What is The Economic Stimulus Package?

Laurie Sheridan

In February 2009, President Obama signed the “American Recovery and Reinvestment Act” (ARRA). Sometimes called the stimulus package, the ARRA is supposed to “jump start” the economy by creating thousands of jobs and putting money in the hands of workers and consumers. At least, that is the idea.

How Does It Work?

Several months into the “stimulus,” it is still not clear who is going to benefit, or how much. The recession still grinds on and lots more people are still losing their jobs. But the ARRA does pump a lot of money—$787 billion dollars—into the economy. Here are some of the ways the money might benefit you and your community:

1. Job creation, with an emphasis on “green jobs” (including weatherization, solar power, etc.).
2. Tax cuts, which are supposed to save you money and allow you to spend more. (Unfortunately, many of the tax cuts benefit those earning more than $500,000 per year.)
3. Help for families on welfare so that they can get serious intensive job training.
4. One-Stop Career Centers will get more support for helping laid-off workers find jobs.

When people have jobs, they spend more, which in turn creates more jobs. When people are unemployed, they spend less, which causes more businesses to close and more people to lose jobs. The ARRA is supposed to correct this by getting people working and spending.

Will It Work?

Will the ARRA make a difference? Sure. Some cities and towns are already doing construction projects and bridge repairs with ARRA money. Will it meet the needs of low-income communities? It’s too soon to say. Is $787 billion enough to get us out of the crisis? It depends who you ask. Some people complain that we will be paying the price of the stimulus package for many years. Others say that the stimulus package should be a lot bigger.

What Can We Do?

Many national and local organizations are working to make sure the economic stimulus money flows into our communities and helps the people who need it the most. For example, the Apollo Alliance is pushing the government to create quality green jobs that will provide economic growth and help the environment. Another national organization, the Working Poor Families Project is fighting to make sure that the ARRA money:

- helps those who have been most hurt by the recession,
- is spent in an open and accountable manner,
- creates jobs that can actually support families,
- builds worker skills, and
- goes to distressed communities.

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What do You Think?

What is the responsibility of the government during a recession?

Have you seen evidence of ARRA in your community?

Compare the stimulus package to the bank bailout. (See p. 20 on the bank bailout.)