

# Create a written analysis of a current economic event

[Literature](#), [Russian Literature](#)



Introduction The Bush-era tax cuts were passed and implemented in the year 2001 and have had a significant impact on the economy of the United States of America. The tax cuts were reinforced by the pension protection act, which was approved in 2006. Despite the tax cut being beneficial to large institutions especially corporations, there has been divided attention between the democrats and the republican on its impact on the American economy. Since the Bush-era tax cuts were expected to be terminated by the year 2010, it was extended alongside other laws on tax by the Obama administration through the passage of the 2010 tax relief act. In line with the economic development of the American economy, the Bush-era tax cuts have had significant impacts on the progress of covering the country's debts, as well as running the government. This essay seeks to provide a detailed analysis of the effects of eliminating the Bush-era tax cuts, taking into account the middle class. Discussion According to the Congressional Budget Office, the extension of the Bush-era tax cuts would strain the current American economy more than its current state; this has led to the necessity of making major modifications on the tax cuts or getting rid of them, a move that has been widely accepted by a majority of the American population (Foreman and Dewhirst 117). President Obama has proposed to implement modification of the Bush-era tax reforms and make it applicable to the middle class only (Desai 72). The American economy suffers from revenue constraints. In the last couple of decades, the government has been offering a discount on services presented to the citizens, which has led to an increase in the national borrowing. This is clearly observed in the escalating national debts, acquired to cover up for the lost revenue, and is not healthy for the

development of the country's economy. Since the tax cuts reduce the revenue collected by the government, extensive modification or elimination will lead to an increase in government revenue, which will propel the American economy to stability. The wealthiest American pay very little in tax to the government despite owning more than a third of the total private American wealth. This is evident from the large number of corporations and institutions, which pay zero tax or very low tax percentage. Since the government requires revenue to run its activities, the tax burden is shifted to medium and small-scale businesses, as well as individuals. This leads to an economic problem where majority of the funds are available in the hands of few individuals. For sound economic development to be realized, the flow of money and other equity in the economy should be vibrant. At the moment, a significant amount of equity is held in offshore bank accounts, brokerage accounts under the hands of a few wealthy individuals and corporations. Since the money is neither taxed nor available for circulation to the American economy, it places economic constraints to a majority of the population. The abolishment of the Bush-era tax reforms will ensure that a significant percentage of the money is reinvested back to the economy. This will lead to the creation of more job opportunities especially among the middle class and low-income earners. When the number of small and medium sized business is increased, the country's wealth is distributed fairly to the citizens and their impacts of the economic development are evident. The United States of America government spends large amounts of money on the unemployed and the less privileged in the society in providing for them the basic needs. Therefore, when the middle class and the less

privileged have alternative sources of income to support their needs, then the government can use the fund intended to support them to undertake various development projects. On the other hand, revising the Bush-era tax cuts will ensure that the number of American jobs exported abroad decline by a significant percentage; this will be useful in reviving the American economy. The restructuring of the tax laws could also attract foreign investors and thus propel the economy to prosperity. The expiration of the Bush-era tax cuts is expected to have a positive impact on the individual tax rate in the United States of America (Winters 252). This is because it will lead to the sealing of the loopholes causing the loss of individual tax to the government, which accounts for more than half of the total tax loss.

Recovery of the lost tax revenue is very good for the entire population since the tax burden is to be distributed fairly to all persons within the republic.

Moreover, this would have a positive impact on the majority of United States of America's businesses, such as partnerships, as according to the laws of forming a partnership business, the income is shared among the members.

Conclusion Though the Bush-era tax cut has been operation in America for the last twelve years, it has been attributed to the increase in the national debt and the decline in the rate of creation of American jobs by American companies. Therefore, the amendment and abolishment of the Bush-tax cuts have been welcomed by a majority of the population since it will ensure that the tax burden in distributed fairly. This will ensure economic empowerment of the less privileged and the middle class through improved circulation of money. Works Cited Desai, Padma. From Financial Crisis to Global Recovery. New York: Columbia University Press, 2011. Print. Foreman Sean and

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