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The Impact of Capitalism and Taxation Policies on US Economic Stability during Barack Obama Presidency (2009_2017)

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Dedication 01

First and foremost, I extend my deepest gratitude to God for granting me the strength, wisdom, and passion necessary to complete this work. Additionally, I express my sincere thanks to myself for my hard work and determination in striving to achieve this goal.

I dedicate this study with all my heart to my beloved parents, Moussa and Warda, whose financial and emotional support has been invaluable throughout this journey. Furthermore, I dedicate this work to my dear sisters, Sara, Nawel, Moufida, and Hanen, who stood by me as my greatest supporters during challenging times.

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I dedicate this work to the soul of my deceased grandmother, may God have mercy on her; to myself for enduring and persevering to see this day.

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__ **SOLTANI Chahinez**

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Abstract :

This research paper examines how taxes and capitalism impacted the stability of the US economy between 2009 and 2017, the year Barack Obama took office and the global financial crisis of 2007–2008 was still extremely recent in people's minds. It explores the specifics of the Great Recession, the resulting financial challenges, and the legislative measures taken by the Obama administration to address these issues, including the Small Business Jobs Act and the Dodd-Frank Act. In order to comprehend the two systems of capitalism and taxes, the study uses a mixed-methods approach, analyzing quantitative data such as GDP growth and unemployment rates combined with qualitative data such as thematic and economic analysis. The study evaluates Obama's policies' capacity to promote stability and economic recovery. In order to assess the wider effects of legislative actions on the financial system, important economic indicators are closely examined. The results acknowledge varying opinions regarding the effectiveness and consequences of Obama's programs, but they also show how important these policies were in reducing the effects of the recession and fostering economic resilience. This study adds to the larger conversation about successful policy and economic management during economic downturns.

Key words : Capitalism , taxes , Barack Obama, economic stability, economic recovery, policy responces , GDP growth , unemployment rates , Small Business Jobs Act.

Résumé :

Ce document de recherche examine l'impact des politiques fiscales et du capitalisme sur la stabilité de l'économie américaine entre 2009 et 2017, période marquée par l'arrivée au pouvoir de Barack Obama et par la persistance des séquelles de la crise financière mondiale de 2007-2008 dans les esprits des citoyens. Il se penche sur les particularités de la Grande Récession, les défis financiers subséquents, ainsi que les mesures législatives mises en place par l'administration Obama pour y remédier, notamment le Small Business Jobs Act et le Dodd-Frank Act. Afin de comprendre les systèmes capitalistes et fiscaux, cette étude adopte une approche méthodologique mixte, combinant l'analyse de données quantitatives, telles que la croissance du PIB et les taux de chômage, avec des données qualitatives issues d'analyses thématiques et économiques. L'étude évalue la capacité des politiques d'Obama à promouvoir la stabilité et la reprise économiques. Pour appréhender les effets globaux des actions législatives sur le système financier, des indicateurs économiques clés sont minutieusement analysés. Les résultats mettent en lumière la diversité des opinions concernant l'efficacité et les conséquences des programmes d'Obama, tout en soulignant l'importance de ces politiques dans l'atténuation des effets de la récession et le renforcement de la résilience économique. Cette étude enrichit le débat sur la gestion efficace des politiques économiques en période de crise.

Mots Clés : Capitalisme, impôts, Barack Obama, stabilité économique, reprise économique, réponses politiques, croissance du PIB, taux de chômage, Small Business Jobs Act.

ملخص:

تتناول هذه الورقة البحثية كيفية تأثير الضرائب والرأسمالية على استقرار الاقتصاد الأمريكي بين عامي 2009 و2017، وهو العام الذي تولى فيه باراك أوباما منصبه وكانت الأزمة المالية العالمية في الفترة 2007-2008 لا تزال حديثة للغاية في أذهان الناس. وتستكشف تفاصيل الركود الكبير، والتحديات المالية الناتجة، والتدابير التشريعية التي اتخذتها إدارة أوباما لمعالجة هذه القضايا، بما في ذلك قانون وظائف الأعمال الصغيرة وقانون دود- فرانك. من أجل فهم نظامي الرأسمالية والضرائب، تستخدم الدراسة منهجا مختلط الأساليب في تحليل البيانات الكمية مثل نمو الناتج المحلي الإجمالي ومعدلات البطالة جنبا إلى جنب مع البيانات النوعية مثل التحليل المواضيعي والاقتصادي. وتقيم الدراسة قدرة سياسات أوباما على تعزيز الاستقرار والانتعاش الاقتصادي. ومن أجل تقييم التأثيرات الأوسع للإجراءات التشريعية على النظام المالي، يتم فحص المؤشرات الاقتصادية المهمة عن كثب. وتعترف النتائج بوجود آراء متباينة فيما يتعلق بفعالية وعواقب برامج أوباما، ولكنها تظهر أيضا مدى أهمية هذه السياسات في الحد من آثار الركود وتعزيز المرونة الاقتصادية. تضيف هذه الدراسة إلى المحادثة الأكبر حول السياسة الناجحة والإدارة الاقتصادية خلال فترات الركود الاقتصادي.

الكلمات المفتاحية: الرأسمالية، الضرائب، باراك أوباما، الاستقرار الاقتصادي، الانتعاش الاقتصادي، استجابات السياسات، نمو الناتج المحلي الإجمالي، معدلات البطالة. قانون وظائف الأعمال الصغيرة.

List of Acronyms :

ACA : Affordable Care Act

AMT : Alternative Minimum Tax

AMP : Advanced Manufacturing Partnership

ARRA : American Recovery and Reinvestment Act

BEA : Bureau of Economic Analysis

CBO : Congressional Budget Office

CGL : Congressional Grand Letter

EITC : Earned Income Tax Credit

ERP : Economic Recovery Payment

ESB : Eligible Small Business

FSOC : Financial Stability Oversight Committee

GDP : Gross Domestic Product

GRC : Government Retiree Credit

IMF : International Monetary Fund

IRC : Internal Revenue Code

JFK : John Fitzgerald Kennedy

JOBS : Jumpstart Our Business Startups

LBJ : Lyndon Baines Johnson

MWP : Making Work Pay

NAFTA : North American Free Trade

OASDI : Old Age, Survivors, and Disability Insurance

SBA : Small Business Administration

SBJA : Small Business Jobs Act

SCORE : Service Corps of Retired Executives

SCEPA : Schwartz Center for Economic Policy Analysis

SEC : Securities and Exchange Commission

SFPB : Consumer Financial Protection Bureau

SSI : Supplemental Security Income

STEP : State Trade and Export Promotion

TANF : Temporary Assistance for Needy Families

US : United States

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Introduction

One of the biggest economic downturns in recent knowledge, the global financial crisis of 2007–2008 , also known as the Great Recession , had a profound impact on economies all around the world. The aftermath of this crisis was especially severe in the US, affecting many different industries and localities all over the country. Gaining an understanding of the complexities of this economic disruption, including its causes, repercussions, and the policy solutions that followed, is essential to understanding how the US economy developed throughout Barack Obama's administration from 2009 to 2017.

Through an analysis of academic literature that delves into the details of the Great Recession, the reforms that the Obama administration subsequently put into place, and the larger economic environment molded by capitalist and regulatory policies, this study aims to investigate the effects of capitalism and taxation on US economic stability during this critical time. This research attempts to offer a thorough analysis of the elements impacting economic stability and growth during a period of notable economic upheaval and transition by looking at the roles played by programs like the Small Business Jobs Act and the Dodd-Frank Act . This present study seeks to advance our knowledge of the interactions of legislation, economics, and governance in determining the course of the US economy by investigating these subjects.

All sources used in this dissertation helped to explore different information . This study is based on diversity of sources such as books , articles , webpages and documents . Lazear, Arnold, and Cox, in their article 'Socialism and Capitalism and Income,' tackle the definition of capitalism, which aided this study in finding much more information about this topic, particularly a clear meaning of capitalism. Meanwhile, Neville Morley, in his article 'Capitalism,' offered an equivalent interpretation of capitalism.

The dissertation acquires insightful knowledge about the complex characteristics of the Great Recession, such as its definition, causes, and the major effects it had on the US economy, from Ibrahim M. Rihan's article . Through a detailed analysis of the effects of the recession, the study is able to clearly grasp the state of the economy at that unstable time, demonstrating the depth of the damage done to different industries.Obama took over as president during this difficult period, and his administration brought about a number of reforms in a number of areas, such as healthcare, education, and employment. These programs have a direct impact on the economy's growth and stabilization after the recession.

The dissertation also implicitly contrasts the pre-recession and post-recession economies, offering insights into how well Obama's policies contributed to the recovery of the economy. Martin Neil Baily's article on the Dodd-Frank Act discusses the effects of tax and capitalist policies, which makes this comparison easier to understand. Through an analysis of the impact of this law on financial stability and economic growth, the research delves deeper into the ways in which regulations shape economic stability. Furthermore, Max Catalanotto provides an insightful analysis on the effects of tax laws on economic stability in his thesis on the Small Business Jobs Act. Through an examination of the consequences of this law, the dissertation expands its area of inquiry to encompass the impact of fiscal policies on the macroeconomic trajectory . Lastly ,president Obama encountered many challenges in his efforts to change his policies and enhance the economic standing of the United States, according to O'Brien Buth's book "Debating the Obama Presidency," which is a part of the "Debating the Presidency" series edited by Steven E. Schier and Todd E. Eberly. The book describes how Obama's presidency was marked by strong political resistance, which greatly hindered his ability to achieve his objectives.

The study employs a mixed approach. Utilizing diverse data sources to inform the research. This approach involves analyzing economic speech and focuses on policy declarations

as well as official and governmental publications . In order to provide a thorough grasp of the dual system’s function and its effects on the US economy, qualitative methods, such as thematic and economic analysis of the gathered data, seek to discover concepts, patterns, and recurrent themes. Furthermore, a quantitative approach, including statistics to summarize economic data such as GDP growth and unemployment rates, helps to provide insights into the economic state of the US. Meanwhile, using figures such as charts assesses the study to provide a visual representation of complex data. For instance, the first chart provides a clear image of GDP growth in different years, particularly during the period of the Great Recession and after.

The study aims to investigate in detail the US economy's stability over the two terms of Barack Obama as president, from 2009 to 2017. In order to comprehend their responsibilities in influencing the country's economic circumstances at that time, it will examine the intricate relationship between capitalism and taxation, also referred to as the "dual system." In addition, the research will examine various tax and capitalism policies, dissecting its fundamental principles and provisions, and evaluating their impact on the general stability of the US economy. The research attempts to provide important insights into the dynamics of economic management and its effects on national stability through this in-depth investigation.

The study focuses on addressing a key questions :

1 _ What were the main impacts of the Great Recession, especially in 2007 and 2008, on the US economy?

2_How did the actions of the Obama administration affect the general economic recovery and stability between 2009 and 2017 in areas like healthcare, education, and job creation?

3_How did tax and capitalist policies specifically affect the financial system and the country's economic expansion?

In terms of structure , this thesis will be divided into three Chapters . The first chapter meticulously deals with the fundamental principles of capitalism and taxation , representing definitions and tracing their historical evolution within the United States . Additionally, it examines the economic stability of the US pre-Barrack Obama presidency including the global economic downturn known as the Great Recession which lasted from 2007 to 2009 and had far reaching effects , most notably in the United States . During this time, there was a strong fall in the GDP together with extremely high unemployment rates, which led to a significant drop in consumer spending . The nuanced interactions between these systems and events are still present, but their distinct effects on the economy are clearly shown, highlighting complexities of economic dynamics in a period of instability .

The second chapter studies Barack Obama's presidency, delving into the events leading up to his election and the goal of his leadership. It provides an analytical approach of Obama's style of leadership, with special attention to his most important legislation. In addition, the chapter explores economic policy in great detail, focusing on taxation and capitalist policies. It provides a thorough analysis of important capitalist laws, such the Dodd-Frank Wall Street Reform and Consumer Protection Act, which are intended to control the stock market and prevent further financial disasters. Another crucial component of Obama's administration, the Affordable Care Act, is closely examined due to its significant influence on healthcare affordability and accessibility. Also , it emphasis the implementation of Jumpstart Our Business Startups Act which permits regular investors to fund small startups .

Regarding taxes, The chapter examines important tax laws like the American Recovery and Reinvestment Act, which aims to boost economic growth by investing in infrastructure and offering a variety of tax advantages. While the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 is evaluated for its comprehensive approach to tax relief, unemployment insurance, and job creation, the Small Business Jobs Act

is analyzed for its measures assisting small businesses. The chapter presents a thorough study of these programs in order to offer a sophisticated grasp of Obama’s economic goal, the ramifications for capitalism, and the complexities of tax policy during his administration.

In the third chapter, which examines the state of the US economy under Obama, significant economic indicators such as GDP growth, unemployment rates, the stock market, and income inequality are examined in detail. It provides insights into the means in which capitalism and taxation aided in the economic recovery that followed the Great Recession. Obama's ideas are thoroughly analyzed, taking into consideration the challenges of putting them into practice, such as public opinion, political opposition, and global economic limitations Obama's tax and economic policies are also contested, particularly by the political right. The last section of the chapter covers Obama's economic accomplishments.

