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**B. Dan Wood: The Politics of Economic Leadership**

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## Presidential Words and the Economy

ON JULY 2, 2004, as the election season got underway, President George W. Bush spoke on the U.S. economy from the East Room of the White House. The White House press release for this event was entitled “Over 1.5 Million Jobs Created and 10 Straight Months of Job Gains.” In his remarks, President Bush noted that the U.S. economy had been through a lot during his administration, with a recession, national emergency, corporate accounting scandals, and a war. The tone of his remarks on the economy, however, was decidedly positive. He made multiple references to his administration’s tax policies, which he claimed were stimulating job growth and the economy. The president also alluded to growing consumer confidence, increasing personal income, record home ownership, improved manufacturing, and a robust job market. He claimed that all of these factors bode well for the future of the U.S. economy. Through this election season speech, the president was obviously trying to foster the notion that his stewardship of the U.S. economy had been good during his first term.

Various surveys released shortly after the president’s speech provide a reality check on the president’s remarks. They suggest that the president may have been singing to a deaf audience. In separate polls conducted by CBS News/New York Times and the Associated Press, around 57 percent of survey respondents viewed the nation as “on the wrong track,” and a majority of survey respondents “disapproved” or “strongly disapproved” of the president’s handling of the economy. The monthly ABC News/Money Magazine poll of American attitudes about the economy released five days later found that 59 percent of respondents gauged the state of the nation’s economy as either “not good” or “poor.” Fully 45 percent of survey respondents rated their own personal finances as either “not good” or “poor”; around 58 percent of those same respondents viewed the current time as “a not so good time” or “a poor time to buy the things you want and need.” Obviously, there was a disjuncture between the president’s words and the perceptions of ordinary citizens.

Of course, the president’s speech was only part of a continuing strategy by the administration to use economic rhetoric for political ends. From the 2001 inauguration through January 20, 2005, the president alluded to the economy 3,351 times in various speeches, news conferences, radio

addresses, and other public appearances.<sup>1</sup> This was an average frequency of about 70 times per month. In relative terms, over this period the president devoted more public remarks to the economy than any other issue except national security.

The tone of President Bush's economic remarks, however, changed considerably over the course of the administration. During the 2000 election campaign, candidate Bush had promised a large tax cut to his conservative supporters. A large tax cut is ill advised, however, when the economy is "overheated" since it would be inflationary.<sup>2</sup> Indeed, over the two years prior to the 2000 election, the Federal Reserve Board had raised interest rates six times in an effort to cool down the economy. In December prior to the presidential inauguration, the unemployment rate had been a mere 4 percent, and recent economic growth had been robust. Nevertheless, during the 2000 election campaign and after the inauguration the president attempted to justify a reduction in taxes as a move to stimulate the economy. The president seemingly "talked down" the economy to persuade Americans that a tax cut was needed.

Four days after the inauguration a reporter asked the president how he could convince congressional Democrats to go along with his large proposed tax cut. He responded, "I think the evidence is going to become more and more clear that the economy is—it's not as hopeful as we'd like, which I hope will strengthen my case" (Remarks Prior to a Meeting with Bipartisan Congressional Leaders and an Exchange with Reporters, January 24, 2001). Later in early February, the president spoke to Republicans at a congressional retreat. He said,

It is so important for us to understand some facts. One, the economy is slowing down. And it's important for us to combine good monetary policy with good fiscal policy. . . . I come from the school of thought that by cutting marginal rates for everybody who pays taxes is a good way to help ease the pain of what may be an economic slowdown. I'm going to make that case over and over and over again until we get a bill through. (Remarks at the Republican Congressional Retreat in Williamsburg, Va., February 2, 2001)

The president was true to his words to congressional Republicans. Over the next three years, he repeatedly pounded home the message that the U.S. economy was doing poorly and that tax cuts were needed to stimulate jobs and economic growth. Between the inauguration and September 2001, the president made an average of twelve pessimistic comments about the economy each month. During September, the month of the terrorist attacks, the president alluded to poor U.S. economic performance seventeen times.

