

The American Recovery and Reinvestment Act:

An Analysis of the Formulation of the 2009 Stimulus

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Abstract

In 2009, the United States Congress passed the American Recovery and Reinvestment Act in response to the late 2000s recession. This paper examines why Congress responded to the recession and how they formulated ARRA using John Kingdon's policy streams model. The model serves as a useful tool in understand why ARRA was passed in the form it did.

John Kingdon's Policy Streams model will be used to understand the formulation of ARRA. This model is based on three different streams: the problem stream, the policy stream, and the politics stream. When these streams come together, they create a policy window that allows policymakers to push their agenda through government and onto the public.

Problem Stream

The problem stream explains why government pays attention to some issues over others. Policymakers are constantly barraged by countless issues everyday. Why does the United States Congress decide a particular issue is important? A layperson might say that they choose issues that have the biggest impact. While that may be true, Kingdon gives us a more scientific explanation. Kingdon argues that indicators -- e.g. disease rates, consumer prices, highway deaths, etc -- show us that problems exist. However, often times, knowing a problem exists is insufficient. Kingdon also points out that indicators are primarily used to determine the *magnitude* of problems and identify *changes* to the problem. Finally, all indicators need proper interpretation. Kingdon states that interpretation of indicators changes "statements of conditions to statements of policy problems."

Another aspect of the problem stream are focusing events. Focusing events appear in many variations. Two that Kingdon (94) discusses are crises and symbols. Crises give issues "a little push to get the attention" of policymakers (Kingdon 94). The terrorist attacks on September 11, 2001 focused the United States' attention on terrorism. Symbols also focus our attention on certain issues. They can reinforce existing viewpoints and sometimes serve to broaden discussion. A passing bill allowing same sex marriage in one state can sometimes be viewed as a symbol of the United States becoming more accepting of same sex couples.

One final way policymakers determine that problems exist is through feedback (Kingdon 100). This feedback can be on previous programs, the state of the country, or more specific problems that are only visible to few. Kingdon continues to explain that four types of feedback are interpreted as problematic and will draw attention from policymakers (Kingdon 102-103). The first type is when the implementation of a policy does not line up with the policymaker's intent. In these instances, it is difficult to determine who is responsible for bad implementation. Congress may have stated unclear goals and left its agencies to interpret unsuccessfully. The second type of feedback that indicates a problem is when a policy does not meet its stated goals. Criticism of this type may lead policymakers to set intentionally vague goals. The third type has to do with the cost of a policy. If a program costs more than anticipated, its funds may be reduced, it may be cut entirely, and it will certainly place an extra burden on future initiatives. The final type of feedback has to do with unintended negative consequences of a policy. Every policy has negative consequences, but when some of them are unexpected, it adds an extra layer of suspicion to the policy. Each of these type of feedback will influence how policymakers evaluate past policy and formulate future policy.

Indicators, crises, symbols, and feedback probably do not individually have the impact necessary to put an issue on the government's agenda. They all work together to show policymakers that that a problem exists and, most importantly, that government should do

something about it. Kingdon (110-113) argues that policymakers use values, comparisons, and categories to turn conditions -- like poverty -- into problems that should be dealt with. Values are related to what policymakers believe an ideal state looks like. In an ideal world, does everyone have a job or does everyone have the same opportunity to have a job? The answer reflects a value and will influence policy decisions. Comparisons measure what one is achieving against what others are or have achieved. It can compare one state to another. Categories also help us define problems. Kingdon uses the example of handicapped transportation. If transporting the handicapped is viewed as a civil rights issue versus a transportation issue, equal accessibility becomes imperative.

