avg. Inc.**	**Δ UR (%)**	**Δ Avg. Inc.**	**Δ UR (%)**
1970-1996	27	1.1%	0.3%	0.3%	0.1%	-0.1%	0.0%
1997-2014	18	0.4%	0.0%	0.3%	-0.1%	0.5%	0.0%
Difference of Means		0.8%	0.2%	0.4%	0.1%	-0.6%	0.0%
1970-1996 (Non-Polarized Era)							
Democrats	7	-2.3%	0.4%	-1.4%	-0.4%	-1.2%	-0.2%
Republicans	20	2.3%	0.1%	1.0%	0.3%	0.3%	0.1%
Difference of Means		4.6%	0.3%	* 2.4%	0.6%	1.6%	0.3%
1997-2014 (Polarized Era)							
Democrats	10	0.2%	-0.9%	1.2%	-0.7%	1.2%	-0.4%
Republicans	8	0.6%	1.0%	-0.3%	0.7%	-0.4%	0.5%
Difference of Means		0.4%	* 1.8%	1.4%	* 1.4%	1.6%	0.8%

		60-80%		>80%			
	Years	**Δ Avg. Inc.**	**Δ UR (%)**	**Δ Avg. Inc.**	**Δ UR (%)**		
1970-1996	27	-0.1%	0.0%	0.6%	0.0%		
1997-2014	18	0.6%	0.0%	0.8%	0.0%		
Difference of Means		-0.7%	0.1%	-0.2%	0.0%		
1970-1996 (Non-Polarized Era)							
Democrats	7	-1.3%	-0.1%	0.6%	0.0%		
Republicans	20	0.3%	0.1%	0.6%	0.0%		
Difference of Means		1.5%	0.2%	0.0%	0.1%		
1997-2014 (Polarized Era)							
Democrats	10	1.2%	-0.2%	1.8%	0.0%		
Republicans	8	-0.2%	0.2%	-0.4%	0.0%		
Difference of Means		1.4%	0.3%	* 2.2%	0.1%		

* Represents significance at the <0.1 level
N = 45
Data has 1-year lag applied. Differences may be off due to rounding.

A3: Additional Tables and Figures for Chapter 5

Table A.5.1: Economic Indicators by Race, Administration, and President's Party

			White		Black / African-Am.		Hisp./Latino	
President	**Party**	**Years**	**Δ Avg. Inc.**	**Δ UR (%)**	**Δ Avg. Inc.**	**Δ UR (%)**	**Δ Avg. Inc.**	**Δ UR (%)**
Nixon	R	6	-0.2%	0.8%	1.0%	1.4%	-1.0%	0.9%
Ford	R	2	1.0%	-0.7%	1.0%	-0.8%	2.0%	-0.3%
Carter	D	4	-3.3%	0.0%	-2.5%	0.3%	-2.5%	-0.3%
Reagan	R	8	2.0%	-0.2%	2.1%	-0.5%	1.0%	-0.3%
Bush I	R	4	-1.0%	0.2%	-0.5%	0.3%	-2.0%	0.6%
Clinton	D	8	2.9%	-0.1%	3.0%	-0.2%	2.6%	-0.4%
Bush II	R	8	-0.3%	0.4%	-0.1%	0.5%	0.0%	0.5%
Obama	D	5	0.4%	-0.8%	0.4%	-1.1%	0.8%	-1.1%
Democrats		17	0.7%	-0.3%	0.9%	-0.3%	0.9%	-0.5%
Republicans		28	0.4%	0.2%	0.8%	0.3%	0.0%	0.3%
Difference of Means			0.3%	0.5%	0.2%	0.6%	0.9%	* 0.8%

* Represents significance at the <0.1 level
N = 45
Data has 1-year lag applied. Differences may be off due to rounding.
Note: Hispanic/Latino not disaggregated by the Census Bureau until 1971.

Table A.5.2: Economic Indicators by Race, Time Frame, and President's Party

		White		Black		Hispanic	
		Δ Avg. Inc.	**Δ UR (%)**	**Δ Avg. Inc.**	**Δ UR (%)**	**Δ Avg. Inc.**	**Δ UR (%)**
1970-1996	27	0.4%	0.0%	1.0%	0.1%	-0.1%	0.0%
1997-2014	18	0.6%	0.0%	0.7%	-0.1%	0.9%	-0.1%
Difference of Means		-0.2%	0.0%	0.3%	0.2%	-1.1%	0.1%
1970-1996 (Non-Polarized Era)							
Democrats	7	-0.1%	-0.2%	0.4%	0.0%	-0.3%	-0.5%
Republicans	20*	0.7%	0.1%	1.2%	0.2%	-0.1%	0.2%
Difference of Means		0.8%	0.3%	0.7%	0.2%	0.2%	0.6%
1997-2014 (Polarized Era)							
Democrats	10	1.3%	-0.3%	1.3%	-0.6%	1.7%	-0.6%
Republicans	8	-0.3%	0.4%	-0.1%	0.5%	0.0%	0.5%
Difference of Means		* 1.6%	0.7%	1.4%	* 1.1%	1.7%	* 1.1%

* Represents significance at the <0.1 level
N = 45
Data has 1-year lag applied. Differences may be off due to rounding.
Note: Hispanic/Latino not disaggregated by the Census Bureau until 1971.

A4: Additional Tables and Figures for Chapter 6

Table A.6.1: Economic Indicators by Gender, Administration, and President's Party

			Male		Female	
President	**Party**	**Years**	**Δ Avg. Inc.**	**Δ UR (%)**	**Δ Avg. Inc.**	**Δ UR (%)**
Nixon	R	6	-0.3%	1.0%	0.7%	0.8%
Ford	R	2	1.0%	-0.8%	2.0%	-0.5%
Carter	D	4	-2.3%	0.1%	-2.0%	-0.1%
Reagan	R	8	1.3%	-0.2%	3.3%	-0.2%
Bush I	R	4	-1.8%	0.3%	0.3%	0.3%
Clinton	D	8	2.8%	-0.1%	2.8%	-0.1%
Bush II	R	8	-0.8%	0.5%	0.5%	0.3%
Obama	D	5	0.6%	-1.0%	0.0%	-0.6%
Democrats		17	0.9%	-0.3%	0.8%	-0.3%
Republicans		28	-0.1%	0.3%	1.4%	0.2%
Difference of Means			1.0%	0.6%	0.6%	0.4%

* Represents significance at the <0.1 level
N = 45
Data has 1-year lag applied. Differences may be off due to rounding.

Table A.6.2: Economic Indicators by Gender, Time Frame, and President's Party

		Male		Female	
		Δ Avg. Inc.	**Δ UR (%)**	**Δ Avg. Inc.**	**Δ UR (%)**
1970-1996	27	0.7%	0.1%	1.7%	0.0%
1997-2014	18	0.4%	0.0%	0.9%	0.0%
Difference of Means		0.3%	0.1%	0.8%	0.1%
1970-1996 (Non-Polarized Era)					
Democrats	7	0.4%	-0.1%	0.3%	-0.3%
Republicans	20	0.2%	0.2%	1.8%	0.1%
Difference of Means		0.3%	0.3%	1.5%	0.4%
1997-2014 (Polarized Era)					
Democrats	10	1.3%	-0.4%	1.2%	-0.3%
Republicans	8	-0.8%	0.5%	0.5%	0.3%
Difference of Means		* 2.1%	1.0%	0.7%	0.6%

* Represents significance at the <0.1 level
N = 45
Data has 1-year lag applied. Differences may be off due to rounding.

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