As it turned out, economic growth did slow in 2001. The National Bureau of Economic Research (NBER) determined that a recession had occurred between March and November.<sup>3</sup> Whether the slowdown was a self-fulfilling prophecy or simply a matter of chance, the first Bush tax cut came at an opportune time. The Economic Growth and Tax Relief Reconciliation Act of 2001 (PL 107–16) reduced taxes by roughly \$1.3 trillion over the next 10 years. It reduced the estate tax, cut the top four income tax rates, shifted the tax burden away from upper-income groups, and carved out a new 10 percent tax bracket from part of the existing 15 percent bracket. The president had achieved the largest tax cut in U.S. history, thereby keeping a campaign promise to core partisan supporters.

The president, however, did not achieve all he had promised during the 2000 election campaign. Therefore, he continued the same strategy over the next two years to push for even more tax cuts. In response to the president's efforts, in March 2002 Congress passed the Job Creation and Worker Assistance Act (PL 107–147), which provided tax relief for businesses and an extension of benefits for unemployed workers. According to the NBER, at this point the economy was no longer in recession. A year later when the economy was obviously no longer in recession, the president signed yet another piece of tax legislation that gave the third largest tax cut in U.S. history. The Job and Growth Tax Relief and Reconciliation Act of 2003 (PL 108–27) provided an additional \$350 billion in tax cuts for the nominal purpose of stimulating economic growth and producing more jobs.

Over three years the president had accomplished three large tax cuts to produce the sharpest reduction in federal revenues in U.S. history. Large federal budget deficits resulted that are projected to last through the next decade. The largest beneficiaries of the Bush tax cuts were upper-income groups and investors. The tax-cutting campaign was purported by the Bush administration to be in response to what the National Bureau of Economic Research classified as the mildest recession since World War II (Nordhaus 2002).

During this period, the president was more pessimistic about the economy than any past president. There was also an obvious increase through this period in consumer pessimism. Between the 2000 election and early 2003, the University of Michigan's Index of Consumer Sentiment, a measure of consumer confidence, declined by around 40 percent. As the introductory vignette suggests, most Americans were skeptical about the economy and the president's economic leadership. This economic pessimism among citizens may have related somehow to the president's continuing pessimism.

In early 2004, public opinion about the president's economic leadership did not bode well for reelecting the president. Accordingly, during the

election season the president became increasingly optimistic, assuming the role of cheerleader for administration policies and the economy. The president touted the three tax cuts as responsible for turning around a weak economy. Unemployment had fallen to 5.4 percent by August. There was little evidence of inflation, and economic growth averaged around 3.5 percent. The president needed to produce a perception of effective economic leadership to bolster the upcoming reelection effort, so he claimed credit for a set of economic statistics that were less positive than when he took office. Interestingly, the optimistic tone of President Bush's remarks dropped precipitously immediately after his 2004 reelection.

#### WHY DO PRESIDENTS TALK SO MUCH ABOUT THE ECONOMY?

President Bush talked more about the economy during his first term than about any topic except national security. This pattern of continuous presidential attention to the economy is typical of modern presidents. Unless there is an international crisis, they talk more about the economy than any other issue. A core research question addressed in this book is "Why?" Why do modern presidents feel so compelled to emphasize the economy in their public remarks?

Of course, presidential remarks about the economy have not always been so intense. President Truman alluded to the economy in a public setting about 2,124 times in his roughly eight years in office, or an average of about twenty-three public comments about the economy each month. This relatively low level of presidential attention continued through the Eisenhower administration, but increased gradually for the Kennedy through Nixon administrations. During the stagflation era of the 1970s, the frequency of presidential remarks on the economy increased sharply. President Ford mentioned the economy in a public setting 3,799 times in about two and a half years. This was over five times as often as Presidents Truman and Eisenhower. During the Clinton administration, which adhered to the mantra "It's the economy stupid!" presidential attention to the economy increased sharply again. President Clinton mentioned the economy in a public setting 12,798 times in eight years, or around 133 times per month. This was about six times as often as Presidents Truman and Eisenhower. As noted earlier, this pattern of elevated presidential attention to the economy continued through the George W. Bush administration.

Modern presidents are on a permanent campaign (Blumenthal 1982; Gergen 2000; Ornstein and Mann 2000), and emphasis on the economy is a major part of that campaign. "Going public" has become an important dimension of governing in America, with presidents from Richard Nixon

through George W. Bush devoting an increasing amount of White House resources to public relations (Jacobs and Shapiro 1995a, 1995b; Kernell 1997). A major component of the permanent campaign is a focus on the president's stewardship of the economy. Thus, a simplistic answer to the question of why presidents talk so much about the economy is that contemporary presidents believe it is a useful public relations ploy.

