# The Economic Policies Of Trump And Obama Administrations: A Comparative Analysis

In this essay, Donald Trump, the 45th US president, and Barack Obama, the 44th president will be compared. President Trump, like most Republican presidents, had promised to reduce the budget, lower national debts, boost defense spending, and cut taxes. President Obama on the other hand, a Democrat, pledged to improve coverage on healthcare, strengthen regulations and raise taxes on rich people. Discussions on their economic policies together with their pros and cons will focus on healthcare, debts and deficits, trade and regulations, defense, recovery from recession, and climate change.

## Healthcare

Donald Trump plans to do away with the affordable healthcare act which was a policy of his predecessor, President Obama. President Trump has stopped the compensation of insurance companies for their customers with low incomes and has raised premium rates by 20 percent (Geyman, 2015). This has made short term insurers available, thus cheaper than Obama's healthcare plan. Though cheaper, they don’t have the same benefits. Trump has also repealed the affordable care act mandate that requires everyone to pay tax or have health insurance (Geyman, 2015). This is advantageous since it allows people who are healthy to opt out of their plans and leave insurance companies with sick people. Because of this, premiums are set to rise.

Obama pushed for the Affordable Care Act (ACA) during his term in office to reduce the cost of healthcare. The cost of Medicaid and Medicare endangered the budget. The most frequent cause of personal bankruptcy is the expensive cost of healthcare, even for those who are covered (Obama, 2017). Policies at that time were easily exceeded by chronic illnesses. The ACA provides insurance for everyone and reduces healthcare costs nationally. It gives people the opportunity to treat their illnesses even before they require expensive care (Obama, 2017).

## Debts and Deficits

President Trump has failed on his promise to reduce the national debt. Today, the government is more than 20 trillion shillings in debt (Hall & Sargent, 2015). Obama, on the other hand, also increased the national debt. When he was sworn in, the deficit was $10.626 trillion. By the time he was leaving office, it was at $19.947 trillion (Hall & Sargent, 2015).

Although it cannot affect the population directly, effects can be felt once it has reached the tipping point. A World Bank study found out that if the debt-to-GDP ratio exceeds 77 percent for an extended period, economic growth is slowed down (Égert, 2015). Interest rates would go up as investors would need a higher return to offset the greater perceived risk. Another problem that may arise is the dollar losing its value. This may cause inflation and goods will have to cost more. Food and travel may become even more expensive. The government may be forced to cut services and raise taxes (Égert, 2015).

So far, the government's debt rose more during Obama's terms. Trump's promise to reduce the national debt relied on increasing economic growth. This has been achieved by tax cuts to enhance the growth level. However, this has not shown any advantages, and the debt is expected to go up again even more under Donald Trump (Hall & Sargent, 2015). Both presidents' approaches towards debts have not yielded any benefits, and instead, they put the general population at risk of going into an economic crisis.

## Trade and Regulations

President trump led the country into withdrawing from the Transpacific Partnership (TPP). This was the world's most significant free trade agreement. He not only withdrew from TPP but also threatened to leave North Atlantic Free Trade Agreement (Handley & Limão, 2017). Obama, on the other hand, Obama negotiated the TPP.

Trump champions for trade protectionism. By launching global trade wars with the Chinese government, tariffs were imposed on Chinese imports. He imposed a 25 percent tariff on Chinese washing machines and solar panels, and a 10 percent tariff on aluminum. This trade war could end up hurting American businesses instead, and could even lead to an economic recession.

By signing the Dodd-Frank Wall Street Reform Act in 2010, President Obama regulated the financial companies and complicated derivatives. This ensured that a financial crisis would not occur since the act governed debit, prepaid cards, and credits. Payday loans with the Consumer Financial Protection Bureau were ended. Trump, on the other hand, ordered the treasury secretary to review the act. This led to the recommendation of waiving the regulations for small banks (Handley & Limão, 2017). It also put Congress in charge of the Consumer Financial Protection Bureau budget. It gave the president the power to fire the CFPB director for any cause (Handley & Limão, 2017).

## Defense

Both presidents have allocated more money for defense than any other president. Trump budgeted 574.5 billion, 10 percent more than what was budgeted for in 2017 (Shear & Steinhauer, 2017). Osama bin Laden was killed during Obama's term in office. Osama was responsible for the 9/11 attacks, and it was considered revenge in the fight against terrorism. Obama then withdrew troops from Iraq, and three years later, threats from terrorists meant that they had to go back and fight the war (Stern, 2015).

The Sunni-Shite split affected the economy of the country. Though a war based on religion, the battle between Iran and Saudi Arabia in the middle east is a concern as it involves the oil trade. By ending the war between Afghanistan and Iraq in 2014, Obama reduced military spending, although not as much as was expected. During that year, military spending was at almost 800 billion, and it was the primary cause of the budget deficit and national debt (Stern, 2015). As of 2018, the war on terror cost the US government 2 trillion in debts. Also by procuring a nuclear peace agreement with Iran, and encouraging the UN to lift economic sanctions, he achieved a non-military tactic in reducing the war and thus cutting the overall spending. For this, he received a Nobel peace prize for his actions (Stern, 2015). Both presidents are spending way too much money on defense than their predecessors, and it's hurting the economy (Shear &

Steinhauer, 2017).

## Recovery From Recession

President Obama faced what can be considered as one of the worst recessions since the Great Depression. By using expansionary fiscal policy, he tried to combat it. He signed the Economic Stimulus Act that created jobs in the sector of education and infrastructure, thus ending the recession in 2009 (Bragg, 2014). He also gave financial assistance to the motor industry, preventing it from collapse and saving over 2.5 million jobs. Homeowners were also rescued via the Troubled Asset Relief Program that saw the creation of affordable homes (Bragg, 2014).

Trump entered office without any recession. He was however able to convince voters that he was capable of building the economy and making it better. By promising growth of more than 4 percent, he was able to get himself into the White House (Skonieczny, 2018). However, what his voters didn't realize was that fast growth is dangerous and not recommended as it can be unstable. This predisposes the country to a recession.

## Climate Change

Obama led efforts to preserve the environment, by finalizing the Paris Climate Agreement (Davenport, 2014). The effect of this agreement was the reduction of carbon emissions by countries and carbon trading. The rates of global warming were limited, and countries agreed to contribute 100 billion a year to fund efforts to conserve the environment. The goal was to reduce carbon emissions and utilize renewable energy (Davenport, 2014). However, in 2017, Trump announced the withdrawal of the United States from the agreement and promised to do away with action plans that were set in place by the Obama administration (Merica, 2017). He also pledged to revive the coal industry and suspended plans that had been established by the Obama administration (Merica, 2017). By doing so, he will have brought more jobs and at the same time, put the population at risk of pollution-related diseases since coal is an environmental pollutant. Obama tried to control the coal industry by encouraging safer renewable energy that would have saved the country the expense of treating sick people and pollution control, thus saving the economy (Davenport, 2014).

## Conclusion

In conclusion, both presidents came up with policies that have so far affected the economy in either a positive or negative way. President Obama, although increasing the debt, tried to improve the economy by reducing military spending, and through various acts that affected multiple departments. President Trump's approach to improving the economy, although unusual, has also proven to work. Both presidents' policies were aimed at improving the economy and making America an economic giant.

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