

## **Obama's economic policy: the rich should pay too**

**There will be no more tax cuts for the wealthy Americans- this is a signal given by the re-elected President Barack Obama. The US leader sees this as the best way to prevent a 'budget catastrophe'. Delivering his first speech after re-election, Mr. Obama outlined his economic strategy for the years to come.**

The catastrophe Mr. Obama was talking about could be caused by a budget deficit. A 'fiscal cliff' which is likely to happen in January of 2013 could plunge the American economy back into recession. Spending cuts were approved as part of a strategy to avoid budget deficit. Mr. Obama cited experts to say that by September of 2013 the budget deficit will decrease by \$503 billion. The country will, however, have to pay a high price for this: mass unemployment and a 0.5% decline in the US economic growth. It means that rich Americans won't be able to avoid higher taxes. Mr. Obama stressed that he would veto any draft law suggesting more tax benefits to those earning no less than \$250,000 a year.

Some analysts believe that Obama has been overdramatizing on purpose, trying to evoke a reaction from the Republicans who control the House of Representatives.

Konstantin Sonin is the Vice-Rector of the New Economic School: "Obama is just bargaining since the sides have different approaches to the issue. To avoid a serious conflict they should achieve a kind of a compromise."

Expert for the Russian Institute of Global Economy, Yakov Mirkin: "Evidently, there will be no budget catastrophe. Republicans and Democrats will definitely agree on raising the debt ceiling. Both parties have been focusing a lot on reducing budget deficit though they offer different approaches to the issue. If Romney had won the election, there would have been a decline in taxes with numerous benefits offered by the US tax legislation removed. I mean tax loans related to education, and the money spent on healthcare and insurance policies, as well as small businesses."

Obama offers a different approach: the rich, who comprise some 2% of the US population, should pay, while the rest 98% could enjoy lower taxes. A draft law has already been approved by the Senate, and the president is ready to sign it any moment. To reduce negative consequences of the initiative Mr. Obama is ready to look for a compromise with Republicans.

Anyway, he won't be able to avoid debates on economy with the House of Representatives. Generally, Russian experts think that Obama's re-election is a good sign for the US economy since he has already proved himself as a successful leader in terms of handling the financial crisis. Despite strong opposition from the Congress he managed to attract huge investments into the US economy which has resulted in a moderate economic growth. If Mr. Obama sticks to this policy it will do only good to both domestic and global markets.

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November 10, 2012

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