Chapter One: Capitalism and Taxation in the United States

Introduction:

Capitalism, as an economic system based on free markets and private property, played a crucial role in US economic, and the administration, in turn, aimed to achieve a balance between developing economic growth and creating fair opportunities for all Americans. It also concentrated on policies that helped create job opportunities and encourage innovation. Taxation is the process by which governments impose fees or taxes on businesses and individuals to fund public services such as health care and education. Taxes were another important aspect of economic stability. The Obama administration implemented amendments to capitalism system to achieve justice among all classes. He reduced taxes for the middle class in exchange for higher taxes for individuals and companies with high incomes. The impact of both capitalism and tax systems on economic stability during the Obama presidency involved finding a balance between addressing income inequality and promoting economic growth while ensuring economic stability in the country.

The relationship between capitalism and taxes was almost complex, and in order to understand this relationship, it is necessary to study the historical background of both capitalism and taxes in Us. The process of studying the economic stability of the United States before the presidency of Barack Obama, especially during the impact of the Great Recession, provided a high vision of the interrelation between economic well-being, capitalism, and Taxes.

1_1_Historical Backdrop of Capitalism in the United States:

The history of Capitalism dates back to the sixteenth and eighteenth centuries, and despite the continuous development of this system, Capitalism existed in the ancient world, especially in the Middle Ages. The capitalist system used accumulated capital to expand

production capacity rather than investing in economically unproductive projects. This is what distinguished the system from previous systems (Heilbroner and Boettke).

In the Protestant Reformation during the 16th century, acquisitive efforts were reduced while there were penalties for labor grants and frugality in spending, and the principle that the rich were better than the poor was adopted to justify economic inequality. Other factors that contributed to this were the high cost of the product and the increase in prices, and the early capitalists (1500-1750) were the main beneficiaries of this inflation, they also benefited from the rise of powerful national states during the commercial era. The national power policies undertaken by these countries helped provide the basic social conditions, such as financial systems which aided economic growth during the 18th century in England. The capitalist system shifted from trade to industry and then to the application of technical knowledge through capital investment in the Renaissance era. In Adam Smith's book "The Wealth of Nations," he articulated the concept of classical capitalism and underscored the imperative of structuring the economy around the market. Sound money and free trade were among the policies put into place by Smith following the French Revolution and the Napoleonic Wars. The expansion of industrial capitalism and the evolution of the factory system gave rise to a new class of industrial workers in the 19th century. After the First World War, trade barriers rose and the United States emerged as the primary banking centre. This led to the Great Depression, the end of the laissez-faire policy, and the adoption of socialism among writers, intellectuals, and workers, particularly in Western Europe and among middle-class workers and artisans. This marked a significant shift in the development of capitalism (Heilbroner and Boettke).

In the period after the Second World War, the economy of the major capitalist countries performed well, which led to gaining confidence in the capitalist system that was missing in the 20th century. The onset of the 1970s witnessed a significant surge in economic disparit, occurring inside individual nations as well as on a global scale. This phenomen has

instilled doubts among individuals, particularly during the financial crisis of 2007_2009 and the subsequent Great Recession has been a new interest in socialism in the United States among people, especially the generation of the 1980s and 1990s, given that they are the group most affected by the recession. Opinions studied from 2010 to 2018 found that a small of the millennial group viewed the socialist system in a positive light, and that support for it had increased on their part with the exception of adults 65 and over, However, the policies favoured by these groups in the 1930s differ somewhat in their goal from social welfare programs and are difficult to reach the level of socialism (Heilbroner and Boettke).

Political economists, sociologists, and some historians in US have taken different points of view in their analysis of the capitalist system and its various forms in economic life and practical practice, its various forms are Crony Capitalism, Finance Capitalism, Welfare Capitalism and State Capitalism. The degrees of competition in markets, the extent of state ownership, and the role of regulation and intervention vary depending on the models of capitalism. Finance Capitalism is a stage of Capitalism in which political and economic hegemony is exercised by financial institutions or owners of finance and not by industrial capitalists. Crony Capitalism is an economic system that favors corporations and politically powerful individuals, such as through grants, tax breaks, and other types of government aid, to suppress free market competition. Welfare Capitalism is a Capitalism that operates on welfare policies that help provide welfare services to employees through the practice of business, and also focuses on industries that employ highly skilled workers. State Capitalism is capitalist market economies controlled by state-owned enterprises and in which state enterprise are organized as commercial corporations in order to pursue profit. Free markets may not be ideal, but they may be the most appropriate solution for organizing the economy in countries, and the primary goal of capitalism is to achieve profit (merriamwebster).

Among the pillars on which Capitalism is based are:

•Private property, which enables people to own tangible assets such as homes and lands, and intangible assets such as company shares and documents.

• Self-interest through which people act to achieve their desires without taking into account political and social pressures.

•Competition gives companies the freedom to enter and exit markets for the common welfare of both consumers and producers.

• A limited role for the government to protect all consumer rights and maintain a suitable environment that facilitates the smooth functioning of the markets (Jahan and Mahmud 52).

1_1_1_Definition of Capitalism:

Many countries and communities establish and follow various political and economic systems. Some of these systems are deemed beneficial due to the advantages they offer, while others are regarded as ineffective and detrimental to societies and individuals.

There are many similar and different definitions of this term, and it can be said in general that Capitalism, or as it is known as the free enterprise economy, the free market and the private enterprise economy, is an economic system. It depends on private ownership of the means of production and investing them in order to achieve greater profit, or in other words it is an economic system that seeks to use money in order to earn more money. “Capitalism is defined as an economic system characterised by private or corporate ownership of capital goods, by investments that are determined by private decision, and by prices, production and the distribution of goods that are determined mainly by competition in a free market."(Lazear 5).

The term Capitalism has great importance in the world, as it is a useful term for understanding the ancient classical times and the nature of the economy. It has been defined as

an economic system characterized by private ownership or corporate ownership of capital goods through investments that are determined by a special decision and not through state control and the distribution of goods in the free market, unlike other systems such as Socialism (Morley).

In this quote “Capitalism is the social system based upon private ownership of the means of production which entails a completely uncontrolled and unregulated economy where all land is privately owned..” (Capitalism FAQ: Theory). This entails granting individuals the liberty to own and freely dispose of land and businesses within legal boundaries. By upholding individual rights, capitalism fosters competition, innovation, and economic advancement. Capitalism operates on the principle of personal autonomy, enabling individuals to pursue their objectives.

Like any system that has positive points, there are some of them:

• It creates more efficient allocation of capital resources.

• The Competition leads to lower consumer prices.

• Wages and general standards of living rise overall.

• A means to stimulate innovation and invention for individuals and companies (Liberto).

Competition leads to lower prices, that is when there is a competition in the market companies seek to privide significant products at competitive prices. Hence, consumers benifit from this through lower prices and increased options suitable for them. Regarding the point of stimulating innovation and creativity, international trade promotes innovation and invention by exposing companies to new technologies and markets, when companies are able to reach global customers they are stimulate to innovate and create new products and this can lead to technological progress.

1_1_2_ the Evolution of Capitalism in the US:

The American society was Capitalis from the beginning, the evolution of American society from its colonial origins to the late eighteenth and early nineteenth centuries presents a multifaceted and captivating subject that mirrors the changing economic and social landscape of that era. The initial American settlers indeed introduced a robust sense of individualism, property ownership, and a quest for liberty concerning private property, establishing the groundwork for a capitalist society. During the colonial period, the principles of individualism and private ownership began shaping the economic framework. The colonists' spirit of possession and independence stood in contrast to the prevalent feudal systems in Europe. The transition towards individual ethics and ownership became particularly evident in the late eighteenth century, indicating a shift towards a more capitalist society. Scholars in economic history have deliberated on the degree to which colonial societies relied on collective values as opposed to individual values. Some contend that early colonial societies leaned more towards collective values, while others propose that individualistic values began to surface, notably among rural Northern farmers, as the eighteenth century unfolded. The move towards individual competition and ownership denoted a significant transformation in economic and social constructs (Woodruff).

1_2_Historical Backdrop of Taxation in US :

Administrative concerns generally account for historical patterns of taxation, even though opinions on proper tax policy have an impact on the selection and design of tax codes. Import charges, for instance, were among the first taxes levied since they are simpler to tax than production produced domestically. Comparably, the straightforward turnover tax, which was based on gross sales, before the creation of the Value Added Tax , which is more administratively complex but more beneficial economically (allowing credit for tax paid on purchases). Real property is easier to identify and tax than other types of assets, and a head tax,

or poll tax, is even simpler to put into place. Thus, it is hardly surprising that land and head taxes were the first direct levies (Britannica Money).

In the ancient world, taxes had a very small impact, despite their lengthy existence. Both Rome and Greece imposed taxes on consumption. When it came to generating money, tariffs—taxes on imported goods—were frequently significantly more significant than domestic excises. Property taxes were a temporary measure used to raise extra money during times of war. These taxes were not applied to other assets for a while; initially, only real estate was subject to them. An additional tax applied to real estate transactions. Tax rules of the Roman Empire discriminated between citizens and residents of conquered lands, while in Greece, free citizens and slaves had distinct tax duties (Britannica Money).

Early Roman taxation included consumption taxes, customs duties, and direct taxes, with the tributum being the principal head tax. Julius Caesar introduced a 1% general sales tax. Provinces relied on head and land taxes, with land taxes initially fixed liabilities. Rome had an inheritance tax of 5-10%, with close relatives exempted. Tax collection was initially left to middlemen, but under Caesar, it was delegated to civil servants . During the Middle Ages, ancient taxes evolved into obligatory services and aids, with transit duties and market fees being the main indirect taxes. Cities developed tax obligations for all residents, with taxes on certain foods and beverages borne by consumers and producers. Later, German and Italian cities introduced direct taxes for the poor and the rich (Britannica Money).

Prior to taxes becoming a substantial component of the national revenue, they have consistently been a prominent cause of political contention throughout history. A notable instance is the rebellion of the American colonies against Great Britain, wherein the colonists declined to pay taxes imposed by a Parliament from which they were excluded from voting. This rebellion led to the popular saying "No taxation without representation." The French

Revolution of 1789 serves as a notable instance in which an inequitable distribution of taxes played a substantial influence (Britannica Money).

Taxes have affected revolutions far less than wars have influenced taxes. A number of taxes were initially intended to be temporary wartime measures, most famously the income tax (first imposed in Great Britain in 1799) and the turnover or purchase tax (Germany, 1918 ; Great Britain, 1940). Similar to this, the United States, Britain, and France invented the withholding technique of income tax collection during the war. Many countries' income taxes were changed from being upper-class levies to mass taxes during World War II (Britannica Money).

There were familiar taxes originated from ancient times, most of them still in use till now with some changes. Those familiar taxes are Sales Tax, Income Tax, property Tax, Inheritance Tax, and Tariffs.

_ Sales Tax: the first person that implement a Sales Tax was Julius Caesar in Ancient Rome . It was imposed by percentage of 1 per cent on the whole Empire. Moreover , Caeser Augustus imposed 4 per cent as in US now (Tax Foundation).

_ Income Tax : The tax system was changed by the Roman Emperor Augustus in the second half of the first century BCE. When taxes were first collected, they were gathered from distinct regions by « tax farmers, » who turned over the money to the government after determining the territory's overall value. Augustus implemented a system of direct taxes that resembled an income tax since it was impossible to maintain the previous one. When it became clear that this would also be difficult to execute, the income tax replaced the original plan, which was to be a direct tax on an individual's wealth (Tax Foundation).

_ Property Tax : Egypt, Persia, and China all imposed property taxes in the past. Initially, farmers were usually responsible for paying these taxes since they were based on the

land's production value, or the anticipated amount of products the plot would produce. Under William the Conqueror, property taxes persisted in medieval Europe, particularly in England. In a well-known protest against her husband's compulsory property tax rate, Lady Godiva rode a horse naked around the streets (Tax Foundation).

_ Inheritance Tax : In the ancient Roman Empire, inheritance assets were subject to a five percent tax, the profits of which were used to provide pensions for veterans. The roots of the current inheritance tax can be discovered in the Middle Ages, when the habit of paying feudal lords « relief » when an heir inherited a fief laid the groundwork for the tax's development (Tax Foundation).

_ Tariffs on the trade of wool and metal between the ancient cities of Kanesh in Anatolia (modern-day Turkey) and Assyria (in modern-day Iraq) have been traced back to the 3000s BCE. In addition, the Roman Empire imposed duties on imports from outside as well as on items traded within its borders. Five to twenty-five times the rate of internal trade was levied on items imported. Tariffs have been applied historically to regulate the import and export of goods such as wool, leather, butter, cheese, and other items (Tax Foundation).

