

## On Governors and Their Economic Plans

Who has the better Economic Plan – Scott Walker or Mary Burke? Actually, it's a trick question, because the correct answer is, probably neither plan matters a bit.

Recently, economists Alan Blinder and Mark Watson studied whether the President's party affiliation affects economic growth. They found that growth under Democratic Presidents has been significantly higher than under Republican Presidents. But the only explanation that fits the data is that Democratic Presidents have had better luck – more positive oil-price shocks and productivity shocks. Overall, there's no evidence that any policy differences actually mattered.

Which doesn't say policy doesn't matter at all. Over the 1947 to 2013 period they studied, both Democratic and Republic Presidents were equally successful at using deficits during recessions to stimulate the economy. So that was pretty much a wash. Otherwise, who was President didn't matter much, and who controlled Congress didn't matter at all. So voting to send this or that person to Washington because you think they'll create jobs is pretty much a total waste of a vote.

But if Presidents matter very little, Governors matter even less. After all, Presidents can run deficits to stimulate the economy, but Governors have balanced budget requirements that mostly tie their hands. And most of what Governors claim to do – attracting jobs from elsewhere or increasing jobs through grants or loans – can either be easily offset by other Governors stealing jobs from here, or else mostly just subsidizes jobs that would have happened anyway. All the evidence suggests that Governors have no real ability to spur job growth.

Admittedly, Scott Walker's disruptive first year policies did slow Wisconsin's job growth, by about 40,000 jobs over his first 3 years. But even that has mostly dissipated, with our job gap, after growing continuously for his first 33 months in office, holding pretty much steady in the last 6 months of data. If re-elected, would he be better or worse than Mary Burke? Unless he has another Act 10 to gum up the works with, he'd probably be basically no different.

Of course, this means most of the political ads you see are much ado about nothing. The ads blaming Jim Doyle for job losses during his last term are particularly nonsensical. Doyle did not cause the financial collapse of 2008, so blaming him for Wisconsin's job losses makes as much sense as blaming Scott McCallum for any Wisconsinites that died on 9/11. But sense and logic have little to do with political advertizing.

Mary Burke's economic plan is at least interesting, because it focuses on economic clusters. Research on what economists call "agglomeration economies" suggest that new firms should locate near similar firms, with similar suppliers and similar labor pools – the clusters her report refers to. In trying to create jobs, should the state focus on industry clusters? Absolutely yes. Will focusing on clusters actually make a difference? I would love to have Mary Burke prove me wrong, but my guess is, it won't matter a bit.

So does that mean who we vote for doesn't matter? Of course not. It matters for our school systems. It matters for the environment. It matters for Planned Parenthood. It matters for Medicare coverage. It matters for how we structure out tax system. There are a lot of ways that Mary Burke and Scott Walker differ, a lot of ways that they would affect or lives differently. Any one of those ways would be a good reason to vote for one or the other, depending on where you stand on these issues.

But as for creating jobs, no, it probably doesn't matter. Because that's not actually something that Governors are equipped to do.