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# Government Is Nobody's Business

Posted: 06/15/2012 5:35 pm

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Mitt Romney claims that his business experience ideally suits him for the presidency. Being a businessman, he can improve the economy and govern the country better than Obama.

On his website, Romney [writes](#): "My experience could not be more different from his. I spent 25 years in business... I know what

it means to meet a payroll. I know why businesses hire people, and why they become forced to lay them off."

In short, Romney and some supporters argue that government can -- or ought to be -- run like a business. And he is the guy to do it.

Maybe he has something. Do businessmen make better presidents than non-businessmen? What's the record?

Evidence [shows](#) that our 43 different presidents practiced various (often multiple) occupations over the years.

Most presidents (18) mainly practiced law. Some lawyers made great presidents, i.e., Abraham Lincoln and Franklin D. Roosevelt. Others made poor presidents, i.e., John Tyler and Millard Fillmore.

Their next most common occupation (5) was soldiering. Soldier-presidents ranged from very good (Dwight Eisenhower) to very poor (William Harrison).

Together, lawyers and soldiers accounted for more than half the occupations (23) of our presidents. What about the others?

Two outstanding presidents -- George Washington and Thomas Jefferson -- were land surveyors. Two very good presidents -- James Madison and James Monroe -- were farmers. A few with unique occupations -- Ronald Reagan (actor), Herbert Hoover (engineer), and Warren Harding (newspaper publisher) -- ranged from excellent to terrible.

Excluding Harry Truman's haberdashery experience (bankruptcy) and George H. W. Bush's oil investments, very few presidents have had notable business backgrounds.

Only George W. Bush can be classified as a businessman; he dealt in oil and baseball. And George W. Bush was the only president with a Master's Degree in Business Administration -- from Harvard, no less.

Does Mitt Romney, who also has a Harvard MBA, offer George W. Bush's administration as a model of how well a businessman can run the country?

Many scholars and commentators have noted huge differences in the purposes of business and government. Typically, businesses seek to earn profits, while governments aim to provide services.

On May 24, economic professor Paul Rubin agreeably [opined](#) in *The Wall Street Journal*: "profit maximization is good because it leads directly to maximum benefits for consumers," and "skill at profit maximization does translate directly into skill at governing the economy."

But governing a country is not about making a profit. And when government does make a profit -- as it did from FY 1998 to FY 2001 under Bill Clinton -- pressure occurs to cut taxes rather than to pay off the national debt.

In fact, that is just what businessman George W. Bush did in the FY 2002 budget he proposed to Congress. Since then, we returned to running huge deficits.

Decades ago, Anthony Downs observed in his classic book, *Inside Bureaucracy*, that government performs many social functions: building roads, regulating monopolies, preventing crime, etc. -- all outside the marketplace of price and profit.

Because government agencies do not operate in a market, there is no direct relationship between services they provide and their income for providing them.

Regardless of what candidate Romney claims, no president is in charge of "running the economy." Indeed, presidents are by constitutional and statutory law constrained in performing that role.

True, the president prepares and submits a budget to Congress, but Congress itself passes the laws that affect fiscal policy -- i.e., raising taxes and spending money -- and often override the fiscal proposals in a president's budget.

Moreover, the president cannot set monetary policy -- i.e., controlling the money supply through interest rates. That role is entrusted to the Federal Reserve System, an independent body charged by law to promote maximum employment and low inflation.

Finally, globalization has ensured that the health of the U.S. economy is subject to the shifting economic winds in other countries. What happens in Europe and China is sometimes more important than economic conditions in the U.S.

So there is really very little room for a president to "run" the economy. The Constitution requires Congress to determine fiscal policy, and Congress requires the Fed to determine monetary policy.

Mitt Romney -- like George W. -- may be a good businessman, but that is not a criterion for being a good president. Leading a country is simply not like operating a business.

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