

## Premier Thoughts: The CSUB Business Blog

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### The Best of Times and the Worst of Times

The Misery Index is the sum of unemployment rate and inflation rate. The index indicates that rising unemployment and accelerating inflation bring about despondent economic conditions. Jobs are being lost, while prices keep rising.

The Misery Index is of special interest to researchers in evaluating effectiveness of presidents. Accordingly, the "best of times" were during the first term of President Eisenhower (1953-1956), when low unemployment and exceptionally slow inflation added to low values of the Misery Index. During the first four years of Eisenhower's administration, the Misery Index averaged 4.8 percent. Consequently, such "happy" economic times contributed to his re-election.

The "worst of times" were during Jimmy Carter's presidency (1977-1980), when high unemployment and rapid inflation resulted in high values of the Misery Index. During Carter's administration, the Misery Index averaged 16.3 percent, nearly 4 times larger than that of Eisenhower's administration. In the presidential debate of October 28, 1980, Ronald Reagan urged voters to evaluate their economic conditions:

*Next Tuesday is election day. Next Tuesday all of you will go to the polls; you'll stand there in the polling place and make a decision. I think when you make that decision, it might be well if you would ask yourself, are you better off than you were four years ago? Is it easier for you to go and buy things in the stores than it was four years ago? Is there more or less unemployment in the country than there was four years ago? Is America as respected throughout the world as it was? Do you feel that our security is as safe; that we're as strong as we were four years ago? And if you answer all of those questions yes, why then, I think your choice is very obvious as to who you'll vote for. If you don't agree; if you don't think that this course that we've been on for the last four years is what you would like to see us follow for the next four, then I could suggest another choice that you have.*

And the rest is history...

President	Years	Unemployment Rate	Inflation Rate	Misery Index
Eisenhower	1953	2.9%	0.8%	3.7%
	1954	5.6%	0.3%	5.9%
	1955	4.4%	-0.3%	4.1%
	1956	4.1%	1.5%	5.6%
	<b>1953-56</b>	<b>4.3%</b>	<b>0.5%</b>	<b>4.8%</b>
Carter	1977	7.1%	6.5%	13.6%
	1978	6.1%	7.6%	13.7%
	1979	5.9%	11.2%	17.1%
	1980	7.2%	13.6%	20.8%
	<b>1977-80</b>	<b>6.6%</b>	<b>9.7%</b>	<b>16.3%</b>

Source:

The U.S. Misery Index, <http://www.miseryindex.us>