Fiscal Policy In The U.S. Essay, Research Paper

Fiscal Policy in The U.S.

“Real plans for real people.” This was the coined theme for the Bush campaign back in September. As far as I can see with his tax cut plan in doesn’t involve “real people”. It may just depend on your definition of the term, but the “real people” of America are the middle class, hard working families. Bush’s tax plan is now said to be $1.6 trillion over a ten year period of time. Most of this money will go to the upper brackets, the “better off”. Granted they do pay the most money, but then when you think about it, why do they need the cut? Can they not afford to pay their taxes?

In this economic time of a feared recession our government should be doing everything in their power to avoid this situation. Having a prolonged tax cut does nothing to help the economy now. By the time the money is given back we and more than likely to have already succeeded this economic down low. The economist will tell you the in order to dodge this the money must be given back now. If the money is given back earlier there is a better chance of people spending it and stimulating economic activity. When looked at by this point of view I most definitely agree with Laura D’Andrea Tyson when she said, “Bush wants a large tax cut for political reasons, not economic ones.”

When Robert J. Barro discuses how he thinks the tax cut will stimulate investment and growth, increase incentives to work and save, and lower the amount of money Congress can spend, I find myself disagreeing with him. As said earlier Bush’s tax cut will do very little, if anything, to help stimulate growth. Ten years is a very long time. As for increasing the incentive to work and save, I find it hard to want to save my money when they take it away for taxes. If you want to give an incentive to save, why not turn to VAT’s instead of income taxes? I know this would be an almost impossible thing to accomplish but the way it was explained to me was so clear. I thought in my head, “Duh! Why don’t people explore this option?” Also, if they lower the amount of money Congress can spend they are lowering the amount of money for schools and education, among other things.

A controversial part of the budget includes spending money for religious based activities and voucher’s so that people may have the choice of schools. My reaction to this can be best described as almost an annoyance. I am young and naive but I feel strongly about things I believe and I am also very stubborn. I will stand up for things that I believe and state my case whenever I can. In our constitution we state that we all, as Americans, have the freedom of religion. In a way I feel that by saying no religion in schools, you are somewhat enabling this right. I can, however, understand that this is a controversial topic. But if you are denying children the right to practice their religion in school, why can you not give them a chance to do it in a school in which education and religion are interwoven. We are the future and by decreasing spending on education, they are only making things harder for themselves.

Another topic discussed was the Social Security lockbox. In his campaign, Bush also said that he would keep this money safe. In order not to have to decrease his tax cuts and spending he may have to use money from the Social Security funds. If he does this I think that he will be showing Americans the he can’t keep a promise. He promised not to use that money. It’s not worth it in the long run to use this for a short-term stimulus.

Fiscal policy in the United States today is somewhat a very controversial issue. I don’t know if everyone will ever agree on something. I don’t think that there will ever be a policy that will make everyone happy and have everyone treated the same. Only in an ideal world may we hope for such a long shot.

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UNITED STATES

(Reaction Paper)