

January 22, 2009

A look back at the economy, in presidential terms

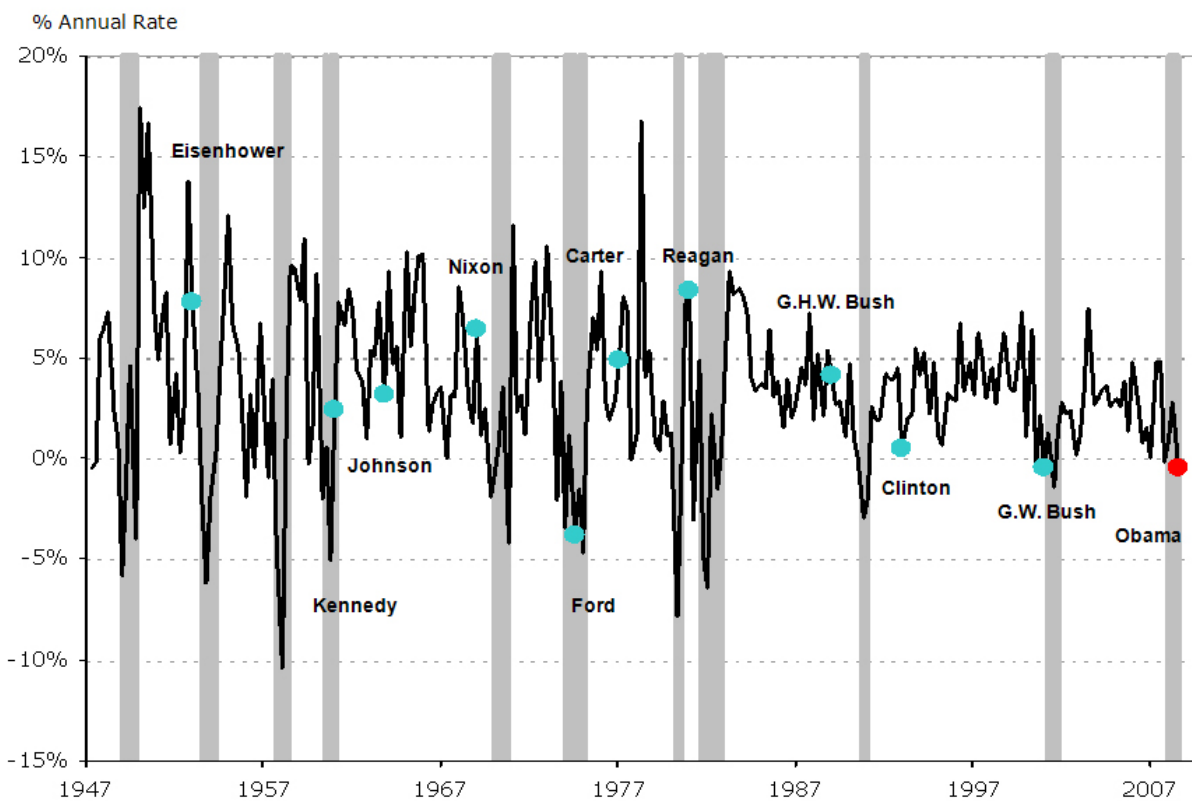
In his [inauguration speech](#) on Tuesday, President Barack Obama said, "That we are in the midst of crisis is now well understood... Our economy is badly weakened.... Homes have been lost, jobs shed, businesses shuttered... These are the indicators of crisis, subject to data and statistics."

Tuesday, Jan. 20, 2009, was a day filled with excitement and hope but also with uncertainty for the outlook of the American economy. Few doubt that our new president has a daunting task at hand. In fact, there are only two other U.S. presidents (Kennedy and Ford) in the post-World War II period who have entered office while the economy was in the midst of a recession.

Today's economy and its circumstances are constantly changing, and today's situation is quite different from previous experiences. With that in mind, we thought it would be interesting to look back at economic conditions when past presidents have entered office. Below are a few charts and facts describing the current state of the economy alongside historical conditions other post-World War II presidents had to deal with when entering office.

After contracting 0.5 percent in Q4 2008, economic growth for the first quarter of 2009 is expected to come in around -5 percent, according to the Bloomberg consensus forecast. This would mark the largest quarter-over-quarter contraction since the recessions in the early 1980s.

