



Harry's Take

April 9, 2024

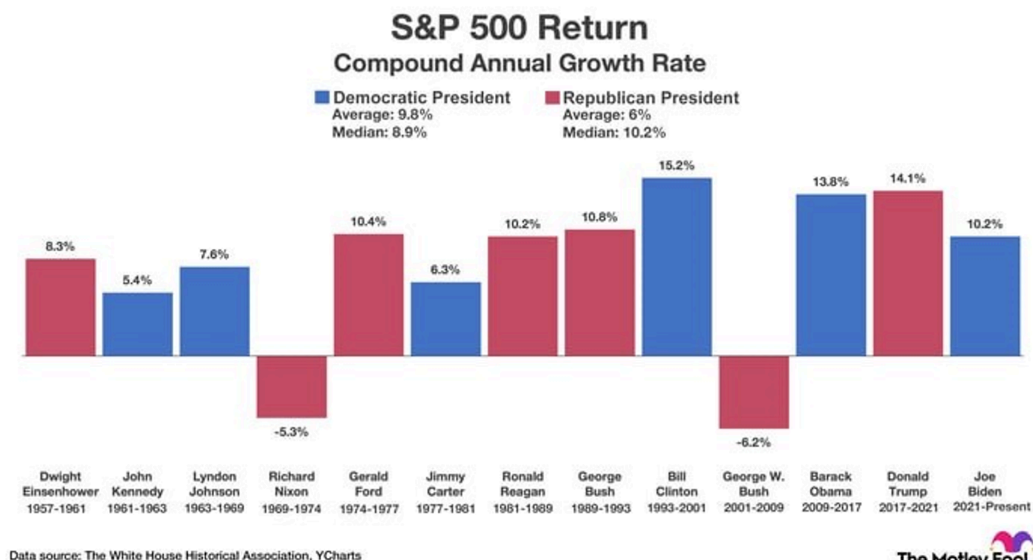
Bill Clinton: The Luckiest President

Anyone who knows me knows that I do NOT think presidents make much difference to the economy. The Generational/Demographic and Technology/Innovation cycles have almost all of the impact, and those are predictable. I would be best at advising such candidates WHEN to run.

Biden got in at the beginning of 2021 and had to deal with the short COVID crisis and recession. But who's going to blame him for that? So why did the Fed lower rates so aggressively to stimulate when the crisis likely would be over in two years, as with the 1918-1920 Spanish Flu pandemic? These actions then forced the Fed to tighten 525 bps from March 2022 into July 2023 when inflation rates hit 9.1%.

The results of the Fed tightening should hit fully on an approximately 1.5-year lag, and the economy is likely to feel this much more by the end of Biden's term as president. I am seeing signs, given the magnitude of the Fed move, that the lag may not hit fully for around more like two years. Hence, it could hit well into mid-2025. The chart below shows the S&P 500 returns during each president's term in office. Nixon and George W. Bush were in office during the only negative returns. Clinton, Obama (due to the massive stimulus), and Trump were in office during the best returns in recent times.

Bill Clinton, the Lucky President: 1993-2000 Were Best Eight Years Ever!



Source: <https://www.fool.com/investing/2024/04/02/average-stock-market-return-democrat-republican-pr/>

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What is really best for a newly elected president is to come into office in a bad economy, like Reagan did from the beginning of 1981 to early 1983, and then have the economy turn around strongly while that president is in charge. The president becomes the turnaround hero, even though the demographics did all the work. That most-powerful Demographics Cycle was down from 1969 through 1982, which killed Nixon and Carter, respectively, from a political standpoint, and up from the beginning of 1983 through 2007. The presidents during those latter years thus would look good, from Reagan through George W. Bush (at least through most of his two terms). Obama walked into eight years of the down economy that resulted from the Baby Bust from 2008 through 2022, and was followed by Trump. But the 2008 financial crisis was already near its worst when Obama came into office, and the most massive stimulus program in history was creating the greatest stock market ever! So, he came out looking fine.

I remember hearing Bill Clinton say, "I didn't have a big enough financial crisis to go down as a great president." And I'm thinking, "Cry me a river, Bill!" He had the best economy of any president in our lifetimes, even Eisenhower, who was president from early 1953 through early 1961. (The economy went through a minor recession in 1958.) When Bill Clinton was president from

early 1993 into early 2001, he had no recession. No two-term President in my lifetime has seen that. The best of the Baby Boom Spending Wave, along with the first tech bubble in the 45-year Innovation Cycle, happened in the 1990s. It doesn't get better than that. Only the Roaring '20s came close.

If Biden is lucky, the economy will hold up just enough until the election. But I think the odds are clear that the economy will worsen enough from here that he will not get reelected, increasing the odds greatly that Trump will get elected again. Trump is currently ahead in the polls.

If Biden knew what I know, he would bow out gracefully and use his age as an excuse. The Democrats would also have a better shot if they put a stronger candidate up against the more-dynamic Trump, who has a troubled record.

The greater point is this: knowing the Demographic and Technology cycles will help you know where the economy is headed and will help you plan your life and business better, as well!

Harry

Got a question or comment? You can contact us at info@hsdent.com.