1_2_1_ Definition of Taxation:

Taxation is an act from a taxing body, typically government. The government imposes a financial responsibility on its inhabitants or residents. From ancient times paying taxes to governments or officials has been a fundamental aspect of civilization (Kagan).

According to the Cambridge Dictionary, taxation is described as "the process by which a country's government obtains money from its people in order to pay for its expenditures."

• Principle of Taxation:

In Alt's article , Fair tax policies require equitable taxation, which is could be understood in terms of two principles , according to Kurt Wise and Noah Berger of the Massachusetts Budget and Policy Centre, vertical equity, which holds that taxpayers with higher incomes should pay a larger percentage of their income in taxes than taxpayers with lower incomes, and horizontal equity, which guarantees that taxpayers of similar income levels receive similar treatment . Furthermore , according to Nhekairo , A tax is efficient if it distorts market processes as little as possible since economic agents attempt to limit, avoid and evade tax liability as much as possible (7).

The Organization for Economic Cooperation and Development (OECD) promotes neutral and equitable tax policies for a range of commercial operations, even if the main goal of taxing is to generate income. By enabling the most efficient possible resource allocation and reducing supply and demand distortions brought about by tax-induced price changes, a neutral tax system enhances efficiency . Additionally , neutrality suggests that the tax code should generate income without supporting or discouraging any particular course of action (Alt 7).

According to Adam Smith in Alt's article , a well-defined and uniform tax structure is crucial for business planning and investment attraction. When tax regulations are updated consistently and inclusively, businesses are able to plan their expenses more effectively and are encouraged to make financial investments. Smith's tax theory states that taxpayers ought to pay taxes in accordance with their income. This does not specifically advocate progressive taxation, but it has been supported in order to advance societal justice because high levels of inequality, whether related to income, gender, or race, frequently result in higher rates of crime and instability. Furthermore, it is essential to have straightforward tax laws that are simple to comprehend and adhere to. Its simplicity lowers the cost on taxpayers, promotes compliance, and improves revenue agency efficiency , all of which call for continuous technical development and modernization (Alt 8–10).

1_2_2_ Taxation in US :

Taxation played a major role in the early history of the United States. America did not always have its biggest modern revenue source, the income tax. Furthermore, for a few years and in some cases, up to 20 years many of the first colonists and traders of the 17th century were free from tax collection from their parent nations . In contrast to their British counterparts, American colonies imposed much lower tax rates and burdens on property, excise, poll, and some early kinds of income taxes. The British government was burdened with debt from numerous international conflicts, whilst American administrations were doing well financially (Tax Foundation).

As a result, the British government started looking to the American colonies for additional revenue, which sparked the start of the well-known tax dispute that ultimately resulted in the Revolutionary War in the Among them were : The 1764 Sugar Act imposed taxes on wine, sugar, and molasses. The Stamp Act of 1765 levied duties on significant printed materials, including as newspapers, pamphlets, and legal documents. The Townshend Acts of 1767 imposed taxes on seventy-two products, one of which was tea, and which sparked the Boston Tea Party (Tax Foundation).

The U.S. Constitution's Article I, Section 2 gives elected representatives in Congress the only authority to impose taxes on all residents, addressing the problem of " taxation without representation ", which had a significant influence on the formation of the American legislative system. Although rates in the colonies remained far lower than in England, there was no official representation group in the colonies. The same principles were used to generate municipal and state taxes (Tax Foundation).

Initially, tariffs served as the primary source of tax income for the U.S. government, exemplified by the contentious « Tariff of Abominations » in 1828, which exacerbated tensions

between the North and South preceding the Civil War. However, following the Civil War and with the rise of industrialization, exports surpassed imports, resulting in a decline in tariff revenues. In response to this and a political effort to redistribute tax burdens onto the wealthy, the 16th Amendment was ratified in 1913, enabling the imposition of federal taxes on individual and business incomes. The World Wars prompted further expansion of the federal income tax to bolster the national budget and enhance progressivity in the tax system. Today, income tax stands as the primary source of government revenue (Tax Foundation).

During this era, several new taxes were introduced, including the estate tax, gift tax, and Social Security payroll taxes. Additionally, state sales taxes emerged in Mississippi in response to decreased property tax revenue during the Great Depression, spreading rapidly across the country. Gross receipts taxes also became popular in the 1930s, starting in West Virginia, but many were later repealed, leaving only seven states with such taxes today (Tax Foundation).

1_3_The Economic status in US Pre Barack Obama Presidency:

During the years before Obama presidency, the United Economy experienced setbacks and challenges. Among these challenges was the economic recession that caused by the financial crisis, which quickly spread to other countries. It began in 2007 and lasted until the end of 2009. It was the longest period of economic decline in many countries. Recession, also known as a financial crisis, is a contraction of liquidity in financial markets, financial instability, a decline in adjusted GDP by 4.3%, and an increase in the unemployment rate from 5% to 9.5%. Also, the decreases related to the interest rate imposed by banks on their main customers enabled them to produce mortgage loans at lower interest rates for customers who could not obtain them. The significant demand for new housing in 2005 caused an increase in housing prices, which subsequently triggered a surge in interest rates. Consequently, they were unable to afford the housing. They were able to save themselves by increasing the value of their

residences and selling them while making loan payments, as was the case in the past. Many found that mortgage loans exceeded the value of their homes, so banks stopped lending to customers, which led to a decrease in price and demand. The American economy lost approximately 8.7 million jobs. The unemployment rate doubled from 5% to 9.5%, as previously mentioned. Due to job losses, tightening market affiliations, and rising interest rates, millions of people were unable to pay their mortgages. It was a difficult situation for many American residents, economic stability was also affected by the conditions and economic policies implemented by previous administrations (Duignan).

1_3_1_The Great Recession (2007_2009):

The great recession was the longest recession since World War II, lasting from December 2007 to June 2009 (Several Reserve History). Based on the U.S. Bureau of Labor Statistics, a recession is characterized by a downturn in the business cycle and a decline in the production and sales of goods and services.

From December 2007 to June 2009, the US economy went through an 18-month slowdown. The longest and most severe recession since World War II occurred during this time. There are two significant stages to the recession. The first half of 2008 had a relatively mild economic collapse, as seen by minor declines in GDP and slight rises in unemployment rates. But the recession really accelerated from the third quarter of 2008 to the first quarter of 2009. In 2009, the economy dropped even more in the second quarter before starting to grow again in the third. Compared to previous post-war economic downturns, this one experienced the biggest declines in investment, output, and consumption along with the highest increase in unemployment (Labonte).(See Appendix A)

Thomas E. Lambert argues that a number of variables combined to promote a rise in household debt and extremely risky lending practices molded the financial landscape that

preceded the 2008 financial crisis. He notes that government measures that promoted lower lending standards for revolving credit and mortgages led to a notable rise in household debt. This was especially true in the US, where subprime mortgage lending boomed between the late 1990s and 2006. Meanwhile, from the 1980s onward, financial deregulation of institutions occurred in the US, Western Europe, and Asia, enabling a rise in lending to households including those with less favorable credit histories. In addition, in an effort to mitigate a worldwide downturn in 2001, the US Federal Reserve and other central banks lowered short-term interest rates, which reduced the cost of consumption and promoted further spending.

The "wealth effect," which was brought about by rising housing values in many countries, made people feel more confident and increased their borrowing and spending. Institutions purchased and packaged home loans from lenders for resale, frequently guaranteeing the payments to investors, and thus played a major role in promoting homeownership. Lenders were encouraged by this technique to make more loans than they otherwise could have. Policies that promoted homeownership, such as advantageous tax treatment, also promoted borrowing and real estate investment. Last but not least, an oversupply of savings from developing countries, especially China, provided enough of money for borrowing and spending by consumers in rich nations . This savings surge highlighted the interdependence of the world's financial markets and added to the general rise in household debt in these countries by resulting in positive capital account imbalances and negative fiscal deficits (Lambert 250).

1_3_2_ Effects of the Great Recession on US :

In the third quarter of 2008, the real gross domestic product (GDP) began to decrease, and it was not until the first quarter of 2010 that it began to recover. The Congressional Budget Office forecast in February 2013 that the real GDP of the US would only have increased by slightly over 4.5 per cent, or about $850 billion, from its pre-recession peak. The GDP would

not achieve its potential level until 2017, based on CBO predictions. 2009 had a $14.4 trillion GDP in the United States . By the final quarter of 2014, the US GDP had grown by 18.6% to $17.7 trillion. Trade between the US and Canada increased from $1.5 billion in 2011 to $4 billion in 2014, or more than $1.3 trillion annually, and the GDP of Canada, which at the time was the US's largest trading partner, increased from $ Prior to the crisis, the unemployment rate was 5% in 2008. By late 2009, it had increased to 10%, and by March 2013, it had steadily dropped to 7.3%. Before the 2008 financial crisis, there were about 7 million jobless people. By 2009, that figure had increased to 15 million, and by early 2013, it had dropped to 12 million. From its 2006 pre-crisis peak of $800 billion, residential private investment (mostly housing) plummeted to $400 billion by mid-2009 and has remained depressed at that level. Prior to the 2008 financial crisis, non-residential investment (mostly company capital equipment acquisitions) reached a peak of $1,700 billion in 2008. It declined to $1,300 billion in 2010, but by early 2013, it had almost reached its previous record.1.37 trillion in 2009 to $2 trillion in 2014, a rise of more than 31% (Rihan 9).

Standard & Poor's 500 index , which measures stock market prices, dropped 57% from its peak of 1,565 in October 2007 to a low of 676 in March 2009. After then, stock prices started to rise steadily, reaching record highs by April 2013 (Rihan 10).

Prior to the financial crisis, residential private investment, primarily housing, reached a peak of $800 billion in 2006. By mid-2009, it had fallen to $400 billion and remained there. Meanwhile, pre-crisis nonresidential investment, mostly capital equipment acquisitions, reached $1,700 billion, fell to $1,300 billion in 2010, and then increased to almost its peak by early 2013. House prices stayed about thirty percent below average from mid-2006 to mid-2009, and this trend persisted until March 2013 (Rihan 10-11).

American individuals and non-profit organizations witnessed a 22% fall in net worth during the 2007–2009 financial crisis, from approximately $67 trillion to $52 trillion. It did,

however, rise to $66 trillion by Q3 of 2012. In the meantime, by the end of 2012, the US national debt had risen from 66% of GDP in 2008 to about 103% (Rihan 10).

In the US, the middle class and lower income groups have suffered as a result of the growing wealth disparity, which has an especially negative effect on younger generations. The national income share of the upper class increased from 29% to 46% between 1970 and 2010, while the middle class portion fell from 61% to 51% between 1971 and 2011. The income share of the middle class fell from 62% to 45%, while the overall income of the poor fell marginally from 10% to 9%. But now, a greater portion of the population is sharing this lower income share because the number of impoverished people has increased. A decrease in their proportion of the nation's wealth and income has hampered the ability of the middle class and the impoverished to accumulate assets. As wealth has decreased by 68% since 1984 while it has increased by 10% for those over 55, the younger generation—especially those under 35—have been disproportionately affected. Since the start of the Great Recession, there has been a greater concentration of wealth; in 2009, the wealthiest 20% of households held 87.2% of the total wealth, up from 85.0% in 2007. Similar to this, the share of wealth held by the top 1% increased to 35.6% from 34.6% in 2007 while the share held by the bottom 80% decreased to 12.8% from 15%, signifying a 15% decline (Rihan 10).

During the Internet stock bubble, the real median household income in the US peaked in 1999 at $53,252. After that, it dropped to $51,174 in 2004 and increased to $52,823 in 2007 at the height of the housing bubble. From then on, it has been declining and reached $49,445 in 2010. This level is comparable to that of 1996, when it was $49,112, suggesting that the middle class's 15 years of income growth was completely erased by the recessions that hit in the early 2000s and the global recession that lasted from 2008 to 2012 (Rihan 11).

Conclusion:

The historical background of taxation and capitalism in the United States has shaped the Country's fundamental and political strategies and economic trajectory. Studying and knowing each of these systems is important for understanding economic Stability within the country prior to the Presidency of Barack Obama. It was affected by the Great Recession during the period of 2007_2009 which led to financial turmoil, job losses, and government intervention to find solutions and achieve stabilization goals throughout the country. Historical studies of capitalism and taxation within the United States point to the relationship between these two economic systems. Capitalism can address inequality and all social and economic disparities through redistribution of wealth. As for taxes, they help alleviate the differences resulting in the capitalist economy. As a part of an attempt to address these disorders, the Obama administration followed some Tax and Capitalist policies, increasing the upper class while providing aid to middle class and individuals, and including implementing the health care law as well these policies seek to achieve social and economic justice within the Unites States.

Chapter Two : Economic policies during Barack Obama presidency.

Introduction:

The US experienced its most severe economic crisis since the Great Depression , which occurred in 1930s , it characterized by worldwide economic downturn including financial adversity , high Unemployment rates , bank failures . Its economy was severely damaged due to a proximate cause which was the collapse of the US housing market and the resulting surge in mortgage loan defaults. Thus, the New President Barack Obama and Congress worked on implementing fiscal stimulus plan to revitalize the economy.