The introductory vignette suggests, however, that presidential rhetoric has no real impact on public opinion. If this is true, then this motivation is questionable. If presidential rhetoric is ineffective, then presidential attention and energy would be better spent behind the scenes building coalitions to address a range of pressing issues such as health care, Social Security, education, or the environment. Thus, the research reported in this book serves a practical purpose in informing scholars and presidents alike as to the efficacy of presidential efforts at rhetorical leadership.

More generally, this work intends to increase the body of scientific knowledge about the public presidency. I specifically want to explore what factors determine variations through time in the intensity and tone of presidential remarks about the economy. Are presidential remarks on the economy mere politics, as suggested by the economic rhetoric of George W. Bush? Are presidential remarks on the economy a response to political conditions, such as approval ratings, public opinion, or election year incentives? Is presidential rhetoric on the economy a response to the economy? If so, what is the nature of that response? More generally, do presidents attempt to lead the economy through rhetoric that can spark economic optimism and potentially alter economic behavior?

#### THE INSTITUTIONAL CONTEXT

As noted, the frequency of presidential remarks about the economy has increased through time. Some of this increase may be due to the changing nature of the presidency as an institution. The presidency generally has become more rhetorical through time. For example, Tulis (1987) describes the rise of the rhetorical presidency from the early days of the Republic through modern times. He argues that presidents beginning with Theodore Roosevelt and Woodrow Wilson increasingly used rhetoric to place the presidency at the center of the political system. Similarly, Edwards (1983) describes the development of the public presidency whereby presidents increasingly use public relations to influence Congress, the media, and public opinion. Hart (1989) documents these changes further by analyzing presidential speechmaking from Truman through Reagan and concludes that modern presidents have spoken more and more through time, but may actually say less. Similarly, Hinckley (1990) de-

scribes the rise of the symbolic presidency, as presidents have increasingly used rhetoric to play on the media stage to shape public images.

The evolution of the public presidency may be important to an increasingly rhetorical style of presidential leadership. It does not explain, however, why presidents have focused so much of their rhetorical attention on the economy. Rather, we must also consider the particular economic institutions that have emerged to understand increasing presidential attention to the economy. Through time, multiple institutions have evolved, culminating in a modern presidency that is now the chief economic policy-making actor in the United States.

The evolution of presidential responsibility for the economy began with the Great Depression.<sup>4</sup> The despair and devastation of massive unemployment, lost wealth, and widespread poverty produced a cry for help from the federal government. The cataclysmic economic downturn altered citizen expectations about the role of the central government in promoting a strong national economy. With the Great Depression also came an intellectual shift which recognized that “laissez-faire” markets could no longer be trusted, and that the national government should be a mechanism for addressing market failures (Heilbroner and Singer 1999, 261–87).

The response was the election of President Franklin Roosevelt in 1932. The first Roosevelt administration achieved few concrete policies to remedy the depression. Indeed, the United States was still experiencing severe economic hardship during the second Roosevelt administration up to World War II. Nevertheless, Roosevelt was a dynamic rhetorical leader who spoke optimistically about the future (Burns 1956; Schlesinger 1960). Through weekly radio addresses and speeches, he directed attention to himself to inspire confidence that prosperity would return. The president’s chief accomplishment was to alter the political culture surrounding public expectations for government management of the economy (Cohen 2000).

Following World War II, a feared return of high unemployment and the rise of Keynesian economics led Congress to pass the Employment Act of 1946 (PL 79–304). This legislation formally institutionalized an activist role for the president, charging government with promoting “maximum employment, production, and purchasing power.” From this point forward, presidents were required to make an annual Economic Report to Congress detailing the current and future state of the economy, as well as the administration’s plans and recommendations for promoting these goals. The president also received an advisory staff within the Executive Office of the President through the creation of a Council of Economic Advisors.

