

Obama's stimulus package essay

[Business](#), [Decision Making](#)



President Barack Obama became President at a time when the American economy was at its worst having been hard hit by the 2008 economic crisis.

One of the key areas that dominated the Presidential campaigns is the revival of the American economy and dealing with issues that resulted into the 2008 crisis (Times, 2008). Obama came up with a plan to inject over US\$75 billion into the economy by reducing the levels of taxation and channeling monetary resource to individuals that needed it the most (Times, 2008). The approach is aimed at development of an immediate impact on the economy by employing a strategy that does not involve lengthy government and administrative delays. The plan further seeks to reserve US\$ 45 billion that can be injected in the economy if the poor economic conditions deteriorate. The plan involves tax cuts to workers, bonuses to social security checks, tax cuts to seniors, relief to home-owners, aid to states worst hit by the housing crisis and extension of the unemployment insurance. Discussion. The changes are best described as liberal for they go against the system that have for a long time been definitive of the American approach to governance.

No one can deny the fact that democratic approaches are defined by characteristic slowness that makes it hard to make unilateral decisions irrespective of their urgency. This may have played a critical role in propagation of the crisis and may be the reason as to why the stimulus is defined by a characteristic liberalism in its development, content and implementation. Most of the strategies are defined as being applicable if the economic crisis get worse and do not in any way involve decision making from the congress or other political entities. For a democrat President this

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may appear contrary to the general belief that defines their approach. An immediate tax cut on workers and an additional \$ 250 if the economy worsens as a measure goes against equality (Times, 2008). The conditions are thus either immediate or defined by factors that do not require the intervention of political elites. Another key area that is definitive of the approaches is that they seek to address the worst affected areas of the economy.

Capitalism and democracy which have for a long time defined the American approach to taxation are defined by a clearly stipulated approach to decision making and involvement of the affected parties in decision making (Times, 2008). Home owners who due to their poor investment decisions are suffering the effects of the crisis under an America defined by democracy and capitalism would have had little help from the government. No relief or expansion of the unemployment insurance could have been granted to people who out of poor choices are suffering the negative manifestation of their choices without the inclusion of top decision making organs. America has for a long time enjoyed the benefits and pains that come with democracy and equality which has for a long time defined the approaches that democrats use in developing policies.

The stimulus package as defined by Obama is developed in a manner where the people or institutions that were least affected by crisis suffer the pinch in developing systems that seeks to empower the affected parties (Ohlemacher, 2009). The disparities that the stimulus package will lead to are unlike equal treatment of American that has for a long time described

the policies developed by democrats. One of the most notable features underpinning the democrats approach to taxes is that they generally prefer high taxes. Most democratic governments for instance Clinton's government are characterized by high taxes than Republic for example Bush's administration (Edwards, 2009). Under the Clinton government in 1999 a single person making US\$ 30000 was charged \$8400; the same in the Bush government was charged US\$ 4500. This was not restricted to the lower tax brackets for a married couple making US\$125000 were taxed US\$ 38750 under the Clinton government and the same were only taxed US\$ 31250 under the Bush government.

One explanation that seeks to develop an understanding of the democrats' approach to taxes is that most democratic governments prefer to develop large governments thus the need for larger funding from the people (Ohlemacher, 2009). This is evidenced in the nature of resistance that the stimulus package is faced with. Key democratic legislators are against the stimulus package not due to its content but the effects that it will have on taxes and charities. The high tax rates that generally target the rich after 2009 may not go well with those making big bucks though the plan is highly appreciated by the low income individuals that have been worst affected by the 2008 crisis. In terms of charging the high income earners there is little that Obama has done except continue with the democrat legacy of increasing taxes, the only difference comes in the approach that he has employed in taxes within the groups that have been worst affected by the 2008 crisis. Approximately 53% of Americans believe that it is the government that will come to the rescue of the US from its economic woes

while 42% of them believe that the business community has a much larger role in rescuing the state from its economic problems (PollingReport. Com, 2009). Nearly two thirds of Americans are of the view that Obama could play a critical role in turning the US economy for the better.

According to a survey done by Priceton Research associates it is only about one third of America that lacks confidence in Obama's ability to turn the economy around (PollingReport. Com, 2009). Though the levels of confidence of the overly confident appears to be waning the proportion of Americans that are confident on the President's ability is on the increase especially after the signing into law of the stimulus package (PollingReport. Com, 2009).

However, this should not be mistaken for the perception of American on the stimulus packages which directly affects their finances.

Slight below two fifths of all Americans believe that the US should not spend on stimulus package while about 0. 5 of all American believe that the stimulus packages is the best thing for the country (PollingReport. Com, 2009).

America is thus sharply divided on the stimulus package issue and considering that the 8% that are unsure on the issues is about the value required to develop a balance the implementation of the package had better be good or else the repercussions may be akin to the resistance Bush got in addressing the Iraq issue after he failed in locating weapons of mass destruction (PollingReport. Com, 2009). One of the most notable features of the stimulus plan is the criticism and debate that it has developed in the US social and economic circles. Critics to the plan claim that in an age where the

economy is defined by a large number of variables, implementing a rescue mission in the name of a stimulus that relies exclusively on tax cut is a poor move. Some have even come up with figures and data showing that the tax cuts will lead to redistribution that will favor mostly the financially sound and therefore do little to address the situation.

This according to the critics is a result of the high income cap that defines the US economy. According to a report by Krugman, over 58% of the saved money will be distributed to the top quartiles in the earnings distribution where it is less likely to be spent thus doing little to address the crisis and the 20% that will be channeled to the lower quartiles will be too little to even meet the needs of the lower proportion (PollingReport. Com, 2009).

Moreover, many critics are of the view that even an increase in spending that is the key objectives of the stimulus package may benefit direct competitors and is thus unwise considering that the Bush administration has already accumulated enough in financing overseas expeditions and tax cuts.

Furthermore, spending measures that meet the needs of the affects American public and provide the stimulus needed for the economy to develop is lacking in the package proposed by Obama. This has especially been a key area that critics from economic, social and political circles have used to attack the stimulus package. Conclusion The stimulus package may have attracted a lot of criticisms but it appears that a majority of American have faith in the President's ability to lead them to a better and economically stable US. The performance of the stimulus package with respect to getting the US out of the tricky situation it is in will determine the effectiveness of

the stimulus package. As it currently stands the package is no longer just a package rather it is a law that must be upheld by all Americans. The performance of the stimulus package and America's ability ultimately lies on the levels of organization it can attain in addressing its economic issues and the politics of the package should be forgotten as a more objective approach is sought in addressing the crisis.