

Example of report on the economic outrage of 2010 by joseph stiglitz

[Countries](#), [United States](#)



Joseph Stiglitz born in 1943 is a well renowned American economist and currently works at the Columbia University as a professor. He has published numerous books on world economies and affairs and personal articles on several issues such as management of globalization, World Bank, International Monetary Fund and free market economists. It is no doubt that Stiglitz is one the most referenced economists currently in the globe today. In this piece of work, I will highlight Joseph Stiglitz's article titled, The Economic Outrage of 2010: Cowardly leaders failed to help working people and coddled the rich

It is essential to note that the broader macro economics that analysis can be based include Unemployment, inflation rate, per capita income, growth of GDP and external debts of a country. In this article primarily Stiglitz, outlines the key moments in 2010, where American leaders cowardly failed to assist the working category of people but instead went ahead and coddled the wealthy.

Stiglitz highlights the issue of the unemployment rate sharply dropping to 9.5 percent while only a meager 36, 000 new jobs were created into the economy. This was even two years after the collapse of the Lehman brothers that was caused by bankruptcy and three years after the start of America's recession of 2008 that was caused by irrational exuberance within the housing sector where high population of individuals purchased home mortgage they could not afford thinking that the housing prices will shoot up thereby facing foreclosure; this panicked many loaning institutions since

they were making massive losses on the mortgage securities they purchased on the secondary market.

He continues to say that the economic stagnation witnessed in this period was also due to the failure of the political leaders to courageously tackle the nation's problem under their own noses. The financial institutions used their political influence and money to purchase deregulation and subsequently to prevent smooth re regulation and get financial bailout from the Government. This increased anger within the country's population; given that one out of six Americans cannot get a full time job and forty (40%) of the people unemployed having been jobless for more than six months. While the bankers who caused the recession in the first place, receiving large bonuses to the shock of the population.

Stiglitz commends the passage of the Dodd Frank Financial regulation that provided for crucial changes to the system of federal financial regulation and corporate executive compensation reforms, new rules for credit rating institutions, new requirement for private equity fund specialists and improved oversight of banking and non banking financial sectors. He felt that the bill was aimed to the right direction, but it is accompanied with numerous exceptions and exemptions. The bill however does not address key issues such as the derivatives and credit defaults that led to the \$180 billion AIG bailout. Stiglitz believes that government insured financial institutions should not be allowed to write risky insurance products.

Stiglitz identifies ineffective designed structures, and consequently lack of enough funds to successfully reduce unemployment and enhance the economic stimulus plan. Citing the \$800 billion stimulus package passed in 2009 but still never succeeded in reducing the unemployment rate that hit twelve (12) percent. To make the economic worse, the congress passed a series of tax cuts, and the majority of the proposals aim to benefiting the wealthiest Americans including the bankers who ironically were responsible for the crisis. The benefits include lower income and payroll taxes, lower taxes on dividends, capital gains and the money transferred to individuals' heirs. According to Stiglitz this will result to the increment of the National debt and limited stimulus package.

In this article, he predicts that the shape of the American economy will be worse in 2011 than in 2010. This is because the majority of the unemployed will continue utilizing their savings and hopes of landing a job keep on fading as years roll about. Another problem is that with the reduction of tax revenue the government will be forced out to cut spending.

Stiglitz also highlights the implications of financial troubles surrounding Europe during this time. Weak Europe economy and Euro will profoundly affect American exports in terms of revenue collection.

In a nutshell, Stiglitz proposes a more cautious approach by the government on investment and spending. Secondly he believes that electing political leaders who will commit their course in helping the American population is

the right way to follow. These views indicate Stiglitz's prowess in economics and his ability to stand out as one of the best economic thinkers in the world.

Work cited

Joseph Stiglitz. The economic outrage of 2010: Cowardly leaders failed to help working people and coddled the rich. 2010. Web source 11 June 2012.