During the economic upheavals of the 1970s, the mandate for the president to promote a sound economy expanded through passage of the Hum-

phrey-Hawkins Act of 1978 (PL 95–523). This legislation was a response to the era of “stagflation,” which combined high inflation and high unemployment. It formally established a goal of full employment for the U.S. economy. The president was required each year to set numerical goals for key economic indicators over the subsequent five years. The president was also required to report, with the annual budget, projections of federal spending and revenues that were consistent with maintaining full employment. Presidents since Carter have generally ignored the mandate to set specific numerical targets (Frendreis and Tatalovich 1994, 37–38). Nevertheless, the reinforced mandate from the Humphrey-Hawkins Act placed responsibility for U.S. economic performance squarely on the shoulders of the president.

Saddled with these responsibilities, presidents responded by expanding White House institutions for economic policy-making and advice (Frendreis and Tatalovich 1994, 66–69). Presidents Truman and Eisenhower had a single economic policy advisor, the Chairman of the Council of Economic Advisors, to coordinate economic policy and provide guidance to the president. Presidents Kennedy and Johnson used a troika system that involved discussions among the president, Council of Economic Advisors, Bureau of the Budget, and Treasury Department. President Nixon centralized the budgetary function by reorganizing the Bureau of the Budget into the Office of Management and Budget. Since President Ford, there has continuously been an organizational unit under various names within the White House for the purpose of coordinating economic policy and advising the president on economic matters.<sup>5</sup> President Clinton established the current office called the National Economic Council by Executive Order 12835 (of January 25, 1993). President George W. Bush has continued this office to the present.

The evolution of institutions imposing obligations on the presidency for the economy means that modern presidents are continually immersed in economic affairs. Presidents receive frequent briefings on the state of the economy and participate in the formulation and implementation of plans for the economy. As a result, the economy is omnipresent in the president’s routine. This institutional immersion is a continuing incentive for presidents to talk publicly about the economy.

The evolution of economic policy-making institutions also means that people hold the president accountable for the economy. Undoubtedly, few Americans are aware of the specific legal mandates on the president or the details of presidential plans for the economy. Nevertheless, citizens are concerned about the economy and alter their opinions about the president when the economy changes.

Since 1946, the Gallup poll has asked “What do you think is the most important problem in this country today?” In general, economic prob-

lems have dominated people's responses, except when the nation has been at war or in crisis. Responses to the "most important problem" question correlate strongly with actual macroeconomic performance, suggesting that people are very attentive to how the economy is doing.

Americans hold the president accountable for U.S. economic performance by changing their approval of the president's job performance. While the president does not directly control economic growth, unemployment, or inflation, people tend to personalize presidential responsibility for these outcomes (Sigelman and Knight 1985). Indeed, numerous studies show that the public's approval of the president's job performance depends strongly on macroeconomic performance (Beck 1991; Bloom 1975; Brody 1991; Chappell and Keech 1985; Clark and Stewart 1994; Edwards, Mitchell, and Welch 1995; Erikson, MacKuen, and Stimson 2002; Fiorina 1981; Haller and Norpoth 1994; Hibbs 1987; Kinder and Kiewiet 1979; Kinder and Kiewiet 1981; MacKuen 1983; MacKuen, Erikson, and Stimson 1992; Markus 1988; Monroe 1978; Mueller 1970; Norpoth 1996; Ostrom and Smith 1993; Tufte 1978; Wood 2000). Various, these studies show a relationship between unemployment, inflation, economic growth, and consumer expectations about the future of the economy and presidential job approval ratings. The current understanding in this literature is that expectations about the economic future are most important in determining the president's standing with the public (Erikson, MacKuen, and Stimson 2002).

The institutionalization of presidential responsibility for the economy has also meant that presidents must achieve certain policy ends in order to be considered effective stewards of the economy. Presidents, however, are constrained in their ability to implement economic policy. They must usually obtain approval from Congress to make policy changes.<sup>6</sup> This means that presidents must persuade others about the efficacy of their plans for the economy. Presidents lobby members of Congress directly in attempting to pass their economic plans. They have also increasingly used the strategy of "going public" through the media and mass public to build support (Kernell 1997). Thus, modern presidents often speak publicly about the economy while acting as advocates for their economic policy proposals.