President Obama's Administration sought that implementing multiple policies would prevent the negative effects of the economic downturns. Therefore, it adopted dual approach to achieve its goals. Some of the policies supported private owenership of means of production with a minimal government intervention such as Dodd Frank Wall Street Reform and Consumer Protection Act, the Affordable Care Act, and Jumbstart Our Business Startups Act , while other policies focused on government intervention to reduce inequality in business and assist middle class citizens , for instance , American Recovery and Reinvestment Act , Small Business Jobs Act , and The Tax Relief , Unemployment Insurance Reauthorization , and Job Creation Act of 2010 .

Capitalist policies play a fundamental role in shaping US economy after the recession. Dodd Frank Wall Street Reform and Consumer Protection Act are well known acts, it aimed for providing transparency especially make it safe for the banks and fairer for the consumer. Alongside, the Affordable Care Act aimed to render the health care costs lower and accessible for more individuals under the umbrella of capitalism. Also, Jumbstart Our Business Startups Act was an assisting act for small businesses owners in raising their finance by gaining access to capital markets and attracts investors. In other hand, the intervention of the government

contributed to economic growth; for instance, American Recovery and Rienvestment Act included measures to decrease various taxes in addition to its goal of providing financial aid. Similarly , Small Business Jobs Act have almost the same regulations however this act focused on small business, it made multiple changes in already exist provisions for helping small business owners . Moreover, The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 aimed for extending previous years tax cuts and creating jobs for unemployment individuals.The economic downturn that President Obama inherited placed him in a predicament that demanded immediate and meticulous actions.

2-1-Barack Obama's presidency:

The American economy became much significant than it was during the recession that prompted millions of Americans to sell their homes and sacrifice their jobs. The election of Obama as president promptly resulted in a transformation, enhanced American reputation overseas, and bolstered the public's trust in the president of the United States to make sound decisions in global matters. His election campaign focused on a comprehensive agenda for total change of the state. The election of the country's first "black" president of African descent raised great hopes and confidence in improving racial relations within the United States, especially among black voters (Dimock).

During his presidency of the United States, Barack Obama had to address the major economic crisis. Immediately after taking office, the economy was in decline due to the subprime mortgage crisis. Republican control of the House of Representatives during the 2010 midterm elections put an end to Obama's first presidency, which witnessed amazing legislative achievements. During his second term, he increasingly relied on regulations, executive orders, the right to criticize, and other unilateral measures for change. In order to improve the image and standing of the United States among countries and abroad, Obama did many things that could change the situation, such as improving tense relations with Russia and closing the

Guantanamo military prison, the Obama administration's dealings with the Department of Homeland Security's dealings with the terrorist who tried to blow up the plane to Detroit a moment of wonder for some.Obama's presidency, which extended from 2009-2017, had an impact on the United States and the world. He also focused on diplomacy and restoring relations with Cuba regarding the Iranian nuclear agreement (Britannica Barack Obama).

The impact of Obama's presidency extended beyond his political achievements, as it included progress in the field of social justice and a set of transformations in Global perceptions of leadership and ongoing dialogue about the role of government in addressing complex social challenges.Obama, as President of the United States between 2009 and 2017, sparked the largest Transformation in American history. His presidency was characterized by a commitment to change and domestic policies that seek to address the difficult issues facing the United State (Mamchii).

2_1_1_ Barack Obama as a president:

Barack Obama held the position as the 44th President of the United States from 2009 to 2017. Furthermore, he had a political association with the Democratic Party Prize in 2009, and held the position of a representative for the state of Illinois in the US Senate from 2005 to 2008 (The White House).

Barack Obama was elected President of the United States and became the first African American to hold this office. During his two-term presidency, he faced several major challenges, including the 2008 financial crisis and the ongoing war on terrorism. Inaugurated before a population of 1.8 million, Obama proposed federal spending to revive the economy and revive America's standing in the world his policy accomplishments included consumer protection, banking reform, economic stimulus, and the repeal of the "Don't Ask, Don't Tell" policy that prevented gay Americans from joining the military (The White House).

Three major laws were signed into law during his first term as president: health care reform, economic stimulus, and legislation to overhaul the nation's institutions. In addition he called for the creation of additional consumer protection measures and a fair wage law for women. Obama's future domestic policy and goals, however,were impacted when Democrats lost control of the House of Representatives in the 2010 midterm presidential elections. In 2012, he was re-elected over Mitt Rommey, the former governor of Massachusetts, with a majority of 332 votes against 206 electoral votes. Despite this, the Middle East remained a major challenge to foreign policy. However, a new Islamic state emerged during the civil war in Syria and began inciting terrorist attacks. Obama monitored Iran's hostile administration through a treaty obstructing the development of nuclear weapons there (The White House).

The Obama administration also adopted the Paris Climate Agreement, which was signed by 174 countries and the European Union in 2015 to slow the phenomenon of global warming and reduce the emission of toxic gases, and also reduce the risks of ISIS leakage into Syria and Iraq. These challenges reflected the various issues that Obama as president had to address during his term, ranging from international conflicts, domestic policy reform, and economic difficulties (The White House).

True Democracy is a monumental endeavour transcending individual, governmental, or societal limitations necessitating collective participation and commitment from all of us. `` True democracy is a project that's much bigger than any one of us. It's bigger than any one person, any one president, any one government. It's a job for all of us. '' OBAMA (The Office of Obama).

In this quote, Obama highlights the status of true democracy and that it is a project that transcends any person or government. It is a matter that requires the participation of all individuals; it is considered a collective responsibility that depends on cooperation and dialogue. Citizens are considered active participants in their ability to formulate policies,

participate in the well-being of all, and support the principles of democracy through cooperation, recognition of collective responsibility, and meaningful dialogue enable democracy to flourish and the future to become more equitably.

2_2_ Obama's Capitalist policies:

The President implemented many capitalist policies during his term in office. These policies led to supporting the private sector and providing a greater number of job opportunities. Among these policies are Jumpstart our business startups, the Affordable Care Act, Dodd-Frank Wall Street Reform and Consumer protection act.

As President Obama said: "It is our generation's task, to reignite the true engine of America's Economic growth a rising, thriving middle class." (The Budget Message of the President). Obama here explains the important role of the middle class as it is the factor and driving force in stimulating the economy and its prosperity. This class leads to an increase in consumer spending, which works to stimulate commercial activity. When families belonging to the middle class have more income, they will be able to provide support to local companies, facilitate purchases, have contribute to the economic well-being of its societies is the key to reviving the American economic engine and building a more independent future.

To ensure the success and continuity of the middle class, Obama called for some policies that help create job opportunities, fair wages, and access to good education. By providing appropriate conditions and an environment that supports this class, individuals and families can achieve economic growth. Investing in the middle class is not a matter of necessity only economic, but also a matter of social justice, meaning a society with equal opportunities for prosperity and success.

2_2_1_ Dodd-frank Wall Street Reform and Consumer Protection Act:

The Dodd-Frank Act sought to add changes to financial regulation and create new government Agencies responsible for implementing the various provisions in the law, increasing financial stability, And reducing financial practices that are abusive system and major commercial banks, it was issued .This law called the Dodd-Frank Wall Street Consumer Reform and Protection Act, was passed on July 21, 2010, and received many criticisms. Proponents believe that this law contributed to the creation of the financial system. It is stable and Provides more protection for investors and consumers, while opponents see it is the reason for the slow economic recovery that continues to this day (Webel).

The Financial Crisis 2008 negativly affect millions of Americans by left them unemployed and also caused the loss of trillions of dollars. The broken regulatory system was the main reason for that crisis. In order to save the country from this miserable situation, President Obama signed the Dodd-frank Wall Street Reform and Consumer Protection Act on July 21, 2010 to become a solution to all Americans' problems is a law that calls for providing reasonable protection for American families and establishing a new consumer oversight agency in order to prevent mortgage companies and lenders from exploiting consumers, which provides security, stability, and a strong foundation for economic growth (Wall Street Reform).

This law included some main provisions among of them:

When banks are close to bankruptcy or run out of money, they must make plans for rapid closure.Toward consumers, the Financial Stability Oversight Committee (FSOC) consists of 10 members who have the right to vote, nine of the regulatory bodies. The remaining one is the Minister of the Treasury and also serves as Chairman of the Council this Council includes five members who do not have the right to vote. As mentioned previously, the Primary goal of the Dodd-Frank Act is to protect consumers from abusive practices carried out by financial services towards them (Vipond).

The Consumer Financial Protection Bureau's role is to protect consumers from large, unregulated financial institutions. It has also consolidated the functions of other agencies, including the Federal Trade Commission, the National Federation Administration, and the Department of Housing and Urban Development. This clause prevents risky business practices that harm consumers and requires Lenders to disclose all information to consumers in a way that can be read and visualized (Vipond).

Also there is another key provision in the Dodd-Frank Act called the Volcker Rule; it is named after Former Federal Reserve Chairman Paul Volcker. This rule prohibits banks from making high-risk Speculative investments that cause harm to their clients. It prohibits banks from owning more than 3% of the total ownership shares in private equity funds because they are very risky, and the Institutions responsible for implementing the Volcker Rule include the Federal Reserve and the Securities and Exchange Commission for deposit insurance he annual stress test presented by the Federal Reserve Bank, which determines whether the institutions can survive the financial crisis (Vipond).

• The Financial Stability Oversight Council (FSOC) identifies risks affecting the financial industry and monitors large banks.

• The Consumer Financial Protection Bureau (CFPB) works to protect consumers from corrupt commercial operations in banks. In order to implement this law, Congress established the Consumer Financial Protection Bureau (CFPB), as it is an independent office in the House of Representatives. Obama explained that the CFPB would function as a new consumer watchdog whose sole role would be to look out for people rather than the big banks and investment houses looking for people through their interactions with the financial system, similar to Dodd-frank. Through the Senate committee report, Dodd-Frank made clear that the CFPB's mission was to rescue consumers, and protecting them from unfair and abusive actions that force them into unaffordable financial products. Through this, Congress gave the CFPB the

tasks of regulating the financial services industry to protect consumers by delegating combined authority to federal agencies previously responsable for protecting financial services consumers. This law also established a large set of reforms that in turn affect all aspects of the financial system, and the goal of which is to limit the recurrence of the financial crisis of 2008. It also added mechanisms that enable the government to enforce and regulate the laws of financial institutions and banks (JR 881-882).

2_2_2_ The Affordable Care Act (ACA) :

The Affordable Care Act (ACA), also known as Obamacare, was signed into law on March 23, 2010. It is a health care and insurance reform law and the provision of health coverage. The basic goals of this law are:

• Support innovative methods and ways of providing medical care to reduce health care costs in general.

• Making health insurance available at low and reasonable prices to a larger number of people and providing health coverage to Americans who do not have it.

• Providing massive tax breaks that reduce costs for families whose income ranges between 100% and 400% of federal poverty (About the Affordable...).

It is obvious that health care reform makes health coverage available at very reasonable prices to millions of Americans. This law provides financial assistance to people who purchase private insurance. For example, the state of California expanded its Medi-Cal programs to include more single people and adults, and also with the opening of the Covered California online marketplace, it became Health care coverage is much easier to obtain than it used to be (The Affordable Care Act).

The United States implemented the ACA by establishing state-run health insurance exchanges. Starting January 1, 2014, through the health insurance exchange, the insurance

market in each state will be available to the American public. Health insurance exchanges have created a competitive market for qualified corporate health plans small and individuals. In response to the mandate that all individuals have access to a minimum level of basic health care coverage, health insurance exchanges aim to provide all American citizens with access to affordable health care coverage through price transparency and increased competition States differed in implementing the basic requirements of the Affordable Care Act, but they were likely to take other new actions to implement market reforms, including prohibiting pre-existing conditional exclusions, access to coverage for youth, and coverage of minimum essential health benefits, although states may not have taken action. To implement the reforms, regulators in the majority states will use their influence and authority to cooperate with federal regulators to encourage compliance with the new protections, and will also do so with the five states that have refused to implement these reforms to ensure that consumers receive benefits under the Affordable Care Act. States with state-based markets were more supportive of taking action regarding market reforms and expanding their Medicaid programs, in addition to the activity of states that have federally facilitated markets, and among these states that have federally facilitated markets, most of them have taken legislative measures regarding market reforms, and other states are expanding their Medicaid programs. All of this difference indicates that the states enjoy flexibility. In implementing the Affordable Care Act and they are benefiting from it (Sommer).

2_2_3_ Jumpstart Our Business Startups (JOBS Act) :

The Jumpstart Our Startups (Jobs) Act is a law signed by President Obama on April 5, 2012. It is a law that restores jobs to employers, entrepreneurs, and small businesses, and encourages financing and raising capital for startups and small businesses. Stimulating them, and creating more job opportunities (Jumpstart Our Business…).