Policy Stream

The policy stream is where policies come from. Borrowing from natural selection theory, Kingdon describes it as a “policy primeval soup” where policy ideas are created, restructured, and combined (Kingdon 116). Policy experts in agencies, Congress, interest groups, academia, etc, make up the policy community. The policy community is a network of policy experts that create, examine, and evaluate policy ideas. Within policy communities exist policy entrepreneurs (Kingdon 122). Policy entrepreneurs are those who “invest their resources...in the hope of a future return” (Kingdon 122). Kingdon points out three types of incentives for policy entrepreneurs: promotion of personal interests, value promotion, and enjoyment of advocacy (Kingdon 123). Promotion of personal interests may include territory battles or career advancement. Value promotion involves someone genuinely caring for the solutions they propose because it fulfills their vision of how society should be. Enjoyment of advocacy is when someone simply likes debating, reading reports, making calls, and everything else that is involved in the policy process. Policy entrepreneurs not only propose their ideas, they also work to get their policy adopted. Kingdon describes policy communities as resistant to major changes (Kingdon 128). Policy entrepreneurs have to set the stage for their policy. They have to educate the community, promote their ideas, make deals, and be ready to strike when the opportunity arises. However, sometimes no matter how much effort is given by policy entrepreneurs, some policy ideas will float to the bottom of the soup.

There are countless ideas that float around in the policy soup. Some ideas are better than others. Kingdon give three criteria that determine whether an idea will float to the top of the soup or sink out of the public’s attention. These criteria are technical feasibility, value acceptance, and anticipation of future costs. Technical feasibility involves how well worked out an idea is. How policymakers planned out exactly how a policy will be implemented? Have they considered the agencies that will handle their policy and how their limitations affect their goals?

Value acceptability refers to how well a policy idea fits with the ideology of policy specialists. While the familiar conservative-liberal metric often plays a role in a specialist’s ideology, specialists are often times also interested about efficiency, equity, and other more bureaucratic concerns (Kingdon 133). National values also play a role in survival (Kingdon 134). Kingdon uses the example of personal liberty to illustrate this point. Citing various interviews with policy specialists, he points out that overall America values personal choice and bemoans

when government does too much (Kingdon 134-135). Likening it to socialism, Americans will often oppose policies like nationalization.

Anticipation of future constraints involves how well a policy will stand up against various tests. Some of these tests are budget constraints and public acceptance. Often times, policy ideas will fail because they cost too much or would be viewed unfavorably by the public.

Political Stream

According to Kingdon, the political stream is everything outside of the other two streams. He uses the term political in the Washington sense which deals with chamber majorities, administrations, political parties, etc.

The first major aspect of the political stream is the national mood. While this broad concept may be difficult to pin point, policy makers believe they can sense the national mood and any changes to it (Kingdon 147). While a primary thought may be that the national mood is aggregated from the mass public, Kingdon explains that the national mood is not necessarily derived from the mass public (Kingdon 148-149). In some cases, a small number of influential actors are able to shift the mood in their favor. Often times, the broad social movements we associate with the national mood are carried out by small groups of people also (Kingdon 149). Kingdon says that sensing the national mood happens mainly in two ways: elected officials sense it from their constituents and non elected officials sense it from politicians (Kingdon 149). Apart from this, the media can also play a significant role in reflecting the national mood (Kingdon 149).

The second major aspect of the political stream is influence of organized political forces (Kingdon 150). Anyone who has studied government processes understands that interest groups can play a substantial role in decisions. Interest groups promote their ideas to policymakers who then determine where the balance of support and opposition lies. If an elected official agrees with a proposal and all they hear from interest groups is support, then it is easy to go forth with their support of that proposal. On the other hand, if they support an idea but only hear opposition or mixed responses from interest groups, then the official understands their decision may be unpopular.

The third aspect of the political stream is government (Kingdon 153). As the ones who make decisions, government officials play a considerable role in policymaking. Personal turnover seems to play the largest role in government. Policymakers either change their positions or new people are brought in. Either way, a change will likely mean that new items are put onto the agenda. However, turnover will also act as a policy constraint. The election of a Republican President and Congress typically means that new welfare programs are unlikely to be seriously considered. This aspect of the political stream also takes into account the raw numbers of elected officials in Congress. Policy entrepreneurs might ask themselves "Are there enough Democrats I can bargain with to get this bill passed?" This question relates to the final aspect of the political stream -- consensus building.