In his influential book *On Deaf Ears*, George C. Edwards III (2003, chap. 1) argues persuasively that presidents and other political actors believe that public approval is important to achieving policy success in Congress. Substantial scholarly evidence supports these beliefs, even if the effects are sometimes only marginal (Bond, Fleisher, and Wood 2003; Brace and Hinckley 1992; Edwards 1980, 1989, 1997; Ostrom and Simon 1985; Rivers and Rose 1985). When presidential approval is declining or low, the president is less successful in promoting policy ambi-

tions in both domestic and foreign policy arenas. Thus, presidents wanting to maintain economic policy leadership must maintain high approval ratings. One component of doing so is projecting an image of strong economic stewardship through public rhetoric.

Perceptions of effective stewardship of the U.S. economy also affect the electoral success of the president and the president's party. There are numerous studies showing that the electoral success of the president and president's party depends on public perceptions of U.S. economic performance through time (Erikson 1989; Erikson, Bafumi, and Wilson 2001; Fair 1978; Fiorina 1981; Kiewiet and Rivers 1985; Markus 1988; Rosenstone 1983). Indeed, virtually all forecasting models for presidential elections include variables that measure economic performance (e.g., see Lewis-Beck and Rice 1992, table 6.1). These forecasting models typically show that a lagging economy diminishes the prospects of reelection for the president or the president's party, while a strong economy covaries strongly with reelection success.

Moreover, it is easy for presidents and others to observe what has happened to incumbent presidents perceived as poor economic managers. President Carter left office in 1980 after a single term during an era of rampant inflation and high oil prices that the president seemed powerless to control. President Reagan was easily reelected in 1984 as the economy showed improvement following the 1982–83 recession. President George H. W. Bush failed in his reelection bid following the 1990–91 recession amidst the perception that he was a weak economic leader. President Clinton easily won reelection in 1996 during a period of robust economic growth. In every presidential election since 1960, when the unemployment rate was declining the incumbent or incumbent's party won the presidential election; but when the unemployment rate was stable or increasing, the incumbent or incumbent's party lost the presidential election (Lewis-Beck and Rice 1992). Therefore, presidents who value reelection for themselves and their political party should want to produce a public perception of strong economic leadership.

These various incentives mean that modern presidents talk regularly about the economy in their public appearances. Political scientists, however, know little about variations in this behavior. What determines how often presidents talk about the economy? When do presidents talk about the economy? Are there systematic variations across presidencies in propensity to talk about particular dimensions of the economy such as unemployment, inflation, or the federal deficit? Are there systematic variations within and across presidencies in the tone of presidential rhetoric on the economy? How do economic conditions and political incentives affect the intensity and tone of presidential remarks about the economy?

True economic leadership implies that presidents should attempt to create a favorable climate for economic activities, both through policy and by instilling confidence in the economic system. Therefore, presidential rhetoric should do more than simply mirror prevailing economic conditions. Presidents should speak often and optimistically about the economy to encourage economic activity. Which presidents have spoken more often and more optimistically about the economy after controlling for economic conditions, public approval, and political incentives? What variations in presidential optimism have occurred within presidencies and why? The research reported in this book addresses all of these questions with empirical data.

#### DO PRESIDENTIAL REMARKS MATTER?

A second core research question addressed by this book is whether presidential remarks about the economy matter. If presidential rhetoric does not matter, then, from a practical standpoint, we should question why presidents spend so much time talking about the economy. On the other hand, if we can show that presidential rhetoric does matter, it would suggest strategies of presidential leadership that do not depend on other institutions or people.

For example, a major part of the president's permanent campaign is presumably to secure and maintain high public approval ratings. Scholars, however, generally depict presidents as limited in ability to alter their own approval ratings. The standard textbook explanation of presidential approval is that there is a pattern of long-term secular decline (Edwards and Wayne 2006, 112–23; Pika and Maltese 2006, 79). Presidents faced with high public expectations rarely live up to those expectations. However, if presidential rhetoric matters, then this suggests that presidents can alter the pattern of declining approval through image manipulation. Presidents who successfully project an image of strong economic leadership should better maintain the public's approval.

Another major part of the president's permanent campaign is to secure favored public policies. With respect to economic policy leadership, the president is constrained by the need to obtain cooperation from Congress, the courts, and the bureaucracy. Yet, the president needs no permission from Congress, the courts, or the bureaucracy to be a cheerleader for the economy or to tout ongoing programs. If presidential rhetoric matters, then expressing confidence about the economy may have impacts on economic behavior and economic performance. Thus, presidential rhetoric, becomes a unilateral tool of economic leadership for use without delay or impediment.