According to Obama :"America's high-growth entrepreneurs and small businesses play a vital role in creating jobs and growing the economy." President Obama explained here the important role that owners of small businesses and high-growth projects play in creating job opportunities and economic growth in America. He also explained that these companies are the source and driving factor for providing job opportunities and innovation, and by supporting and developing the growth of these companies and By bringing in new ideas, the economy can flourish and advance further (President Obama to Sign…).

The jobs Act is the result of bipartisan solidarity, as the President and Congress work together to develop American innovation and entrepreneurship, provide assistance to developing companies to obtain financing, and protect investors in several ways, including:

Allowing small companies to harness crowd funding, the Internet has already been considered a means of collecting donations from thousands of donors, and taking into account the setting of rules by the US Securities and Exchange Commission (SEC). It will allow small companies and startups to raise approximately one million dollars annually from small-dollar investors, through online platforms, which leads to democratization of access to capital. In view of the action taken by the Senate based on the amendment that came from both parties, the bill included basic measures that the President called for investors, including crowdfunding, which will be done through self-organized platforms and regulated by stock exchanges and the Securities Commission as well. Investments will be in crowd funded securities limited due to net worth and intervention testing (President Obama to Sign…).

Expansion of mini-public offerings: Before the Jobs Act, the current exemption in Regulation A from the total stock exchange requirements was for those companies and the Securities Commission that worked to raise less than $5 million in an IPO, and the Jobs Act will seek to upgrade and raise this amount to $50 million. This facilitates the process for small startup companies to raise capital in a way that protects investors (President Obama to Sign…).

Creating an Initial Public Offering: The JOBS Act helps large, experienced, high-growth companies go public by offering their shares for public offering, by adopting new growing companies so that they will have sufficient time to reach compliance with their disclosure and public audit requirements. The Jobs Act extends this period to a maximum of 5 years if the company achieves $1 billion in total revenues during the decline period (President Obama to Sign..).

2_3_Taxation policies:

Obama's tax policy increased taxes on the wealthiest while relieving the middle class and encouraging investments in clean energy and education in an effort to advance economic fairness. These legislations were a part of a big economic plan that the president was pursuing to reduce income inequality and encourage economic growth.

2_3_1_ The American Recovery and Reinvestment Act :

The US was going through an economic and financial crisis. Thus, on 17 February 2009 ,the president Obama signed into law the American Recovery and Reinvestment Act, also called "The Recovery Act " and " ARRA " . This Act was designed to control the recession before it led to a second recession. And that is through providing a financial support to face the cyclical fluctuations of the economy. Additionally, it seeks to set a stage for more robust and resilient future economy. The House Democrat's fiscal stimules policy is a combination of tax relief and rises in federal spending (Zandi 6).

According to the report titled " The Impact of the American Recovery and Reinvestment Act on New York City" the ARRA main objectives are divided into four areas Recovery, Relief, Reinvestment, and Responsibility. Recovery included providing millions of jobs nationwide. Relief included supporting those who were affected most by the economic downturn. In addition, to minimize cuts to key services, keep state and local budgets stable, and

refrain from raising taxes . Reinvestment providing for education, environmental protection, transportation and infrastructure, science and health technology. Responsibility includes offering total transparency and submits report every three months (4).

Furthermore , the report declared that the government provided $787 billion to fund the Recovery Act. The funding divided into three categories: $288 billion for Recovery (Tax cuts) , $224 billion for Relief (fiscal relief), $275 billion for Reinvestment (investments for long-term improvement) (5).

The Act Budget :

The budget of the Recovery Act in accordance with Boone et al. Handled by the usual process and that was through both the House and the Senate appropriations and fiscal committees . The 12 House and Senate appropriations subcommittees were decision makers regarding the contract , grants , and loans (383).

Due to the disagreement about expenditures specifically designated for certain districts between the Obama administration and the Republican Party , there were no earmarks in the measures . And before the bill passed , in both the House and the Senate , the 12 appropriations subcommittees independently generate recommended budgets . Then , the recommended budgets follow a reconciliation in the House and Senate , eventually the reached compromise incorporated into the legislation (383).

Furthermore , the Republicans in House of Representatives had a few impact over the budget because the Republicans would not vote and even the support of the bill would not be required . However, the bill was supported by democrats senators in the Senate and even by two independent democrats, Joe Lieberman and Bernie Sanders . Additionally , Ben Nelson, a democratic senator , expressed openly his doubts about the bill . From Maine , Susan Collins and Olympia Snowe, and Arlen Specter from Pennsylvania were senators that support the bill

in the side of the democrats and independents . Consequently , Republicans therefore had a greater influence in the Senate compared to the House , although democratic legislative staff nonetheless drafted the majority of the bill (Boone et al. 383).

They claimed that the appropriations committees were forced to distribute money using pre-existing government formulas . Since , the bill was developed under strict time limitations conditions within the goal to abolish pork . Additionally, the quality was mandatory in some projects allocating projects money . Therefore, funding formulas or competitive grants were used to distribute nearly all of the CGL funds . Uncertainty surrounded the maintenance of the pledge to use previous funding formulae. Thus , it is suggested In addition to supporting this commitment, legislative standards or voter norms can simultaneously encourage efforts to reduce inefficient bargaining or corruption and, over time, promote increased collaboration between legislators (384).

Besides , Boone , Dube ,and Caplan affirmed that Federal agencies were the responsible for disbursing ARRA formula funding to state governors . On the other hand , a list of conditions must be achieved . For instance, where , how and when the money should be spent . As for highway money , should be used only for their construction or repair, and 50% of the funding had to be used within 6 months and the last 50% within a year . The Federal Department of Transportation redistribute any funds were not spent . And rural and urban regions took advantage of the funds according to other terms of the bill . Once the executive branch agencies received the competitive grant funds , applicants were assigned to the according to the bill's specific criteria for merit . Different departments employed different criteria , which were developed by staff members and legislators according to the type of award (384).

The distribution of spending remained subject to significant political influence, even with the widespread implementation of financing formulae and competitive grants . Proposals for high-speed rail , alternative energy, and local public transportation were among the projects

that the Obama administration actively advocated for . Congressman may also affect the amount of financing their districts received by changing funding formulas or program requirements, or by allocating more funds to initiatives that benefited their states or districts, even if it was forbidden to advocate for projects unique to their districts (Boone et al.384).

Tax provisions :

According to the " Recovery Act Third Quarterly Report – Tax Relief and Income Support Provisions " The Recovery Act affect several fields especially citizens incomes . Tax cuts has a significant role in improving citizens lives particularly those most affected by the recession. For instance, The ARRA supported family incomes through its components.

• Wage workers can receive a refundable tax credit of up to $400 (on $800 for joint filers) through the Making Work Pay (MWP) program for the 2009 and 2010 taxable years ("Recovery Act Third …").

• Twenty-six millions family were able to avoid the high imposition of taxes of the Alternative Minimum Tax , due to the modifications of both AMT extension for 2009 and the increase of the income threshold for exemption ("Recovery Act Third … ").

• More than 50 millions individuals benefited from the Economic Recovery Payment (ERP) which states that Retirement Program participants , disabled people , and Supplemental Security Income (SSI) beneficiaries are eligible for a one time automatic $250 payment . Moreover, the ones were not qualified for Social Security benefits , Federal and State retirees, might claim the $250 Government Retiree Credit (GRC), which was refundable on their 2009 taxes ("Recovery Act Third …").

• Within the scope of Temporary Assistance for Needy Families (TANF) program the ARRA supported states with huge raise in costs by generating an Emergency Contingency Fund ("Recovery Act Third …").

2_3_2_The Small Business Jobs Act :

Small business Jobs Act also known as Public Law 111_240 , signed by the President Barack Obama on 27 September 2010 . It aimed to assist small businesses in an effort to revitalize the economy through including several modifications to federal procurement regulations besides granting permission for federal financial investments and tax breaks to small business to enhance credit accessibility (“The Small Business …”).

In accordance with “Small Business Jobs Act Implementation,” this act aimed to achieve various goals, which can be outlined in four sections . Initially, The Small Business Jobs Act has enhanced Small Business Administration Loan programs by raising loan sizes and allowing occupied businesses to refinance commercial real estate mortgages using SBA loans. The law also includes a Dealer Floor Plan financing pilot. The SBA is also working to improve lending oversight, simplify loan programs, and serve lending partners and borrowers. Small business owners and lenders are encouraged to attend and learn about new tools (“Small Business Jobs …”).

Subsequently ,small businesses receive about 25 percent of the hundreds of billions of federal contracts awarded by the US government annually. The Small Business Jobs Act was expanded with nineteen additional sections to provide small businesses a stronger competitive advantage when obtaining government contracts and subcontracts. To guarantee more resources, opportunities, and justice for matching small businesses with government organizations that provide superior goods and services, the Small Business Administration (SBA) is implementing these regulations as of right now. The SBA asks relevant parties for feedback on how new clauses, which sometimes include those about its size procedure, mentor-protégé programs, and subcontracting, should be applied (“Small Business Jobs …”).

In addition, the SBA maintains a minimum of one District Office per state, in addition to over 14,000 affiliated advisers from SCORE chapters, Women's Business Centers, and Small Business Development Centers. These organizations are gaining different advantages from the support offered by the Small Business Jobs Act. For instance, an extra $50 million has been set aside to support the country's network of almost 900 Small Business Development Centers. To provide counselors with the tools and information they need to help small businesses start or grow their exporting endeavors, the SBA is also working with a wide range of counselors. All small business owners who would like to learn more about the tools, contacts, and experience that counselors affiliated with the SBA may offer are encouraged to attend ("Small Business Jobs …").

Finally, exporting resources is one of the strategies used by the Small Business Jobs Act to increase sales and profitability for small businesses. The Act establishes a new State Trade and Export Promotion (STEP) grants pilot program, raises the maximum sizes of three export loan programs, and permanently extends the SBA Export Express pilot loan program. Through the National Export Initiative, these programs seek to double exports within the next five years. Small business owners interested in exporting are urged to attend these events ("Small Business Jobs …").

Based on the "Statement on Final Passage of the Small Business Jobs Bill" from the Obama White House archives, President Obama emphasized the significance of the legislation, stating, "'The Small Business Jobs bill provide loans and cut taxes for millions of small business owners without adding a dime to our nation's deficit'" (Statement on Final Passage).

The declaration of the bill was a start for the tax cuts and loans . Small business owners were able to encompass more workers according to the legislation . Considering that in country most newly jobs created by small businesses . The bill included eight tax incentives are listed as follows :

1_ Small businesses are those that make less than $50 million in revenue each year. Therefore, they are the ones concerned with tax benefits. When selling the investment for a profit after investing in a small business, the profit will be tax-free (Small Business Jobs Act 2010 Tax Provisions).

2_ Under Section 179 , the expensing of capital investments became $500.000 for both years 2010 and 2011 , not as the previous years the expensing was $250.000 for 2010 and 25.000 for 2011 . Moreover , any qualified real property is included in the broader scope of section 179 property for the tax years 2010 and 2011 . However, of the $500.000 , no more than 250.000 can be associated with eligible property (Small Business Jobs Act 2010 Tax Provisions).

3_ The bonus depreciation permits the additional first-year depreciation to be claimed on qualifying property that is placed into operation through 2010 . In addition , Bonus depreciation provision of the Recovery Act would have ended on 31 December 2009 if not for the delay stipulated in the Small Business Jobs Act (Small Business Jobs Act 2010 Tax Provisions).

4_ Listed property is typically purchased for both personal and business purposes including cell phones and other similar telecommunications. Thus, the Small Business Jobs Act eliminates them from listed property regulations and lowering the standards for their deductible. The amount of depreciation and section 179 that can be claimed on the property can be limited by the level of personal usage (Small Business Jobs Act 2010 Tax Provisions).

5_ Increased from one year to five years is the carryback period for general business credits previously permitted under IRC Sec. 39(a). This enables certain small businesses, known as Eligible small businesses (ESB), to offset up to five years' worth of taxes in addition to the Alternative Minimum Tax. The leftover tax credits may be carried forward for 20 years

if there was not enough taxable income in those years to balance and absorb these credits in order to produce tax refunds (Small Business Jobs Act 2010 Tax Provisions).

“ For purposes of the carryback, general business credits are all of the thirty-five business credits listed in Section 38(b) of the Internal Revenue Code, including: General Business Credit; Investment Credit; Work Opportunity Credit; Credit for Increasing Research Activities; Low-Income Housing Credit; Disabled Access Credit; Empowerment Zone Employment Credit; Indian Employment Credit; New Markets Credit; Credit for Small Employer Pension Plan Startup Costs; Credit for Employer-Provided Childcare Facilities and Services; etc. “(Small Business Jobs Act 2010 Tax Provisions).

6_ for 2010 year, if certain tax transactions are not declared, the legislation will replace a portion of the transaction’s tax benefits with a fixed-dollar fee. For tax reporting errors linked to a fixed amount, small firms have occasionally been subject to unreasonably hefty penalties. In the event that a transaction is deemed reportable, the penalty is equivalent to 75% of the tax reduction indicated on the return resulting from the transaction (or the anticipated outcome if the transaction were acknowledged for federal taxations) (Small Business Jobs Act 2010 Tax Provisions).

