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GOP administration doesn't necessarily mean smaller government

In every presidential race, the incumbent takes credit for any good economic news under his watch. The challenger tries to find some hole in that narrative to exploit. The truth is somewhere in between. So what does the data tell us? Are you better off than you were four years ago?

Let's start with economists' favorite measure of economic success: real gross domestic product. It is the broadest measure of the nation's output of goods and services, adjusted for inflation. It is generally used as a barometer of an economy's overall economic well-being.

During the last four years of the Obama administration, real GDP grew at an average rate of 2.25%. In comparison, during the first three years of the Trump administration, the average growth rate bumped up to 2.51%. It's slightly faster, but not statistically so: Growth in real GDP is no faster or slower.

That comparison intentionally excludes the recent data. Add in the first half of 2020, and a very different picture emerges: Real GDP growth under President Donald Trump has averaged a negative 0.47%.

This change stems from the pandemic-induced plunge in the economy. Even though the economy has recovered some of that decline, estimates are that growth will be insufficient to regain all lost ground until well into next year.

Overall, then, real GDP growth under the current administration is at best no better than during the second term of the last president — significantly worse if you include this year.

Why worry about real GDP? Because growth in real GDP is a good predictor of overall economic well-being in the future. There is significant inequality in incomes in the United States, and a higher level of real GDP may not solve that problem. But inequality would become even worse if the economy doesn't expand at a sufficient rate. Faster growth in real GDP is preferable to slower growth, and that just hasn't happened, regardless of whether the COVID-19 induced recession is included.

How about unemployment? At the start of President Barack Obama's second term, the overall unemployment rate stood at a little over 8%. By the time he left office, it had declined to about 4.7%. This trend continued into the Trump administration, reaching a historic low of 3.5% last year. That decline in unemployment — an increase in employment — was enjoyed by many groups in the economy. Both administrations deserve credit for policies that improved employment opportunities for millions of workers.

That changed in 2020. Unemployment spiked to more than 13% in May because of pandemic-related shutdowns. It has receded to 8.4% in August. But it is unlikely to regain the lows of last year any time soon because of the continued slow growth in the economy.

My fellow conservatives pine for a smaller governmental footprint. One measure of government's role in the economy is the size of its budget deficit. (A budget deficit occurs when the government spends more than it takes in.)

Four years ago, the federal budget deficit was a little over 3% of GDP. Last year, before the onset of the COVID-19 debacle, the deficit had increased to almost 4.6% of GDP. If you thought a Republican administration meant a smaller government, you were wrong. The bipartisan response to the pandemic will increase the role of government even more.

No doubt you are assessing these numbers through blue- or red-tinted glasses. Ignoring the elephant in the room — the handling of the COVID-19 pandemic and its consequent economic fallout — the economic achievements of the past three years reflect a continuation of established trends. Only the expanding role of government has bucked that trend.

Are you better off now than four years ago?

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