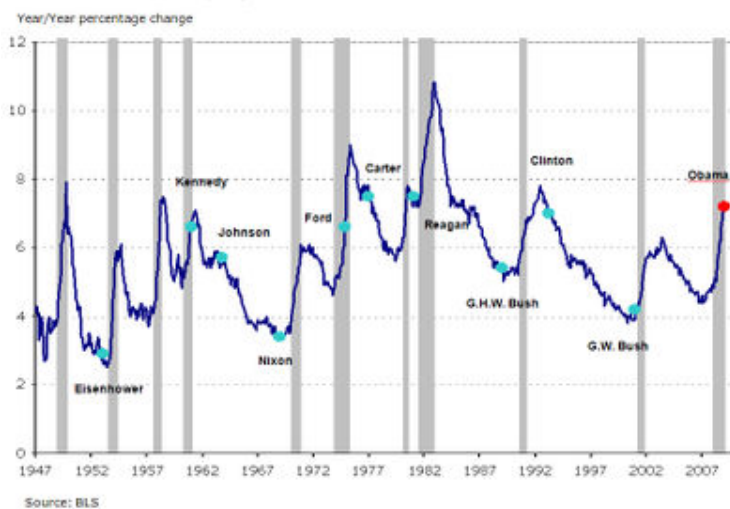
GDP and Presidential Terms



Source: BEA

The employment picture also is grim, with December payrolls showing the largest year-over-year decline since December 1982 and unemployment in a significant upswing.

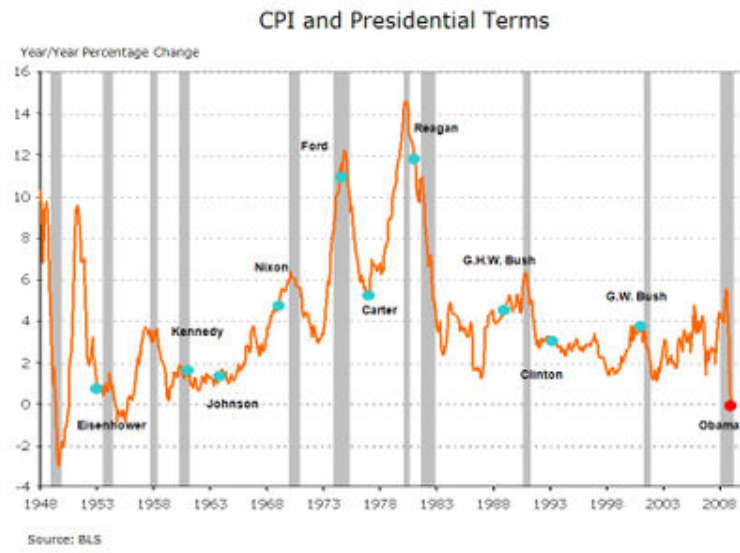
Unemployment Rate and Presidential Terms



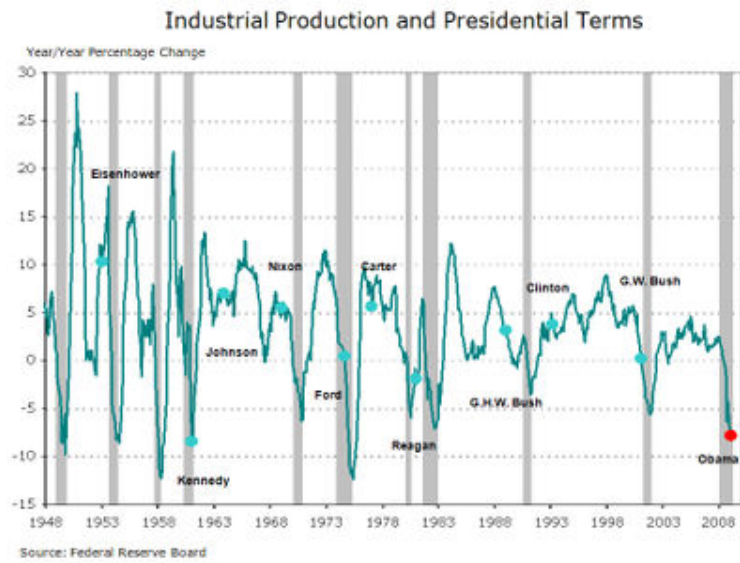
Source: BLS

Headline CPI contracted 0.1 percent in December from the previous year (seasonally adjusted), marking the first time the monthly

indicator was negative on a year-over-year basis since 1950.



Industrial production continued to dip in December with the worst showing since the 1975 recession.



So there you have it—a look at the economic picture in historical context as President Obama begins his journey as America's forty-fourth president.

By Courtney Nosal and Laurel Graefe, economic research analysts at the Atlanta Fed

January 22, 2009 in [Business Cycles](#) | [Permalink](#)