7_ All self-employed business owners, members of limited liability firms, and workers of S-Corporations that make up 2% of the shareholders may deduct their family’s health insurance premiums from their self-employment taxes for the year 2010 only.It is estimated that this provision will save two million entrepreneurs over $1.9 billion in taxes by allowing them to deduct their health insurance premiums on their business tax returns and schedules of pass-through entities instead of having to adjust their gross income on Form 1040. This is because the health insurance premiums will not be subject to self-employment taxes as calculated on Schedule SE (Small Business Jobs Act 2010 Tax Provisions).

8_ The costs which new business owners start-up their business with , for instance , costs of advertising, travel , market research are able to be deducted by entrepreneurs from their taxes ($ 10.000 for 2010 instead of $ 5.000 as previous years)(Small Business Jobs Act 2010 Tax Provisions).

2_3_3_ The Tax Relief , Unemployment Insurance Reauthorization , and Job Creation Act of 2010 :

The President Barack Obama signed the Tax Relief , Unemployment Insurance Reauthorization , and Job Creation Act of 2010 known as H.R.4853 , also as Public Law 111-312 later . The legislation by a vote of 277_148 was passed by the House of Representatives on 16 December 2010 , and on 15 December 2010 the bill was passed by the Senate by a vote of 81-19 (President Signs H.R …).

Tax provisions :

• With a credit of $3.5 million and a maximum rate of 45%, the federal estate tax was eliminated in 2001 and in effect for a year following December 31, 2010. A $1 million credit limit and a 55% maximum rate were applied when it was reinstated in 2011. With a maximum estate tax rate of 35%, the Tax Relief Act authorized a $5 million credit for 2011 and 2012. The surviving spouse is able to use the left credit of the one who died after 2010 under 2010 Act . And the amount could reach up $10 million if the spouse did not use any of the credit (Harl 1).

• The tax Relief Act make an election about the 2010 income tax basis determination for deaths . Executors of 2010 deceased individuals may choose to use the 2011 estate tax rate and credit amount with a fresh basis at death, or they may use the 2010 estate tax regulations with amended carryover basis provisions (Harl 1).

• From the start of 2011 both federal estate and gift tax were combined under this act . Moreover, For estate and gift tax purposes, gifts in excess of the annual exclusion, charitable deductions, transfers for medical and educational costs, and loans of artwork are deducted from

the $5 million applicable credit amount.As a result, the $1 million applicable exclusion amount for federal gift tax is no longer available (Harl 1).

• According to Tax Relief Act, the 6.2 percent OASDI component of the Social Security tax is reduced to 4.2 percent for employee-paid salaries up to $106,800 earned in the 2011 calendar year . When it comes to their self-employment income up to $106,800, self-employed people have a lower rate of 10.4% (Harl 2).

• In 2010 and 2011, the Tax Relief Act raises the AMT exemption amount to $47,450 for individual taxpayers, $72,450 for married taxpayers filing jointly with surviving spouses, and $36,225 for married couples filing separately (Harl 2).

• With a maximum rate of 15 percent and a zero percent rate for taxpayers in the 10 and 15percent tax brackets, the Tax Relief Act keeps the present tax rates from 2010 in place for an additional two years. Furthermore, for stocks acquired after December 31, 2010, it continues until the end of 2011 the 100% exclusion of gain on qualified small business stock held for more than five years (Harl 2).

• Through 2011 , The tax-free distributionn was expanded by Tax Relief Act to include up to $100.000 from individual retirement accounts to individuals 70 ½ age or older .Following December 31, 2010, but prior to February 1, 2011, a taxpayer may choose to designate some distributions as 2010 distributions (Harl 2).

• Both the rule for eligible farmers and ranchers and the deduction for « qualified conservation contributions » are extended by the Act for a total of two further years, through 2011 (Harl 2).

• Until the end of 2011, « qualified environmental remediation expenditures » could be treated as immediately deductible thanks to the Tax Relief Act (Harl 2).

• Although the Act does not prolong authorization for the two separate groups that were introduced in 2009 ,young people without jobs (ages 16 to 24) and unemployed veterans

‹ it does prolong eligibility for the Work Opportunity Tax Credit for those who begin employment with the employer after December 17, 2010, the date the Act becomes operative (Harl 2).

• Through 2011, there would be credits for the use of renewable diesel and biodiesel as fuel. A method was also established to facilitate paiements for 2010 and to extend through 2011 the excise tax credits and outlay payments for biodiesel and renewable diesel fuel blends (Harl 2).

Conclusion :

Due to the necessary existence of an immediate intervention, Capitalism and taxation are from the main concepts that the President Barack Obama sought to use for strengthning the US economy after the great downturn.

Barack Obama's taxation and capitalism policies were crucial in stabilizing the U.S. economy and laying a foundation for sustained growth.President Obama's Administration employed a multipronged strategy that combined government involvement with capitalism policies to address The economic crisis. The goal of the Dodd-Frank Wall Street Reform and Consumer Protection Act was to safeguard Customers while improving the banking industry's fairness and openness. The goal of the Affordable Care Act was to fulfill A critical societal need while adhering to capitalism ideals by making healthcare more accessible and inexpensive. Initiatives like the Jumpstart Our Business Startups Act also helped small enterprises by drawing investors and enabling finance. Conversely, government action was essential in fostering economic expansion and lowering inequality. In order to boost Activity, policies like the American Recovery and Reinvestment Act introduced tax breaks and invested money into the Economy.

Chapter Three : Effects of Capitalist and Taxation policies on Us Economic Stability:

Introduction :

Capitalism as an economic system has played a crucial role in economic growth and was encouraged by Obama's policies of seeking business growth and allowing companies to flourish and compete in the global market. During the presidency of Barack Obama in US, there were several discussions about the impact of capitalist policies and taxation policies on the growth of the economy, whether they stimulate growth, provide job opportunities, reduce inequality, and provide public services, among the capitalist policies The Affordable Care Act (ACA), Dodd-frank Wall Street Reforme and Consumer Protection Act and Jumpstart Our Business Sturtups. There are several basic factors, including GDP growth, unemployment rates , stock market performance and income inequality, which in turn help assess the stability of the economy within the United States. The recession during 2008 led to the implementation of some economic stimulus plans, such as the Recovery Act , the Small Business Jobs Act , and the Tax Exemption Law in order to create more job opportunities, stabilize the economy, and provide support to low-income families. All of these measures contributed to the growth of the economy. However, there are challenges faced in implementing capital and tax policies during President Obama's term, including political opposition and political pressures . Republicans opposed Obama's policies and considered them socialist, which hindered cooperation between the parties and caused him to obstruct the passage of major legislation. Opinions differed about it, as some considered it beneficial and others considered it a reason for the loss of freedom. Of course the economic coordination being an important matter in addressing economic problems and balancing roles in the global economy despite these difficulties, economic coordination remains necessary. Obama's tax and capital policies impacted the economy positively and focused on supporting companies and removing obstacles to achieving economic and social goals during his presidency of the United States.

3_1_Economic Stability and Recovery :

Economic stability refers to a set of government efforts aimed at achieving recovery and stability in the country's economy. Its main purpose is to stabilize the economy so that it can develop and grow regularly without fluctuations that cause disturbance, which are a combination of periods of economic decline in the market and periods of growth. A stable economy consists of an increase in gross domestic product, a rise in employment rates, and sufficient levels of individual income (Ackermann and Grimsley).

There are factors contribute to Economic Stability and Recovery in Us among of them:

President Obama believes that technology is an important and essential element in driving economic growth and creating job opportunities. He also seeks for America to enjoy a prosperous Internet economy, as the Internet has become a global platform for trade, individual expression, and communications. Through Internet applications and technology, the government has become more effective and transparent. In June 2011, Obama launched the Advanced Manufacturing Partnership (AMP), a national effort that brings together the federal government, industry, and universities to invest in emerging new technologies that will, in turn, boost global respiratory capacity and high-quality manufacturing jobs. He also announced an investment of $70 million in robotics research and development and $300 million at the government level in local manufacturing capabilities (Technology|Whitehouse).

International relations have great importance in promoting economic development and stability throughout the world, as they are inevitably linked to global economic development, that is, trade and economic cooperation. There are also trade agreements such as the North American Free Trade Agreement (NAFTA), which works to reduce trade barriers and stimulate economic growth (Mamchii).

President Barack Obama emphasized the importance of fostering innovation and supporting businesses in a speech on September 16, 2011:*We have to do everything we can to encourage the entrepreneurial spirit,*

> *wherever we find it. We should be helping American companies compete and sell their products all over the world. We should be making it easier and faster to turn new ideas into new jobs and new businesses. And we should knock down any barriers that stand in the way. Because if we're going to create jobs now and in the future, we're going to have to out-build and out-educate and out-innovate every other country on Earth.(National Archives).*

President Obama stresses the great importance of developing the spirit of entrepreneurship and supporting American companies within global markets. He believes that by providing an appropriate environment that encourages innovation and business growth, more job opportunities and economic opportunities can be created. He also emphasizes the necessity of removing all barriers that hinder progress and hinder the transformation of new ideas into For a successful business, the United States must outperform other countries in all areas such as education, innovation, and infrastructure. By doing this, a prosperous economy can be built for all.

3_1_1_Analysis of Economic Stability Indicators during Barack Obama 's Presidency :

During Barack Obama's presidency, which began in January 2009, the United States faced some difficult economic challenges resulting from the 2008 financial crisis, but despite this, the United States is still experiencing a period of recovery through t he improvement of

some key indicators, including its stability in growth GDP and lower unemployment rate also the performance of the stock market and income inequality showed positive economic stability.

Of course the American Bureau of Economic Analysis (BEA) maintains statistics about the performance of the economy within the country and the states and recently issued figures for the year 2017 for the GDP, which is considered the most common measure of the economic output of a region which measures the value of goods and services produced in a region, subtracting from it the value of the cost of goods and services used in the production process. For example, from 2016 to 2017,the country's gross domestic product increased by 2.1%.It was good compared to the growth rate in 2016, which reached 1.5%. Among the states that witnessed this improvement is Utah, which is the fifth fastest growing state in 2017 with 3.1% to 165.5 million dollars, since the beginning of the recovery its economic performance has been more consistent compared to other states (Dawnen).

When Obama took office in the midst of the Great Recession from which the United States returned, the unemployment rate reached 7.8%. Despite this rate, the average unemployment during Obama's presidency was relatively high, reaching 7.4%.

The chart also shows that unemployment rates within the United States have maintained during the era of every Democratic president except Jimmy Carter and increased during the era of every regional president except Ronald Reagan. The decline in the unemployment rate (See Appendix B) (Swanson and Ingraham).

During Obama's presidency is partly due to the cessation of some workers from looking for work. Under Eisenhower, it starts at 6.7% and decreases all the way until it reaches 3.5%. There is also a significant decrease during the period of JFK and LBJ from 6.5% to 3.5%.Clinton continues to trend downward ranging from 7.5% to 4.3% . There is a slight increase in the unemployment rate during the Obama administration, although it is still

relatively low compared to historical years , It started at about 8% and then gradually decreased to about 5%, this indicates that there was a decline during his rule (Swanson and Ingraham).

The United States witnessed a rise in American stocks by 12% annually, which indicates that it was the second largest rising market in the world during the two periods during the Obama era, that is the second best performance during the era of a Democratic president after the annual gains that amounted to 14.9% during the era of Bill Clinton during the 1990s. Many market observers pointed out that Obama received help from the Federal Reserve, which raised interest rates twice, which prompted investors who had gained nothing from putting their money in cash to put their money in stocks to create a new return that could be achieved, and this is what gave boost markets and make US stocks strong again. US stocks more than tripled investors' money, generating new returns that also included reinvested dividends of 235% (J.Lim).

Inequality was the biggest challenge during the Obama era. It includes disparities in health, wealth, educational investment, and many other areas. Therefore, Obama took several important steps to reconsider this issue and make the economy in the interest of all Americans. Among these steps or policies is the Recovery Act, financial measures, and support. Industries and other policy measures that brought the unemployment rate Six percentage points below where it was between 2010 and 2012. In the absence of a policy response, these policies offset the equivalent of half the increase in wage inequality that would likely have occurred because many of workers would have lost their jobs due to lower wages (The Economic Record).

3_2_The role of Capitalism and Taxation in Economic Recovery Post-Great Recession :

The United States is considered a capitalist economy, like most countries in the modern world. Capitalism supports economic growth and innovation, as consumers and owners of factors of production are the ones who benefit the most from others in the financial economy,

as owners benefit from increased profits, while consumers benefit from the prodction of High-quality goods sold at reasonable prices because motivation of competition within the market (Sheehan and Hurst).

