

Example of obama's economic package to alleviate the pain of the recession resear...

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Obama's economic policies came into play in the year 2008, during his presidential election campaign. After the elections which declared him the president of the United States, Obama named Paul Volcker, The former Federal Reserve chairman, as the head to the Economic Advisory Panel. Obama's decision came in play as a result of the tougher financial restrictions that Volcker vehemently supported. Similarly, Obama launched an economic stimulus package worth \$787 billion to stimulate the economy. In actual sense the injected amount raised the economy to the positive GDP growth the period marking the third quarter in the year 2009 (Schmidt et al, 2011).

In the subsequent year, Obama enforced the Health care reform act, where the president seeks to reduce the costs of health care. The Determination to alleviation of the chances of a subsequent financial crisis; Obama advocated for the passage of the Dodd-Frank Bank Reform Act. The act controlled the actions of non-bank financial companies, which included the hedge funds, and the credit default swaps. The protection involved the Consumer Financial Protection Agency, which ensured the protection of; the debit and the credit cards of the consumers, consumers and pay day loans, regulated credit and mortgage fees, and the credit reporting agencies (Sexton, 2010).

Obama is yet to fulfill the campaign promise on the review of the entire agreement to ensure the availability of jobs in the market. However, Obama encouraged the enactment of agreement on the account of the American Jobs Act. Consequently, the Act seeks to steer the economic growth hence, increasing jobs. The act came into existence to curb the unemployment predicament that was stuck at 9. 1% (Thompson, 2012).

Obama plans to inject \$75 billion of stimulus into the economy. The money retrieved from tax cuts which are then directly transferred to individuals with dire need of the amount. The means supplied by the president will ensure avoidance of the long procedures implemented by the government. The plan also reserves \$45 billion to curb future economic deteriorating chances (Sexton, 2010).

The Americans experience an extreme case of economic anxiety. The pay levels appear significantly low, as the cost of living significantly escalates. The costs of health, gas, and the tuition fees report a significant rise. Recently released data holds that the unemployment hits the sharpest monthly increase since the year 2001. The year 2001 serves as a benchmark as it provides information relating to the first recession that hit the American economy. The jobs lost significantly affect industries like construction, retail, manufacturing, and in the financial services. Some months back, a total of 18,000 jobs came into existence as a step towards achievement of the required 125,000 jobs to cope with the growing population (Schmidt et al, 2011).

The rate at which jobs are growing fuels inflation outpacing the rise in average wages. The situation implies that even the employed individuals experience a low purchasing power. Since the occurrence of Hurricane Katrina, consumer confidence levels have significantly reduced. The situation has encouraged consumers to reduce spending and budget which threatens the economy. The holiday sales coupled with the purchase of automobiles have reduced significantly (Mullard, 2012).

Obama remains determined to strengthen the economy of America. A

couple of the past months, Obama outlined an extensive package consisting of economic reforms that aim at facilitating help to the middle and working families, at the same time fueling progress to the attainment of the long term budget balance. The deteriorating rate of the economy prompts the need for the Americans to desire the interventions that will be facilitated by the next president. Obama views that the government requires reviving the confidence of the consumers and businesses that encourages continuity via practices that encourages spending and investments (Thompson, 2012).

Experts views that an effective stimulus package must ensure prompt, temporary and direct economic assistance directed to the individuals in dire need of the relief. The individuals who qualify for the relief requires having the ability to use the funds to, stimulate, and improve the level of economy activities in their community without the need of permanently inflating the budget deficit. The goal requires reducing the pain that would result from an economy-wide slow down (Sexton, 2010).

The plans include various activities that positively impact on the lives and the economy of American. Firstly, the need for restoration and fairness in the tax code facilitated by \$250 tax reduction applicable to workers and their families acts a step forward. Obama viewed the step as a way of increasing the spending of the consumers, reviving the economy, and reduce the squeeze experienced by most of the Americans. In case of a three months sequence of decline in employment, Obama views that the situation requires the citizens to supply the overdue \$250 owed by every worker to ensure that each American at least gets money into their pockets (Mullard, 2012).

Researchers confirm that older peoples spending rate appears higher than

the rate at which they save the additional amount they receive. Obama understands the higher prices that experienced by the seniors surviving on fixed incomes. Obama seeks to provide the middle and low income seniors with \$ 250 to supplement to their social security benefits. In case of three month cumulative decline in the employment status the group receives an additional temporary supplement of \$250 is supplied in every social security beneficiary. The payment does not change the status of the social security schedule and would not make use of the revenue attained from the social security trust fund. The situation leads to increased consumer spending in a practical way. The means of credit taking from the social security administration ensures a significantly efficient payment system, which boosts payments encouraging consumer spending in the most efficient rapid manner (Schmidt et al, 2011).

In order to avoid the future occurrence of Mortgage fraud and the of credit cards from resulting into a subprime housing crisis, Obama considered setting up of short term and long term programs to assist the responsible lot of homeowners from facing foreclosure. The plan facilitated by Obama will assist people stay back in their homes while negotiating with their owners. The plan serves as a disadvantage for; speculators, people purchasing vocational homes and the individuals with the tendency of falsely representation of their incomes. The plan aims at responsible home owners to facilitate their needs during the financial crisis period. During the economy down turn Obama emphasizes the need for immediate creation of foreclosure prevention fund to cater for emergency pre-foreclosure (Mullard, 2012).

Occurrence of as large as the prevailing unemployment rate in America signifies recession. The prevailing recession proves worse than the situation that hit America in the year 2001. The unemployment rate for the past six months doubles the unemployment rate that hit America in the 2001 recession, and hence termed the long-term unemployment rate. The problem can be alleviated by unemployment insurance. Obama views that the program will cater for the older individuals who lost their jobs in various industries and find it hard to secure new jobs (Thompson, 2012).

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