

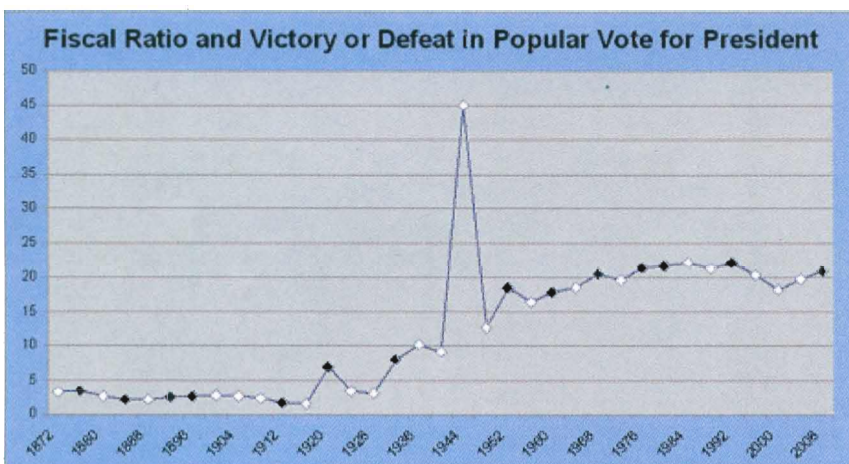
Will Barack Obama Be a One-Term President?

By Alfred G. Cuzán : 10 Mar 2009

It may be in bad taste to ask this question now, when Mr. Obama is basking in the glow of the honeymoon with the public every new president enjoys. What prompts it is the recently released federal budget.



According to Office of Management and Budget estimates, this year federal outlays as a percent of gross domestic product, the fiscal ratio, will soar to almost 28%. This is a staggering seven percent point increase from last year. By 2012, under rather rosy scenarios, this ratio is expected to have subsided some, but still be more than a full percentage point above what it was last year. It will probably be even higher than that, and history shows that voters have generally rejected presidents under whose tenure this ratio went up at the same -- or an accelerated -- rate as in the preceding term.



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The figure above tells the story. It tracks the percent of GDP spent by the federal government from one presidential election year to the next, starting in 1872. Years in which the incumbent won a majority of the major party vote are indicated by white dots, all others by black dots.

Examine the slope of the line connecting the dots. Note that only three times did incumbents hang on to The White House at the end of a term in which the fiscal ratio did not decline -- or at least moderate -- its rate of growth relative to the previous term. The only exceptions have been Franklin Roosevelt in 1944, Ronald Reagan in 1984, and George W. Bush in 2004.

The Roosevelt exception, coming at the peak of World War II (the last popular war), needs no explanation. Reagan's fiscal expansion amounted to less than 1% and was accompanied by a vigorous economic expansion. Neither condition applied to George W. Bush, and it showed: in 2004, he barely squeaked through, winning reelection by the smallest margin in the major party vote of any sitting president in more than a century.

Barring no surprises, such as a war, Mr. Obama's reelection will largely depend on two things. First, whether the economy makes a strong comeback during the second half of this term, as it did in Reagan's case. If it does, his reelection is practically assured. Second, if the

economy is still in recession or undergoing a weak recovery, it will depend on whether spending growth has moderated relative to the previous term (as it did in Roosevelt's first term).

There are reasons to doubt that either of these conditions will hold. In contrast to Reagan, who set out to incentivize entrepreneurship and cut taxes and spending (the fiscal ratio actually fell in his second term), Mr. Obama appears bent on a different approach. If the new budget is a reliable guide, taxes, spending, and bureaucratic burdens are all likely to rise significantly in the next four years.

As the effect of these measures make themselves felt in people's lives and pocketbooks, the public will grow increasingly disenchanted with Mr. Obama. This will render his reelection anything but a sure thing.