In the political stream, consensus is built primarily through bargaining. In this system, concessions are offered in return for support. This is in contrast to consensus building in the policy stream which is primarily based on persuasion. Although both streams will use both strategies at times, politicians are more easily able to offer concessions like public support or votes as part of bargaining than a policy entrepreneur who cannot offer such things.

Policy Window

Kingdon defines a policy window as an “opportunity for advocates...to push their pet solutions, or to push attention to their special problems.” The policy window opens when at least two of the stream come together. Although, if only two streams are present, the window is likely to be open for much less time.

Policy entrepreneurs spend their resources promoting their agendas until a window opens. When it does open, policy entrepreneurs must act because windows only stay open for short periods of time. One way entrepreneurs push their proposals is by coupling. Policy entrepreneurs will often adapt their proposals to current problems. Kingdon uses the example of urban mass transit to explain this technique. Mass transit was originally promoted a transportation management tool that would decongest roads. When that problem was solved without mass transit, entrepreneurs coupled their ideas with the environmental movement. When that strategy did not work out, they attached it to the energy crisis. Coupling makes it more likely that a proposal will be seriously considered. Entrepreneurs will try to show that their proposal fits well with whatever challenges the government is facing and is a popular choice. This joining of the problem, policy, and political streams will thrust something onto the decision agenda more strongly than any of the streams by themselves.

However, no matter how many hours entrepreneurs spend on Capitol Hill, how large Congressional majorities are, and how traumatic a crisis is, the policy window will eventually close. Kingdon gives five reasons why policy windows close. First, policymakers may feel that they have addressed a problem. Policymakers may interpret their passage of new regulatory legislation as enough to quiet interest groups for a while, even if it does not solve the problem. Second, policymakers may fail to achieve success. If substantial resources are committed to a failed attempt to pass legislation, it will take time and plenty of consensus building for policymakers to consider it again. Third, events that opened the window may leave. If a powerful crisis helps open the window, the shock from the crisis will eventually pass and the window will close. Fourth, if personnel change opens a window, personal may close it. Personnel turnover happens all the time in government. Fifth, lack of an available solution may close the window. Without a policy that an entrepreneur is ready to push, the policy window may close before the community can be education and persuaded to move onto a policy.

Applying the Policy Streams Model

Kingdon’s model seems to be useful in the examination of ARRA because it will allow us to explore various aspects of the bill.

Applying the Problem Stream

The problem stream is composed of indicators, focusing events, symbols, feedback and the interpretation of these components. Indicators were common in ARRA's discussion. At the time of ARRA's passage, the national average household median income fell (Epstein 2012) and the unemployment rate was higher than any time since the early 1980s recession (BLS 2012). Senator Daniel Inouye (D-HI) explained more indicators during floor debate on the Senate Floor (Senate 2009): foreclosures had increased by more than 81 percent in 2008, US stocks had lost seven trillion dollars in value in 2008, 25 banks had failed in the previous year, and 44 states were facing budget shortfalls.

With most state revenue coming from personal, sales, and business taxes, the states were considerably sensitive to the recession. In fiscal year 2009, state budgets shortfalls totaled \$73 billion (Zumeta 2010). States were hesitant to use reserve funds to offset decreased revenues because of uncertainty over the length of the recession (Zumeta 2010). If the recession ended up lasting longer than anticipated, states wanted to have as much of these reserve funds intact as possible. The recession also increased the number of people living in poverty (Eckholm 2009). The increased number of people living in poverty increased the need for Medicaid and social services (Lav, et al. 2009). This increased the burden on state governments who were already struggling with decreased revenues.

To make up for lost revenue, many states cut spending in health, education, construction, and more. At the time of ARRA's passage, at least 22 states and the District of Columbia were cutting or proposing cuts to "medical, rehabilitative, home care, or other services needed by people with limited incomes who are elderly or have disabilities" (Huffer and Levitis 2009). When states reduce spending, they reduce the work for the firms that would normally receive state funding. This means that the states' measures for combating the recession compounded the problems (Huffer and Levitis 2009).