Furthermore, if the president can successfully project an image of economic leadership through rhetoric, then this provides at least a partial answer to the first question of why presidents talk so much about the economy. Presidents view economic rhetoric as a tool for bolstering their public approval ratings and achieving economic policy ends. On the other hand, if citizens remain largely oblivious to the president's economic rhetoric, as suggested by the introductory vignette, then this suggests a presidential credibility problem. Under these conditions, presidential words are wasted.

In addressing the general question of whether presidential words matter, I also consider several more specific questions. Do presidents *directly* affect their own public approval ratings by projecting an image of economic leadership? Do presidents *indirectly* affect their public approval ratings by altering public perceptions about the economy? Much of the past research on public approval has ignored presidents as a factor in determining the public's approval of presidents' job performances.

Other specific questions addressed in this book concern whether presidential rhetoric affects actual economic outcomes. Do presidential remarks alter consumer perceptions about the health of the economy? Do presidential remarks affect perceptions by other economic actors such as investors, savers, or borrowers? Do presidential remarks *directly* affect economic behavior, such as personal consumption, business investment, or borrowing? If so, what are the mechanisms for these effects? Prior research has not addressed these questions.

Of course, presidents obviously believe that their remarks are important or they would not speak so often about the economy. Edwards (2003, chap. 1) provides a plethora of anecdotal evidence supporting the thesis that presidents believe their public remarks matter. He argues that modern presidents engage in a permanent campaign because they believe that their efforts can persuade or even mobilize the public.

White House communications advisors to Presidents Reagan and Clinton generally fostered this notion. For example, Gergen (2000, 348) stated that Ronald Reagan turned television "into a powerful weapon to achieve his legislative goals." Similarly, Blumenthal (1982, 284) suggested that Reagan had "stunning success in shaping public opinion" and used it to achieve policy goals. Similarly, Jacobs and Shapiro (2000) conducted interviews during the 1990s with White House and congressional staff. Interviewees typically expressed great confidence in the president's ability to lead public opinion.

Yet, scholarly research on how presidential rhetoric affects public opinion arrives at mixed conclusions. A literature exists on the ability of the president to alter their public approval ratings through speeches and political drama. The early work in this genre (MacKuen 1983; Ragsdale 1984,

1987) found that presidents succeed in manipulating their approval ratings through speeches, but the effects are very short-lived. Presidents also receive a brief bump in public approval from dramatic events such as military interventions and foreign policy trips. Those bumps, however, tend to last only one or two months. Moreover, such manipulations tend to be serendipitous and not fully within the control of the president.

In contrast, other studies cast doubt on the president's ability to manipulate public approval ratings through speeches. Various work by Simon and Ostrom suggests that political and economic environments are the main determinants of the president's approval ratings (Ostrom and Simon 1985, 1988, 1989; Simon and Ostrom 1985, 1988, 1989). Thus, presidents are rarely able to manipulate their own approval ratings through speeches and dramatic events. Consistently, Edwards (2003) examined presidential approval before and after major speeches, from Presidents Reagan through George W. Bush, and found only a random pattern of changes. Additionally, when increases in presidential approval did occur following major speeches, these gains tended to be brief. Therefore, the current scholarly understanding is that presidents are not very successful in manipulating their approval ratings through individual speeches.

Another scholarly literature examines the relative success of presidential efforts to exert policy leadership. The evidence from this literature is also mixed. Early experimental research shows that if the president's name is attached to specific policy proposals, then some members of the public are more likely to support that proposal (Conover and Sigelman 1982; Sigelman 1980b). Subsequent experimental research, however, suggests that identification of the president as supporting particular policies can fail to increase support, and may even diminish public support (Sigelman and Sigelman 1981). These contradictory findings have been construed to mean that support for the president on particular policies depends on presidential popularity or credibility (Mondak 1993).

The work on aggregate public opinion lends some support to this conclusion. For example, Page and Shapiro (1985; see also Page, Shapiro, and Dempsey 1987) found that presidents can produce small effects on aggregate public opinion by going public, but only when the president is popular. This effect is probably bipolar, though, since those who approve of the president are more likely to approve of the president's policies relative to those who disapprove (Kernell 1984; Sigelman 1980a).

