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Course

Date

Financial Policy and Its Execution in the United States of America

Financial policy or fiscal policy in the United States of America is the number of changes the government can make in order to influence the national economy. Until the Great Depression, the approach was rather laissez-faire, as the government demonstrated the tendency to stay away from economic matters as often as possible. However, the vents of the Great Depression showed that there should be regulations. Otherwise, the reserves of the country will be spent, people will lose jobs, and the level of inflation will drastically rise in a couple of years. Therefore, President Franklin D. Roosevelt was the first one to introduce fiscal policies called the New Deal. Even though these policies did not bring a lot of success at first, they have helped to gradually change the situation for the better. Moreover, the expectations for businesses became lower after the Great Depression.

In case one is not familiar with the way in which the government of the U.S. works, one might have the following question: who sets fiscal policy in the country nowadays: the President or Congress? The answer is that both the President and Congress take an active part in this process (Ross 2019). According to the laws of the U.S., its fiscal policy is directed both by the legislative and executive branches. Speaking about the executive branch, contemporary presidents rely not only on the Secretary of Treasury when deciding what changes to make to fiscal policy, but also on different economic advisers as well. Within the legislative branch, The U.S. Congress has to pass a law in order to appropriate any spending for fiscal policy measures. In order to do that, the participation and approval from both the Senate and the House of Representatives is required.

Another vital aspect to mention in regards to the subject of financial policy and its execution in the U.S. is that the judicial branch can have its influence on fiscal policy as well. The way in which it can be done is by legitimizing or declaring certain measures by the executive and legislative branches as unconstitutional.

All in all, the main reason why fiscal policy plays such a vital role in the United States of America is that it helps to determine a strategy for how tax money and other spending powers can be utilized. Thus, the way in which money is spent has a huge effect on the economy of the whole country.

Works Cited

Ross, Sean. "Who Sets Fiscal Policy – the President or Congress?" *Investopedia*, Investopedia, 12 Mar. 2019, www.investopedia.com/ask/answers/012715/who-sets-fiscal-policy-president-or-congress.asp.