

Describe three
economic problems
facing president
obama in the first 120
days

[Economics](#)



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Barack Obama, the 44th President of the United States, faces huge economic challenges in his first 120 days in office. Many Americans today see hope in Obama but he has to do more than just inspire people in order to salvage the faltering US economy. Among the various economic problems Obama currently faces today are the sky-rocketing national debt, the falling US dollar, and the global economic recession that's plaguing the country and most of the industrialized world.

The US national debt currently stands at 68% of the gross domestic product (GDP), which is equivalent to over \$10 trillion. This huge debt is also forecast to increase even more as the government collects less and less tax revenues and spends higher because of the global recession. Obama's \$787 billion financial bailout plan will also eat up a huge chunk of the national budget, further contributing to the growing debt (Dupuis and Boeckelman 34). Another problem that will probably add to the increasing national debt is the rapidly rising costs of Medicaid and Medicare.

Obama repeatedly said during his presidential campaign that he would establish a universal health care system that would ensure medical care is given to everyone, but the cost of that program may also add to the debt. Furthermore, the US has a relatively large aging population that would likely reduce tax revenues and boost government spending (Kuttner 185). The next economic problem that Obama needs to address is the falling value of the US dollar. The US dollar is now only a shadow of its former self.

While the currency recently climbed up in value, its relative value still spells danger to the American economy. The account deficit shall continue to deal blows to the US dollar, making it harder for the currency to turn around. Also, <https://assignbuster.com/describe-three-economic-problems-facing-president-obama-in-the-first-120-days/>

the external debt of the US is mostly held by foreign countries, especially China, which makes the dollar very vulnerable to sell offs (Talbot 66). Inflation could also complicate the economic problems of the US, further pushing the value of the dollar downwards.

The sky-rocketing national debt results in increased pressure to augment the money supply, depreciating the dollar even more. While inflation is an unlikely possibility during recession, it's still wise for Obama to think of strategies that will keep the national debt under control for a long period of time. Finally, Barack Obama faces the worst economic crisis since the Great Depression. The global recession that's currently happening around the world is taking away millions of jobs from people, reducing their purchasing power, and making them unable to provide food for themselves and buy homes.

Experts claim that whatever policies Obama and the rest of his administration implement, nothing will change the fact that the year 2009 will be a difficult year for Americans (Dupuis and Boeckelman 36). One of the main challenges in reviving the American economy is how to reestablish confidence in the market. Banks, big and small, are growing more hesitant each day to lend money to businesses and individuals, hindering their financial growth. Meanwhile, consumers themselves have lost their courage to go out and spend.

This vicious cycle of fear and uncertainty in the market deepens the economic recession. Obama needs to consult an army of economists and experts to have a chance of reviving the US economy during these tough economic times. The big issue though, is how long and deep this global
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recession will be. Wall Street has been waiting for the rock bottom for a very long time now but there are still many signs that the economy has more ground to lose. The president has to figure out how to expand fiscal policy even while the government is already borrowing at such a high level (Kuttner 190).

Obama's administration must also work tirelessly with different nations to convince them to act on the huge economic crisis that affects everybody. Although global recession likely started in the US, it affects reach into Asia and Southeast Asia. Governments and business sectors need to meet frequently to hear various opinions that can contribute to the health of the global economy. President Barack Obama is a symbol of hope to many people, and it is absolutely critical that he doesn't let the people down.

His popularity may be a big factor why Americans are still looking at his fresh policies favorably and why the US economy is still fighting back recession. He needs to spend the first 120 days of his presidency formulating groundbreaking policies to jolt the economy back to life (Talbott 70). Recession in the US may be alleviated by the \$787 billion stimulus or bailout plan that the Democrats in Obama's administration formulated. States that will receive the stimulus should work out how to spend the money wisely.

Banks also must use the money to restore lending services to their customers. The stimulus package should start up the reestablishment of lost jobs, giving consumers enough purchasing power to put the economy back on track. There must also be sufficient transparency in government and in the business sector to ensure that the stimulus package is being used

properly. (Kuttner 190). The battle to end the economic ills of the US doesn't end with Obama's stimulus plan, however.

Just like what he promised during his candidacy, health care should be taken care of as well as US' sources of energy. This might increase the national debt problem but health care should definitely be given to all people to make the workforce stronger. The nation will also continue to be in danger of terrorism if the US continues to rely on imported oil from Middle East. New sources of energy need to be harnessed to secure the energy needs of the nation in the future and also the safety of the citizens (Talbot 72).

If President Obama concentrates hard on addressing these various economic concerns, then solutions may come sooner than what people expect. Obama inherited a badly shaped America from former President George W. Bush but can make it better by realizing his radical visions for the betterment of the nation. When the three problems of national debt, falling US dollar, and global economic recession are addressed, then the United States has a chance to regain its status as the unequivocal leader of the modern world.