

\$787 billion economic stimulus plan



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\$787 Billion Economic Stimulus Plan America is going through one of the worst economic recess for the time being and the administration is trying hard to save the economy using drastic measures which raised supports and criticisms from all the corners. The crazy lending habits of the banks without assessing the financial capabilities of the loan seekers and the changing life styles of the American public (spending all the money which they earn rather than saving) have contributed heavily to the current financial crisis. This paper critically analyses the current economic problem on the basis of two articles written by Kirchhoff Sue and Wolf Rich on USA TODAY regarding the \$787 billion stimulus bill passed by Congress.

The \$787 billion stimulus bill passed by Congress will not quickly solve the historic problems besetting the economy, but it could reduce the damage, while providing relief for the unemployed and the uninsured. Moodys Economy. com chief economist Mark Zandi says the bill could help end the economic slide. He warns, however, that the stimulus spending will likely be too small, given the size of the economic decline, and suggests Congress may have to revisit the issue (Kirchhoff)

The plan we passed tonight will strengthen our economy by creating millions of good-paying jobs here at home; deliver tax relief for 95% of workers and invest in Americas future by fixing our communities roads and bridges, improving our childrens education and making our country more energy independent. While House Democrats said the bill is needed to create or save 3. 5 million jobs, Republicans countered the proposal would leave future generations saddled with debt. Republicans also noted they had little time to read the massive bill, which was released late Thursday night (Wolf)

The crisis is so deep that only the economic reform policies alone may not

bring the desired results. Many economists believe that the current recession may continue longer than anticipated. In my opinion, the life styles of the American public need to be fine tuned based on the realities. The greedy public accepted the offers (loans) from the financial institutions with both hands without properly evaluating their financial capabilities. They have approached the banks for everything and the banks were ready to help them without even assessing their backgrounds or financial strengths. The financial institutions miscalculated that the global economy will never exhaust and whatever the goods and services sold in the market will bring profit. Such irresponsible allocation of resources in the market was the main cause of the current problem.

Some portion of the \$ 787 billion stimulus bill is aimed at spending in the health sector. President Obama supports the creation of a public insurance program with the help of private insurance companies. Most of the public health programs run under the government supervision are already created more problems rather than benefits. So a complete takeover of health care system by the government is witnessed anxiously by experts. The increased health insurance expenses as per the Obama proposal may force the American public to stay away from the insurance schemes.

Obama wanted to reach a consensus among the politicians in order to tackle the current problems. In other words, he was favoring a collective and wholehearted effort from the American politicians and the public to address the current problems. But in my opinion, brave decisions are needed at present from the part of the president than consensus. It is difficult to make brilliant decisions if the president seeks consensus since the political parties are already divided over the issue of tackling the current crisis. I believe that

stiff opposition is always a common thing behind a good decision. The current stimulus program proposed by Obama is too small in size which may not be enough to tackle the current problems considering the depth of the crisis. Obama is trying to keep the financial institutions in its present form rather than breaking them or restructuring them in order to tackle the current crisis. Obama's efforts will not yield any success since it is not easy for the government to save the big financial institutions using the public money alone.

In short I strongly believe that the current stimulus package even though give some kind of relief to the public, it may not rescue Americans if they were not able to change their life styles.

Works Cited

1. Kirchhoff, Sue. " How will the \$787 billion stimulus package affect you?". USA TODAY. 28 September 2009.
2. Wolf, Rich. " Congress passes \$787B economic stimulus bill". USA TODAY. 28 September 2009.