3_2_1_ The impact of Obama's policies :

Obama, as president, implemented many capitalist and tax policies that had an impact on the United States and its economy. Some saw that they were beneficial, especially in providing employment, achieving social equality among individuals, and everyone's access to health coverage, while others saw that they were the reason for the loss of freedoms.

3_2_2_ Capitalist policies :

Dodd-frank Wall Street Reforme and Consumer Protection Act, this law strengthened regulation in the wake of the financial crisis, and its provisions were divided and classified into groups: clear gains, clear losses, costly trade-offs, and unfinished business. The costly trade-offs are the Volcker rule, which includes unfinished business regulatory unification, the clear gains are prudential standards, including the establishment of the Consumer Financial Protection Bureau and capital and increased transparency and well-being on financial derivatives. As for the obvious losses, they are the restrictions imposed on the emergency lending authority of the Federal Reserve and also force the Federal Deposit Insurance Corporation to obtain permission from Congress before providing temporary liquidity guarantees. This law succeeded in promoting financial stability as money increased and strengthened oversight of financial institutions and also established new procedures for liquidating institutions when they fail. Through all these and other reforms to this law, the financial sector has become safer today than it was before the crisis (Baily).

One of the effects of the Jumpstart Our Business Sturtups Act is that it removed several provisions imposed on marketing and advertising. This law allowed startups seeking to

raise money from investors, which include individuals whose income exceeds $200,000 annually, to introduce the public to the idea of raising money, and then the process will become more transparent and clear. Through presentations, official spokesmen will be able to market and explain more of the information details about their company and what they need (Advani).

After the first year of implementation of the Affordable Care Act, the Doctrine of the Public Policy Committee of the Society for Digestive Surgery held a conference on evaluating the impact of the Affordable Care Act with a panel of policy experts who focused on the negative and positive outcomes associated with the impact of the Affordable Care Act. The main goal of this law is to reduce the costs of care and improving its quality, as a huge number of uninsured Americans received health coverage after the implementation of this law, which made it accessible to everyone, the effects of this law were divided into three groups: expanding coverage, reforming the insurance industry, and reducing the costs of care (Ramage).

3_2_3_ Taxation policies :

- Economic impact of the Recovery Act :

A chief economist Mark Zandi stated that early in 2009 , the House Democrats announced a fiscal stimulus proposal that would have a major positive impact on the economy , but it would not stop the slump from becoming the worst since the Great Depression. Without additional fiscal assistance beyond the current automatic stabilizer, real GDP would decline for eight straight quarters, falling by 4.2% in 2009 and an additional 2.2% in 2010, according to models from Moody's Economy.com . Compared to the greatest recessions since the Great Depression, those that occurred in the early 1980s would be less severe. The unemployment rate would rise to far over 11% by early 2011 as a result of the loss of over 8 million jobs between the peak employment at the beginning of 2008 and the bottom employment by late 2010. Still, the House stimulus package would guarantee that real GDP reaches its pre-crisis

level by the end of 2010 even though it would not stop the significant 2.3% real GDP loss in 2009. Early in 2010, the unemployment rate peaks at about 9%, and the fiscal stimulus caps the peak-to-trough fall in jobs at almost 5 million. As a result of the stimulus, by early 2013, the unemployment rate returns to about 5% of the national average (11-12).

He asserted that the federal government will borrow more money to finance the stimulus, but this will not result in noticeably higher long-term interest rates. It is anticipated that the overall amount of assets issued under the stimulus would approach $2 trillion in the 2009 and 2010 fiscal years, given the demands currently placed on the Treasury. But during this period, the issue of private bonds will remain extremely low. The issue of corporate, developing market, private label, and asset-backed debt is presently at a standstill but will eventually gain some strength . The 10-year Treasury yield is currently around 2.5 percent, but even with the Treasury's issuance, overall credit market needs will remain low, maintaining the yield below 4% through 2010 . As credit spreads narrow as a result of a better economy and fewer credit concerns, other long-term rates, such as corporate bond and mortgage rates ,will rise even less (13).

- Impact of Small Business Jobs Act :

As a reaction to the 2008 recession the president Obama enacted the Small Business Jobs Act of 2010 to support the struggling business community and reinforcing the improvement of a fragile economy according to Max Catalanotto (16).

He indicated that one year after the SBJA was passed in October 2010, the unemployment rate was 8.8%, compared to 9.4% in the same month the previous year . The SBJA would help raise the GDP growth rates in 2010 to 2.6% from -2.5% in 2009, even though the GDP growth rates fell to 1.6% in 2011 and stayed below the 2010 level until 2015 (17).

The SBJA had a little influence on the economy. Moreover, Small Businesses owners were able to benefit from SBJA tax cuts . However, the benefits were limited because the economy was unstable . Business owners were in frustration , hesitating about starting a business in weak economic situation . The fact that most tax cuts were applicable just for 2010 year made business owners more frustrated because this temporal restriction limits the tax reduction's efficacy because many of the policies meant to promote growth and make it easier for new businesses to establish themselves were only temporary in nature . Such as the exemption of 5 years from capital gains taxes , if the investment of 5 years begin in 2011 it would not benefit from this provision unless it started in 2010 (Catalanotto 18).

- Impact of the Tax Relief , Unemployment Insurance Reauthorization and Job Creation Act of 2010 :

Due to their propensity to spend more money, lower-income households are better targets for policies aimed at promoting economic growth according to Congressional Budget Office and, consequently, job creation and general economic expansion ("The Tax Relief …").

To foster economic growth and ensure family security, the president decided to extend benefits and tax breaks for low-income families. Three policies the Child Tax Credit, the Earned Income Tax Credit, and Unemployment Insurance are maintained under this agreement, the Recovery Act ("The Tax Relief …").

These regulations not only improve family health but also contribute to the growth of the economy by creating jobs and putting money in the hands of working families, who subsequently reinvest it in the economy through spending ("The Tax Relief …").

Low income workers especially working mothers can get financial support through the Earned Income Tax Credit (EITC) by enhancing their wages . The EITC seeks to relieve

poverty, reduce the penalty for marriage, and give greater benefits to couples with three or more children through modifications similar to those made under the Recovery Act (“ …”).

The Child Tax Credit for lower income families had been significantly impacted by the Administration and Congress in the Recovery Act, with the minimum amount being reduced from roughly $12,500 to $3,000 (“The Tax Relief …”).

Seven million people will be shielded from losing benefits by the end of the following year and 2 million job seekers will not lose benefits that month thanks to the agreement, which ensures an additional 13 months of unemployment insurance (“The Tax Relief …”).

3_3_ The challenges of implementing capitalist and taxation policies :

During president Obama’s two terms , he acted policies support capitalism and tax system . However , those policies faced multiple obstacles during and after the enactment from inside and outside the American nation such as political opposition , public Perception , and global economic pressures .

3_3_1_Political Opposition :

Republicans worked against Obama’s administration , they frequently laid responsability on Obama regardless of the situation or relevance . As McCamey and Murty stated “ The Republican and Tea Party conservatives have determined to blame Obama and his government for everything from foreign policy to the holiday Christmas card.” (83).

Besides O’Brien claimed that both presidents Bush and Obama faced almost the same challenges when working with Congress. While it was easy for Bush to accomplish things because he had the support of his party, which controlled Congress, it was difficult for Obama to work with a Congress controlled by Republicans . There were many disagreements over budget, healthcare, and immigration, which nearly caused financial deficits. For instance , In exchange for adopting critical spending measures, the Republican-controlled House frequently

called for the repeal of the Affordable Care Act, as well as occasionally for changes to immigration laws and the defunding of Planned Parenthood, the organization that provides abortions.

Obama's economic policies were completely opposed by Republicans , they viewed it as essentially socialist. Moreover, those economic policies considered as a continuation to President Bush's pre-existing policies .In order to create ARRA, President Obama sought to promote bipartisan cooperation and work with Republicans. Republicans, however, let him down by persistently refusing to participate, even though Democrats made an effort to reach a compromise by made a common ground . Notably, Republican Jerry Lewis, the chair of the House Appropriations Committee, claimed to not take part in the conversation over ARRA (Chui 36).

A smaller stimulus package and tax cuts were also demanded by a few Republicans who expressed interest in working with the Obama administration on the ARRA. Because of this position, the ARRA's ability to stimulate the economy was reduced. Some of these Republicans, like Senator Charles Grassley, eventually opposed the stimulus plan even after their demands were fulfilled . House Republicans demonstrated their commitment to presenting a unified face against the stimulus plan when they voted unanimously to reject its approval. In the Senate, President Obama's outreach initiatives were somewhat more successful. The majority of Senate Republicans voted against the stimulus, with just three of them choosing to vote in favor of it. However, because the senators' decisions went against their party's vote, the Republican Party did not appreciate them . In fact, one of the senators, Arlen Specter, did leave the Republican Party in reaction to severe criticism (Chiu 36).

Republicans in Congress have been determined to block Obama's policies even the implementation of Affordable Care Act , which has resulted in obstacles and repercussions for the program. Following the program's implementation, the Trump administration and

legislative Republicans have not stopped working to weaken and dismantle it. They have even taken legal action to contest the program's legitimacy in the highest court (Chiu 64).

3_3_2_Public perception :

In the first part of his presidency, President Obama's popularity ratings fell due to opposition from Republicans and then from independents, mostly because of major policy changes. Economic factors had a significant impact on this decline in popularity. The rate of recovery was slow even after stimulus measures were put in place to promote economic growth. As a result, the unemployment rate rose above the 8 percent mark that was previously anticipated and stayed above 9 percent until 2010. Research in political science has repeatedly demonstrated how important economic indicators are in determining the dynamics of presidential approval.

As referenced in Chiu , Tesler mentioned that many Democratic presidents have frequently focused on health care reform . However, President Obama encountered a very different reaction than usual when he attempted to pass health care reform. The public reaction were characterized by anger as illustrated in the town hall meetings and protests organized by Tea Party (Chiu 69).

The opposition of the Obamacare policy by Americans was due to their believe it would cost them their health care or their social welfare benefits. Furthermore , some individuals viewed it was unfair to cover other's health care expenses while they deligneltly earned it but others have obtained it easily . Even conservatives saw Obamacare and other policies as a threat to their personal liberties (Chiu 64).

When Tesler made his research he found that 2 % of citizens thought that the Obamacare policy was made to benefit whites over blacks in November 2009 , while a 56% of

citizens thought the opposite about the policy that blacks would benefit more than whites according to a 2010 Associated Press/Stanford pool (Chiu 69).

There were predictions that the high cost of Obamacare would lead to severe economic disruption, but those concerns turned out to be unwarranted. Obamacare quickly began to improve Americans' access to healthcare and insurance coverage after it was put into effect (Chiu 64-65).

3_3_3_ Global Economic pressures :

When a meeting was held at the New School for Social Research in New York in late November 2008, a group of progressive economists wrote a statement. Moreover , The meeting was sponsored by the Amherst Political Economic Research Institute (University of Massachusetts) and the New School's Schwartz Center for Economic Policy (SCEPA). The statement that was written contains many aspects discussing global economic coordination with the US.

The statement calls on the Obama administration to lead global reform measures and recognizes the necessity of international cooperation in financial regulations in a linked world. It highlights the need for a globally coordinated fiscal expansion to minimize economic downturns and promote global recovery in the near to medium term, and it impels President Obama to support this approach . It is determined that extensive adjustments are required to address numerous major structural macroeconomic concerns. Global macroeconomic cooperation and reform are identified as important emphasis issues in the document. It emphasizes how many interrelated variables are at play in the current 2008 crisis, including enduring global imbalances that have been a feature of the recent economic boom (Epstein).

Although the statement acknowledges that the US economy must maintain significant current account deficits in the near term in order to function as a buyer of last resort, it also highlights how unfavorable this role is in the long term for both the US and the world economy.

It demands that surplus countries like Germany, Japan, and China assume more accountability for boosting global demand . In addition, the statement promotes a change in macroeconomic policies supported by global institutions like the World Bank and IMF, moving away from export-led growth and strict requirements and toward giving developing nations more policy autonomy and resources to support domestic demand (Epstein).

3_4_Criticisms of Obama's approach to Capitalism and Taxation :

Recent developments suggest that conservative groups among the American population have strongly objected to President Obama's apparent shift towards more liberal policies. This unhappiness is reflected in the « tea party movement » that has emerged. It is unclear if Republicans will benefit politically from this stance in the 2010 midterm elections. But a significant turn to the Republican Party, particularly in the 2012 presidential contest, would probably be seen as a reversal of the left-leaning and interventionist tendencies that surfaced in late 2008 and early 2009 (Wegierski and Chomicki 8).

Traditionalist conservatives will not be overly relieved by a Republican win. Looking at long-term patterns in politics, society, and culture is one of the traits of traditionalist conservative thought already mentioned. Republicans' victories in the 2010 midterm elections and the 2012 presidential election will undoubtedly not be viewed as having much of an impact on the functioning of the American political system. However, economic downturns such as the current one also highlight emerging political forces and trends, some of which the infrastructure of conventional conservatism may apparently adapt to (Wegierski and Chomicki 8).