On the other hand, Edwards (2003, chaps. 2 and 3) examined public opinion polls on a variety of domestic and foreign policy issues before and after major presidential addresses. He found little or no evidence that the president had been successful in moving public opinion during either the Reagan or Clinton presidencies. If any presidency should have been successful in moving public opinion, it should have been these, since

Reagan and Clinton were both highly acclaimed as effective communicators and recognized for their strong standing with the public. Therefore, Edwards (2003, 241) concludes, “[P]residents typically do not succeed in their efforts to change public opinion. Even ‘great communicators’ usually fail to obtain the public’s support for their high-priority initiatives.”

If the president has difficulty altering public opinion on specific policy issues, can the president at least affect what issues people are paying attention to? Again, past research arrives at mixed conclusions. Cohen (1995) examined annual State of the Union messages to find that increased presidential attention to economic, foreign, and civil rights policy leads to increased public attention to these same issues. Hill (1998), however, observed that Cohen’s work ignored potential reverse causality associated with presidential rhetoric and public attention. In other words, presidential rhetoric may be a response to preexisting public attention, rather than a cause. In his reanalysis, Hill’s results suggest that the relationship is two-way for economic and foreign policy attention, but one-way for attention to civil rights.

In contrast, Wood and Peake (1998) and Edwards and Wood (1999) used weekly time-series data to cast doubt on the extent to which presidential rhetoric leads media attention to various policy issues. They examined six issues, three in a foreign policy domain and three in a domestic policy domain. While they did not evaluate economic issues, the results for both domains, after controlling for other factors, suggest that presidential attention follows, rather than leads, media attention.

Thus, some prior research casts serious doubt on the president’s ability to influence public sentiment through words. Past studies suggest that individual presidential speeches do not systematically change the president’s public approval ratings, and when they do, the effects are brief. Past studies also suggest that major speeches do not systematically alter the public’s views on specific policy issues. Even the president’s ability to alter what issues the public is attending to appears limited. Therefore, the weight of empirical evidence from prior research should make us skeptical about presidential efforts to lead the public through words.

#### WHY SHOULD PRESIDENTIAL REMARKS ON THE ECONOMY BE ANY DIFFERENT?

Why should results from this study, with its specific emphasis on the presidents’ economic rhetoric, differ from those of earlier studies? Zaller (1992) has argued that moving public opinion is strongly conditional on whether a message is received by the public. For a message to be received, the potential receiver must be attentive and the message must be well

transmitted. Consistently, I argue that people are very attentive to economic issues because such issues can have personal effects. Additionally, the transmitter of the message, the president, is someone to whom people are attentive. Thus, this study of presidential effects on public opinion should produce different results for several reasons.

First, economic issues are more salient than other domestic policy issues. Most prior research has studied presidential rhetoric generally by focusing across a range of issues. This current research, however, focuses intently on a single issue that has high salience with the public. Using Gallup's Most Important Problem Surveys, around 44 percent of respondents since World War II have, on average, listed some dimension of the economy as the most important problem facing the nation. Note also that this most important problem series correlates strongly with actual macroeconomic performance. When the economy is in recession, or when inflation or unemployment is high, there is an increase in the proportion of respondents listing these as important problems. This suggests that people are highly attentive to the economy.

Second, the president's remarks on the economy should matter because the president's economic message is a sustained message. Presidents talk about the economy more than any other single issue, and through a variety of forums. Much of the scholarly work on the public presidency has examined the impact of *single* presidential speeches on public support across a range of policy issues. Many presidential speeches address specific policy issues, but there is no subsequent sustained presidential attention to the issue. Edwards (2003) even isolated his focus to the effect of single presidential speeches on public support immediately before and after a speech. While this approach is useful for expanding understanding of the short-term effects of presidential rhetoric, it may not provide a true reflection of the dynamic time path of presidential rhetoric and public opinion.

