

Free do the economic
consequences of
obamas expansion of
government
harmonize wit...

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Term Paper

According to Higgs, is the growth of government continuous or does it occur fits and starts? What is Higgs' explanation for this pattern of growth of government?

Higgs proposes that the growth of the government in the United States can be explained as a process of responding to crises. In this assertion, Higgs specifically refers to the First World War, the Great Depression of the 1930s, and the Second World War among other major crises that have occurred in the history of the United States. In his reference to the crisis theory, Higgs argues that each of these crises generated an increased government in the economy as well as the social life of the nation, which not only solved the current crisis, but also made available resources for future growth of the government. Higgs considers government growth as a continuous process where after a crisis occurs, it generates a leap above the previous situation of the government development. The introduction of more resources in the economy leads to increased resources for development, thereby leading to a period of stability as the crisis ends. However, as the government enjoys the stability, another crisis in, which invites the government participation on development. In the new crisis, the government provides even more resources than currently available, and the process continues with every new crisis.

While reviewing the growth of the federal government in the previous one hundred years or so, it is evident that the crisis theory has played a great role in the current state of the government. For instance, the 1907 panic destabilized the government thereby calling for the establishment of the

Federal Reserve System, which has been ever since been present and beneficial as a contributor to government growth. Additionally, the Black Tuesday stock market crash, which subsequently led to unemployment, bank failures, and other economic plagues and the great depression between 1929 and 1933, brought about an increased variety of interventions, which were even greater than the Federal Reserve System. The First and Second World Wars further destabilized the government, thereby calling for military solution interventions, which have since intensified national security. In preparation for crises, the government has to put up strategies aimed at countering these crises when they eventually occur. Programs such as insurance schemes, retirement benefit schemes and unemployment schemes have been invented to ensure that the government curbs crises related to unemployment, diseases, or aging population. Even though such types of crises are not necessarily acted upon when they eventually occur, in most cases, the government ensures that strategies are put in place to prevent these crises from occurring. This eventually leads to increased government growth. At the end of the book, Higss suggests that, “ the American people may rediscover the worth of individual rights, limited government, and a free society under a true rule of law” (p. 262). This signifies that the crises in the government are generated internally and externally.

Compare and contrast the expansion of government under Herbert Hoover and Barrack Obama

President Barrack Obama has been compared to several successful presidents in the American history such as John F. Kennedy, Franklin Delano

Roosevelt, and Ronald Regan. Additionally, he has been compared unfavorably to George H. W. Bush and Jimmy Carter. However, in relation to Herbert Hoover, President Obama has been significantly compared in both respects - as a successful United States President and as a probable failure. Nevertheless, despite the success of Herbert Hoover, he is probably one of the ill spoken presidents of the United States since he faced probably one of the worst economic times in the United States history. During President Herbert Hoover's reign, the United States experienced the Great Depression following the Stock Market Crash, which greatly affected the economic status of the government since workers were forced out of employment and production greatly decline. President Herbert Hoover won the presidential elections in 1928 in a landslide, and would have enjoyed his reign if not for the Great Depression in the following year. He believed that capital and labor could work together with the encouragement of a benevolent government. Following the crisis during his time, President Herbert Hoover funded the largest peacetime public works expenditure. He signed a labor bill, the Norris-LaGuardia Act, which was the precursor of the Wagner Act (). Additionally, he took a greatly contested decision of establishing the reconstruction finance corporation, which lent money to ailing banks and firms to regain production. However, the poor members of the society greatly disputed this move arguing that it was aimed at enriching the property owners, thereby making life expensive for the low class members of the society. President Herbert Hoover also became the first American president to use the federal government's power to directly intervene in the national economy in time of peace.

Similarly, president Barack Obama won his presidential elections in 2008 as did President Herbert Hoover. However, President Barack Obama later faced a financial crisis in 2008, which had stretched from 2007. However, unlike Herbert Hoover, Barack Obama has been keen to ensure that he tackles the problems such as unemployment are handled in the interest of the public. Some of the major legislations that president Barack Obama has enacted include the Obama Education Reform, Obama Healthcare Plan, and Obama Unemployment Extension. Additionally, President Barack Obama is the first United States' president to declare and actualize the war on terror. Despite the 9/11 attacks on the United States, President Bush did not make major steps towards the war on terror. However, President Barack Obama has made tremendous efforts with crucial decisions including killing Osama Bin Laden and Anwar al-Awlaki in 2011. President Barack Obama is however different from President Herbert Hoover in the sense that despite facing financial crisis in his early years of his presidential career, he has continued to command public support and his legislations have fulfilled his promises during his presidential campaigns. On the challenges in foreign and international policy, President Obama has faced several challenges including the containment of China, the U. S. Mexico border disputes, North Korean nuclear threat. Recently, the president faced a challenge of the International Criminal Court facing Kenya, the home for his father, where the United States chose to abstain from voting in the United Nations Summit 2013.

In my opinion, I believe that the expansions of the government under President Barack Obama such as countering unemployment, healthcare,

and enhancing education are good to the economy of United States. The ideas of Milton Friedman and Hernando DeSoto, it is necessary for a capitalist economy to produce wealth to embrace “ something else.” The economic consequences of Obama’s expansion of government harmonize with the ideas of Milton Friedman and Hernando DeSoto since according the capitalism idea is based on the functionality of free market; open competition; profit maximization motive and the means of production are owned and produced by the private sector thereby limiting state or government control.

Despite my position to agree with the expansions of President Obama’s government, I also argue that the United States government should also apply the “ something else” that DeSoto refers to it (De Soto, p. 74). For instance, China is one of the fast developing nations of the world today, and has been threatening the economies of the developed United States, Western Europe, Australia, and Canada. The Chinese state has recently challenged the aforementioned states in different forums, which have led to debates that the United States is trying to contain China that the former contradicts. Nevertheless, China is a communist state that gives no opportunities for capitalism. According to the capitalists, they believe that communist systems are characterized by brutal dictatorships where individuals do not have basic rights such as free speech, freedom of religion, freedom of association, and the right to fair trial before an impartial jury of their peers. Communism has proved important in nations of the Middle East. Therefore, despite embracing capitalism, the United States should also incorporate communism. Incorporating communism in the United States will

not only reduce the class bias between the property owners and employees, but also distribute wealth equally, thereby speeding economic growth.

Works Cited:

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Higgs, Robert. *Crisis and Leviathan: Critical Episodes in the Growth of American Government*. Oakland, CA: Independent Institute, 2013. Print