3_5_ Economic achievements of Obama's approach :

The U.S. economy showed notable progress during the Obama presidency, moving from a recession to an expansion with a gain of almost 2 percent in terms adjusted for inflation. Obama's second-term economic growth per person was far higher than that of Dwight D. Eisenhower, Richard Nixon, George W. Bush, George H.W. Bush, Gerald Ford, and George W.

Bush. Despite the fact of encountering significant challenges in the labor market , the increase in jobs throughout his presidency was the longest since 1939 and continued into the early months of President Trump's term. Strong labor market development is indicated by rising employment levels, with a considerable rise in the proportion of working persons between the ages of 25 and 54. By the end of 2016, workers' weekly compensation had reached its highest level since 1979 as a result of an increased trend in both weekly salaries and household incomes (Weller and Duke).

Furthermore, household debt levels decreased while Obama's presidency in relation to after-tax income, hitting a low position not seen since mid-2002. The Affordable Care Act reduced the number of Americans without health insurance to a record low by enabling almost 20 million people to obtain coverage. By the fiscal year 2016, the deficit has dropped noticeably under Obama's presidency, from 9.8% of GDP in 2009. The economic recovery was greatly aided by important financial stabilization programs like the Dodd-Frank Act, which revived bank lending and made employment and business expansion easier. Obama's economic record is notable for its durability and accomplishments in spite of obstacles including unclear domestic policy, slow global growth, and ill-timed austerity measures (Weller and Duke).

Conclusion :

The macroeconomic framework of the United States has been significantly impacted by legislation during President Obama's presidency. The nation faced several obstacles, including financial regulation, healthcare reform, and economic recovery. These issues were addressed by the Recovery Act, Small Business Jobs Act, the Affordable Care Act , Tax Relief Act of 2010, and Dodd Frank Wall Street Reform. However, they encountered opposition and difficulties from both inside and beyond the nation, just like any long-term agenda. Frequently, the focus of these criticisms was on concerns like the function of government in the economy, the efficacy of specific policies, and divergent ideologies concerning a proper proportion between regulation and the principles of free market. Despite these obstacles, the initiatives of the Obama administration had a long-lasting effect on the nation's economic and social growth

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Conclusion:

In conclusion, this dissertation dealt with the economic situation in the United States of America before the presidency of Barack Obama, as the United States of America faced some social and economic problems and health care issues. These problems could be related to the global recession and economic depression. The economic problems of the United States are the main issue of concern over recent years. The economy is an indication that the United States is in a gradual decline that has led to a decrease in jobs, and this in turn leads to high unemployment rates. It is also facing problems in key sectors such as health services and small companies.

Capitalism and taxes are two important economic systems in economic stability within the United States. Thanks to capitalism, companies and individuals are encouraged to invest by providing economic freedom and promoting innovation, while taxes may help facilitate basic public services and infrastructure and promote economic growth.

When Barack Obama assumed the presidency of the United States in 2009 the economy was deteriorating as a result of the financial crisis, which caused a lot of economic turmoil such as high unemployment rates and a decline in the housing market these challenges were creating difficulties for President Obama to stimulate the economy and create job opportunities for Americans. He also worked to overcome these difficulties by implementing various measures and policies, including capitalist and tax policies that helped revive the United States economy. Among the capitalist policies were the Affordable Care Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, and Jumpstart Our Business Sturtups This policies provided more job opportunities, eliminating unemployment problems, providing health coverage to millions of Americans who do not have it, and also providing financing to small startup companies to increase their capital. As for tax policies there are Tax Relief, Fiscal Stimulus plan and The American Recovery and Reinvestment Act, which has

helped create millions of jobs, strengthen Small Business Administration loan programs, and provide assistance to small businesses to refinance mortgages and commercial mortgages. The economy must have indicators through which it may be on the rise or not, including GDP Growth, Unemployment rates, Stocks market and performance and income inequality all of these indicators showed an stability on the US economy during Obama's presidency.

There are views that the United States did not enjoy complete improvement during Obama's presidency and the tax and capitalist policies he implemented, economists had different opinions regarding Obama's presidency some supported his efforts to promote economic growth and create new job opportunities and focused on the role of technology in enhancing economic growth and the importance of international relations in economic recovery. Others had concerns about the impact of regulations on business.

It is important that the capital and tax policies implemented by Obama had a significant impact on the United States and its economy. There was a decrease in debt levels, and the economic recovery was supported by financial stability programs such as the Dodd-Frank Act, which also contributed to expanding job opportunities and giving financing to small emerging companies in order to further inflate their capital and Increasing transparency, obtaining health coverage for the entire American population, providing support for emerging projects, and other positive benefits.

In light of these results, it is clear that Obama's tax and political policies succeeded in completely and positively changing the economy and making it revive again. Therefore, it is necessary to continue research and discussion regarding the effects of these policies on the American economy, and it is qualified that this thesis contribute to the ongoing research on the effects of Capitalist and tax policies stabilized the American economy during the presidency of Barack Obama.

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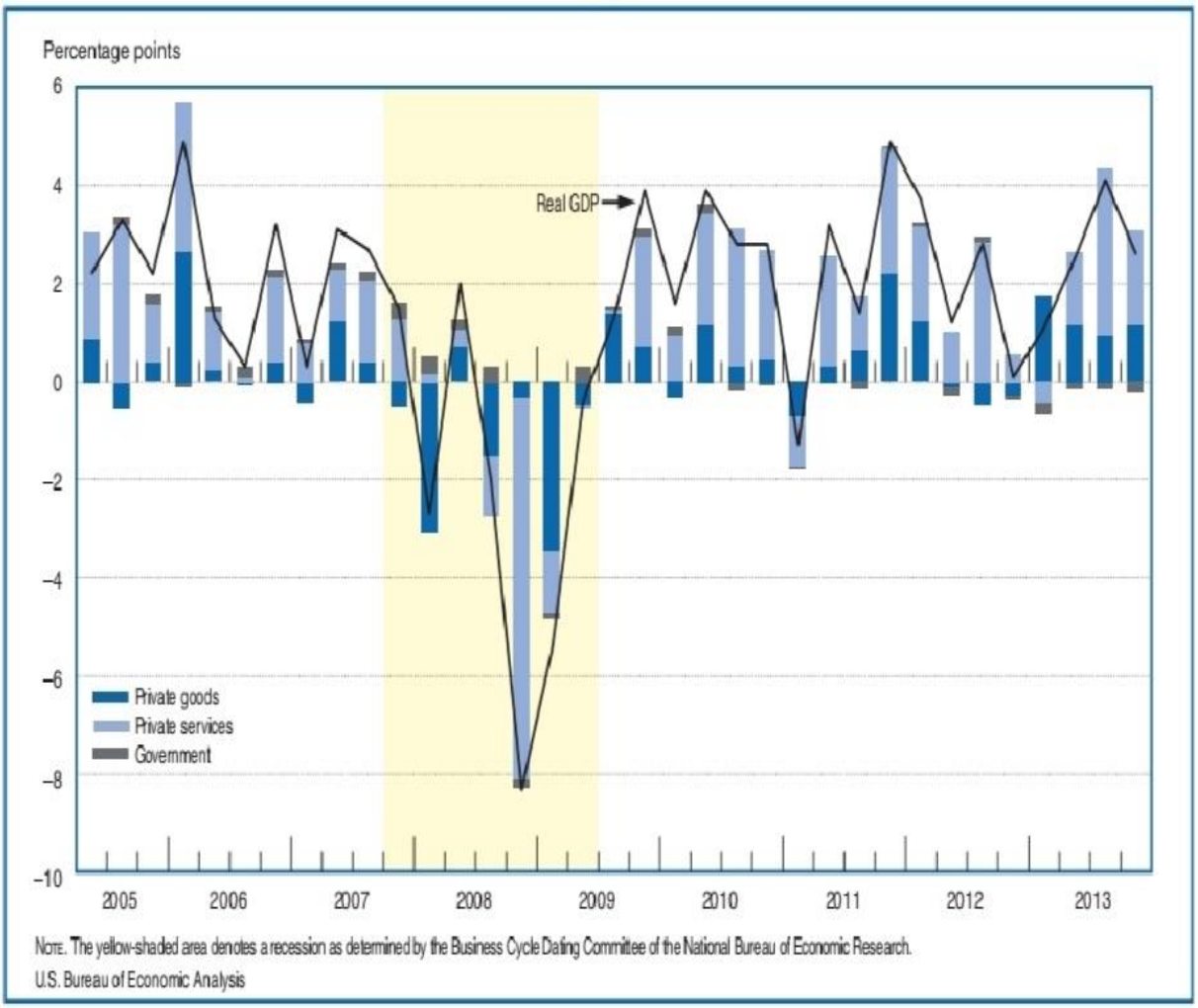
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Appendices

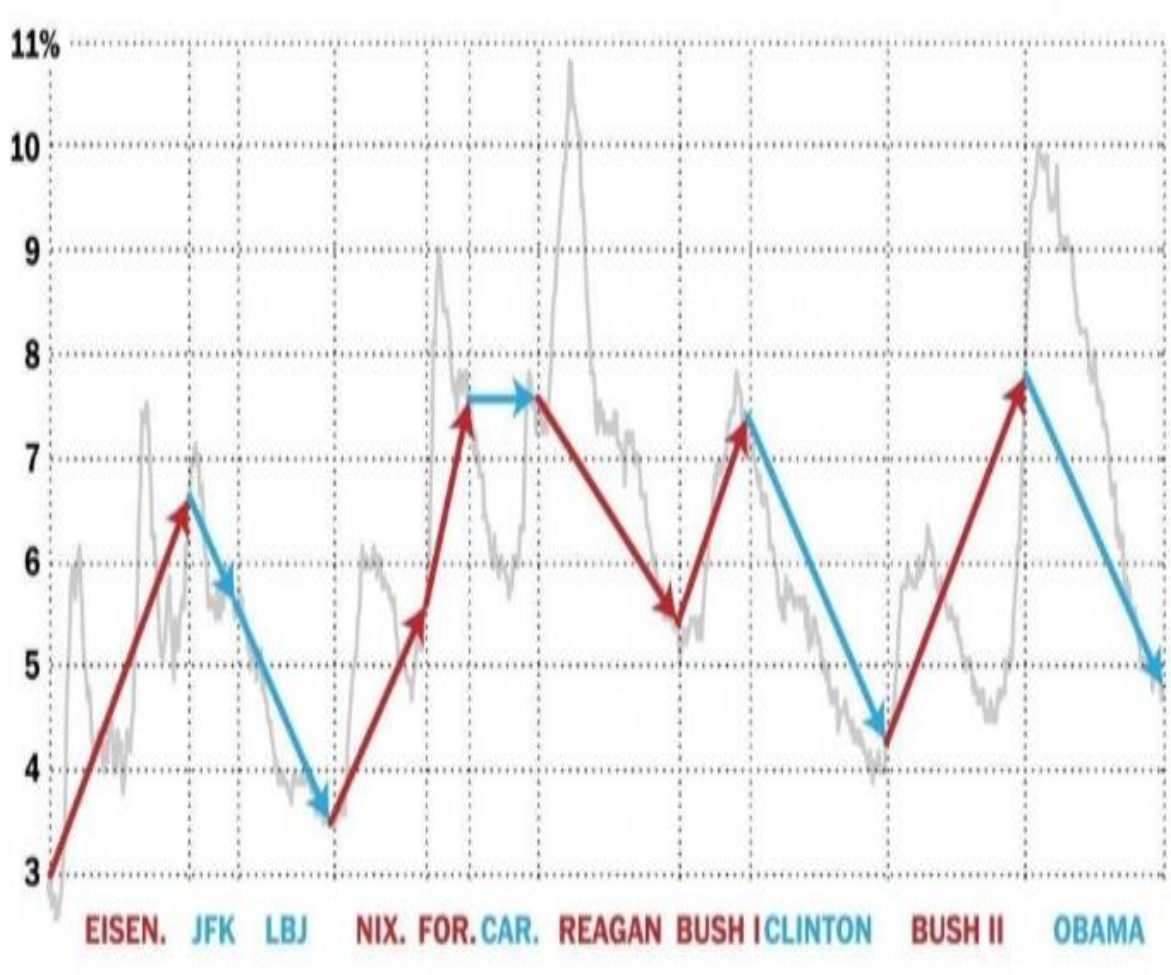
Appendix A . Real GDP and Contributions to Percent Change in Real GDP , 2005 -2013.



Source : New Quarterly Gross Domestic Product by Industry Statistics. From BEA BRIEFING, by Erich H. Strassner and David B. Wasshausen, prepared by Brian M. Lindberg, page 1.

Appendix B :Unemployment and the White House .

Seasonally adjusted Unemployment rate from start to end of each administration.



Source : This is how Obama's performance on Jobs compares to his predecessors , World Economic Forum, Ana Swanson Christopher Ingraham the Writer, Wonk Blog Jan11, 2017