**Issue 20: Is the Treasury's $700 Billion Bailout the Solution to the Budget Crisis?**

With the US economy in a recession and heading toward imminent depression the government had to intervene to prevent a crisis. What did they choose to patch the problem? A $700 billion bailout was implemented with much controversy as the solution to the problem. The big question needing answered now... "Is the Treasury's $700 Billion Bailout the Solution to the Budget Crisis?".

Representing George W. Bush, Professor Golden believes that yes, the bailout was the solution to the budget deficit. He showed through the use of graphs of short and long run economy that by buying the troubled assets it would free up funds in the lending industry which would allow loans to resume and money beginning to be invested in private businesses again. Without the bailout, Golden stated that the economy could have potentially spiraled into a deep deficit that would have been unrecoverable from for many years to come. In the end it appears that the bailout was the best solution to the budget deficit in the United States.

On the opposing side Domanique believes that no, the bailout was not the correct approach to recovering from the budget crisis. She argued many powerful points from the reading stating that Newt Gingrich believes that the bailout created nothing more than a long term mess. Aside from creating an even larger deficit that appears to be spiraling out of control, it did not even address the core of the problem. The companies are in the situation they are in because of mismanagement and unintelligent investments. By bailing out these companies without directly addressing their faults, given time they will follow down the same path. In addition to this, Gingrich believes that there is not just one problem, but in fact a number of different ones that are all leading to the same outcome... the budget crisis. The problem needs far more than a mere bailout to repair the damage and keep it from happening again.

It may seem like the bailout has worked because the budget crisis is under control for the time being, but is it really? No, I do not believe so. I want to see not only a bailout to stabilize the budget and economy, but I want to see a reworking of the troubled companies to ensure that they remain stable years down the road. My opinion was slightly swayed after the presentations, but once I analyzed the benefits and detriments of both, my decision remains the same. The bailout was not the solution to the US budget crisis, it was only the first step to an overall process needed to recover from the slump we have fallen into.