

Economic policy proposals of barack obama

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Economic Policy Proposals of Barack Obama

President Barack Obama seeking a second term, in his economic blue print aimed at a revival of the American economy, put forward some serious economic measures.

One of the pivotal proposals made by President was a revival of the manufacturing industry in the United States of America (Thoma, 2012). The intended plan is to offer tax breaks to the American manufacturing companies so as to encourage them to shift their operations to the US, thereby allowing them to create jobs at home (Thoma, 2012). The Obama economic blue print also intends to boost the exports (Thoma, 2012). Obama proposes to create agencies to check unfair trade practices on the part of manufacturing hubs like China and seeks to opt for more trade agreements (Thoma, 2012). To materialize his intentions to boost the American economy and to tackle the unemployment problem, President Obama also proposes to encourage the small businesses (Thoma, 2012). He intends to do so by extending tax cuts, curtailing the regulatory constraints, encouraging research and development, extending mortgage refinancing to responsible home owners and investing in the fast deteriorating infrastructure (Thoma, 2012). Obama's proposals also made a mention of dealing with the budgetary deficit and regulating the financial markets (Thoma, 2012).

If one carries out a macroeconomic analysis of some of the salient proposals extended by President Obama, they do promise positive economic results in a long term context. For instance, Obama's proposal of reviving the manufacturing sector by offering tax cuts is indeed favorable. There is no denying the fact that America has lost a large proportion of jobs at home

owing to the flight of manufacturing to countries like China (Kind, 2006, p. 29). Manufacturing sector constitutes the cornerstone of any vibrant economy. Revival of the manufacturing sector clearly means the retention of good jobs at home that will directly translate into a good standard of living for the American citizens (Weiss, 2002, p. 83). Boosting the manufacturing sector will directly support Obama's proposal of reviving exports. The export of goods produced by a competitive manufacturing sector will of course bring back the wealth generated by it to the local communities, through the sale of goods in the local and global markets. This will also have a positive spillover effect in the small businesses that serve as ancillary units supporting the big manufacturing companies (Weiss, 2002, p. 82). Obama's proposal to revive and encourage R&D is also fraught with favorable possibilities. It is the superior R&D that has traditionally been the real competitive edge for the American companies (Augustine, 2009, p. 26). Encouraging R&D will directly extend a competitive advantage to some of the key American economic sectors like IT, manufacturing and pharmaceuticals (Augustine, 2009, p. 26). Besides, an enhanced R&D will lead to the creation of new technologies that will help the American industry shift from traditional products to high end products.

Though, there is no denying the fact that the economic proposals put forward by President Obama do portend well in the long run. However, one fails to understand how they will help the more immediate problem of shrinking jobs at home.

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