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Ezra Klein
 Economic and Domestic Policy, and Lots of It



XML

Spin one for the Gipper




I expect some simplification and spin when political pundits discuss economics, but experts are generally more careful, if only for the sake of their own credibility. So I was surprised to read Dan Mitchell, Cato's tax policy guy, offer this "[slam-dunk comparison](#)" between Reagan and Obama:

Both Ronald Reagan and Barack Obama entered office during periods of economic misery. But they adopted dramatically different solutions. Reagan reduced the burden of government and Obama increased the burden of government. So which approach worked best? In his Washington Times column, Richard Rahn compares the economy's "recovery" performance under both Presidents. As you can see, Reaganomics is much better than Obamanomics.

Seriously? We're trying an apples-to-apples comparison between the recession that faced Reagan and the financial crisis that faced Obama? And we're not even using the words "financial crisis"? This is like comparing how long it takes me and Barack Obama to get to work in the morning without mentioning that Obama lives at the office. The raw comparison makes Obama look like the Flash. The right comparison makes the comparison look silly.

Financial crises, as Kenneth Rogoff and Carmen Reinhart have [exhaustively documented](#), are different than normal recessions. And global financial crises are different than domestic financial crises (it's hard to export your way out, for instance. We could spend a long time talking about why that is, but for our purposes, the point is what it does: "The recovery after deep financial crises tends to be slower and more protracted than for a garden variety recession," Rogoff says. And by that


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measure, how's Obama doing?

"By most measures, the U.S. is just driving down the tracks of a typical post-WW II deep financial crisis," Rogoff e-mailed, "at least according to the benchmarks for unemployment, housing prices, government debt and stock prices given in chapter 14 of my book with Reinhart 'This Time Its Different.' One dimension where the U.S. did somewhat better was the peak to trough decline in output of roughly 4% versus 9% for the average."

In other words, we're mostly following the trend, though we managed to blunt the normal decline in output. If you want to compare Reagan to someone, you should look at Clinton, who also entered office amidst a traditional recession. But Reagan doesn't look too good in [that match-up](#).

Photo credit: By Dennis Cook/Associated Press

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