BY ROBERT J. BARR0

REAGAN VS. CLINTON: WHO'S THE ECONOMIC CHAMP?

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BY A NOSE: Reagan's first term was tops-it broke the back of inflation. Clinton's last term comes in second. But he still has two years to go

When it comes to honesty and alleged criminal behavior, the differences between Presidents Nixon and Clinton are arguable. But for economic outcomes, the distinction could not be clearer. Nixon's ouster in 1974 came during a period with the next-to-worst economic record of the 13 Administrations since World War II. Only the Carter Presidency had a poorer showing. In contrast, Clinton's second Administration has the best record, except for President Reagan's first term.

The following table, which might be called the Barro misery index (BMI), is a better measure than the original misery index (a term coined by Arthur Okun, an adviser to Lyndon Johnson). It adds gross domestic product and interest rates to inflation and unemployment. And the BMI looks at change over the entire course of each Presidential term, not just the level of say, inflation or unemployment at the time.

According to my definition, misery increased if the inflation rate rose, if the unemployment rate went up, if long-term interest rates increased, and if the growth rate of real GDP was below average. The penultimate column adds these items to compute the overall contribution to misery. The last column ranks the Administrations, where 1 is the least misery and 13 is the most.

Clinton had a strong first term. Declines in unemployment, in interest rates, and in inflation combined with average economic growth to give him a fifth-place ranking, right behind the Kennedy-Johnson term.

NONPARTISAN VIEW. The first two years of Clinton's second term brought even better results. The growth rate of GDP in 1998 (4.1%) is the highest since 1984, the unemployment rate (4.3%) is the lowest since 1970, the consumer price index inflation rate (1.6%) is the lowest since 1986, and long-term interest rates (roughly 5.2% at yearend) are the lowest since 1967.

But the same process that gives Clinton such high marks still puts Reagan's first term at the top. Reagan broke the back of inflation that had built up since the '60s. No doubt the White House will explain why my scoring is accurate for Clinton and wrong for Reagan, but a nonpartisan view would accept both verdicts.

Is policy or luck behind Clinton's economic success? When it came to growth, his good policies-such as free trade, welfare reform, spending restraint, and stable monetary policy—outweighed his bad policies. Some of them are: the income-tax rate hike, minimum-wage increase, family-leave regulation, and overzealous antitrust enforcement.

The key is probably the absence of any really big error in domestic policy. Nixon had price controls. Bush had the Americans with Disabilities Act. But Clinton's health-care proposal didn't get passed by Congress. Of course, there are still (apparently) two years to go in the Clinton Presidency. He's still a contender to overtake Reagan in my BMI.

The Barro Misery Index for U.S. Presidents

Changes in Rates of...

	INFLATION	UNEMPLOYMENT	LONG-TERM INTEREST	GDP SHORTFALL	MISERY INDEX	RANK
REAGAN '81-'84	–6.3	1.4	–0.7	0.7	–4.9	1
CLINTON '97-'98	–1.4	–0.6	–1.5	–1.0	–4.5	2
REAGAN '85-'88	0.0	-0.8	-2.1	-0.2	-3.1	3
KENNEDY-JOHNSON '61-'64	-0.4	-0.8	0.3	-1.6	-2.5	4
CLINTON '93-'96	-0.4	-1.4	-0.8	0.2	-2.4	5
TRUMAN '49-'52	1.2	0.4	0.3	-2.7	-0.8	6
BUSH '89-'92	-0.3	0.9	-1.8	1.7	0.5	7
JOHNSON '65-'68	2.2	-1.1	1.5	-1.3	1.3	8
NIXON '69-'72	-0.1	1.6	0.0	0.1	1.6	9
EISENHOWER '57-'60	-1.2	1.3	0.5	1.3	1.9	10
EISENHOWER '53-'56	0.2	1.6	0.6	0.7	3.1	11
NIXON-FORD '73-'76	4.4	1.5	0.8	1.3	8.0	12
CARTER '77-'80	4.8	-1.3	5.5	0.4	9.4	13

Notes: The change in the rate of consumer price inflation (CPI) is the difference between the average for the term and the average of the last year of the previous term. The change in the unemployment rate is the difference between the average value during the term and the value from the fast month of the previous term. The change in the interest rata is the change in the long-term government bond yidd during the term. The GDP growth rate is the shortfall of the rate during the term from 3.1% per year (the long-term average value). The change in the misery index is the sum of the first four columns. The rank in the last column goes from lowest to highest misery.

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