Modern presidents have engaged in a continuous effort to shape public perceptions of their leadership of the economy. In this effort, they have used a variety of forums including speeches, interviews, economic reports, press conferences, press releases, town meetings, and other forms of communication. Information from all of these sources flows into the news stream. As a result, a single speech may have little or no impact since it is just one of many cues received by citizens. A sustained public relations campaign, however, may well have a strong impact that spreads more slowly and evolves more dynamically over time. It may be that a single presidential speech has only a brief effect on public opinion, but a continuous message about the economy produces effects that build gradually through time to produce changing attitudes and behavior. In short, presidents help establish a climate for economic perceptions that

does not flow from a single speech but from a stream of messages through different sources. As a result, dynamic measures and research methods are required to reveal fully the effect of presidential rhetoric on public attitudes and behavior.

Third, presidential remarks about the economy should make more of a difference because the president is an authoritative source of information on the economy. As noted above, the president is institutionally responsible for formulating a fiscal policy consistent with maintaining full employment and stable economic growth. Public law and public expectations impose strong obligations on the presidency for providing economic leadership. As a result, the president is the most visible and important economic actor in the U.S. system.<sup>7</sup> Presidents are assumed by virtue of their role and supporting expertise to have more information about the economy than other actors. They have a large support staff on the economy, including the National Economic Council, Council of Economic Advisors, Office of Management and Budget, Departments of Treasury, Commerce, and Labor, and Bureau of Economic Analysis. Experts in these institutions provide the president with economic advice, plans, and assessments that enable authoritative economic leadership. The credibility of these institutions filters over to the presidency, making for an authoritative voice on the economy.

Furthermore, the media broadly publicize presidential remarks on the economy. Most Americans get most of their information about the nation and world from the news. The president features prominently into this scheme of information collection. The chief executive is the most visible and important political and economic actor in the United States. As such, virtually every television newscast has at least one brief segment on the president and/or the administration. Regardless of topic, whether it is the president's pets, health, scandal, foreign policy, or the economy, the media covers the presidency broadly and intensely. Given their public salience, the president's remarks about the economy receive special attention from a news media hungry for an audience.

These three conditions provide the optimal context for a critical test of whether the president's public remarks should ever make a difference. The economy is highly salient to most Americans. The president gives sustained attention to the economy. The president is authoritative so that the news media provide intense coverage of administration remarks on the economy. The president's message is well transmitted and should be received by an audience that is attentive. If the president's remarks do not make a difference under these circumstances, then we can rest assured that they will not matter under the less optimal conditions that characterize other issues.

## CONCLUSION

In this introductory chapter, I have laid out the research questions and objectives that guide the work reported in this book. Specifically, I seek to explain why presidents talk about the economy. I also seek to explain whether presidential words about the economy make a difference.

A core theoretical emphasis is to resolve the contradiction between practical politics and academic scholarship on the public presidency. On the one hand, presidents, presidential advisors, the popular press, and mass public believe that presidential words are powerful instruments that can change public opinion. Seemingly, presidents talk about the economy because they believe their words make a difference. On the other hand, a significant body of scholarly research on the public presidency suggests that presidential words do not matter. Various studies cited earlier report that single presidential speeches across a range of issues have had no lasting impact on the president's public approval ratings. Other studies show that presidential words have had no impact on people's attitudes about particular policy issues. Thus, past scholarly research has produced great skepticism about the importance of presidential words. This work seeks to clarify which perspective is correct.

It is also useful to highlight the interconnections among the various research concepts examined in later chapters. Most relationships are potentially multi-directional. That is, the president's economic rhetoric can both cause and be caused by various political and economic factors. For example, this research explores the determinants of presidential rhetoric on the economy. It also explores whether presidential remarks about the economy produce changes in other indicators such as public approval, the economic news, consumer confidence, personal consumption, business investment, borrowing, and interest rates. It may be, however, that presidential rhetoric on the economy is both a response to and a cause of these indicators. Presidents may alter the intensity and tone of their remarks about the economy as the economy worsens. The intensity and tone of presidential remarks about the economy may alter the psychology of economic and political behavior, resulting in altered outcomes. Thus, a challenge for this study is tracing the paths of causal influence between the president's economic rhetoric and economic and political outcomes.

If we are to conduct a critical test of theories about the president's permanent campaign and disentangle patterns of causal influence, we require a source of empirical data that accurately reflects presidential remarks on the economy through time. The next chapter discusses the data sources for measuring these concepts and their method of collection.