"Presidents, Economic Performance, and Monetary Policy Rules"

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Abstract: The paper explores the economic performance under rule-based periods and discretionary monetary policy periods. We consider three types of interest rate rules: balanced, inflation-tilted, and output gap tilted Taylor rules. In contrast to Binder and Watson (2016), the differences in economic performance cannot be explained by better performance of the US economy when the president of the United States is a Democrat rather than a Republican.