At the time of ARRA's passage, thirty-six states had cut or proposed cuts to education (Johnson, Oliff, and Koulish 2008). "Arizona State University laid off 900 employees and put 12,000 workers on unpaid furloughs" (Zumeta 2010). Then Nevada Governor Jim Gibbons proposed a 36 percent cut in higher education funding (Zumeta 2010).

Focusing events also played a role in ARRA's formulation. The subprime mortgage crisis contributed to overall financial crisis. Subprime refers to having certain characteristics such as weak credit histories and higher debt to income ratios (FDIC 2001). These mortgages have a higher risk of default (FDIC 2001). According to Leonhardt (2008), foreign investors put up money to lend to homebuyers through US financial institutions like the now defunct Bear Stearns. To increase their returns, these institutions increased the number of subprime mortgages which could charge higher interest rates. When these mortgages fell through and housing prices did not increase as expected, Americans were not able to refinance their houses for profit, some banks lost assets and failed, and other banks stopped lending money because of fear of a recession and lack of confidence in the economy.

Policymakers also had their own personal focusing events. Kingdon (1984) explains that policymakers may have personal investment in the policies they craft and that their personal stories can be focusing events as well. Senator Dick Durbin (D-IL) demonstrated this when he

spoke about his friends struggling under the recession (Senate 2009). He pointed out that many policymakers know the “casualties” of the recession personally because they were in their families. Speaking about the budget crisis in his state of New York, Governor David Patterson said “We’re all going to feel some pain” (Gralla 2008). In early 2009 before ARRA’s passage, Tennessee Governor Phil Bredesen said “We are living in tough times” (McCarthy 2009). While the recession was the clear macro focusing event, there were various micro level focusing events.

Symbols were less common in ARRA’s formulation. Most of the debate surrounding the legislation dealt with concrete figures. However, there was some symbolism. Senator John Ensign (R-NV) argued that ARRA amounted to the Europeanization of the United States because some European states spend a large percentage of their GDP on spending (Congress 2009). Ensign wanted US economic policy to remain American with lower amounts of government spending compared to Europe. Instead of arguing how increased spending would be harmful to the US economy, Ensign reduced his argument and used a symbol that would resonate with those who dislike “more socialist” policies.

Feedback played a prominent role during Congressional hearings of ARRA. Many policymakers spoke of their constituents who were struggling because of the recession. Representative Steve Austria (R-OH) spoke about how people back in his home state were experiencing uncertainty and businesses were wary of investing more into their companies (Budget 2009). In early 2009, Representative Rush Holt (D-NJ) spoke about how the unemployment rate in his state had grown from 4.2 percent to 7.1 percent in a year (Thomas 2009). Senator Durbin spoke about meeting with college presidents from his state about the recession (Senate 2009). Whether it was layoffs, foreclosures, or lack of medical coverage, citizens were speaking to the representatives about their problems.

How did policymakers interpret all these factors? Policymakers used their values, comparisons, and categories to determine that the economy was a problem the government should address. Congressional values were on display during hearings. Senator Durbin spent some time in the Senate debate of ARRA explaining the type of bill that Americans deserved (Senate 2009). He states that the American people expect them to find solutions to the economic problems and that they should give good faith efforts to find those solutions. He also talked about the responsibility Congress had to be transparent and be help responsible.

Some policymakers compared America’s economic conditions to other countries. During floor debate on ARRA in the House, John Ensign (R-NV) argued that America had taken on too much debt and that ARRA would only add to it. He compared this situation to European countries in recent years and Japan in the 1990s. Both of these comparisons were used to argue against ARRA (Congress 2009). However, policymakers also compared the crisis to previous American recessions. Chairman John Spratt (D-PA) asked why the response to the recession was so large and expensive when responses to previous recessions had been much milder. He pointed out the 10 recessions since the Second World War and asked Director of the Congressional Budget Office Douglas Elmendorf if ARRA would be a disproportionate overreaction. Director Elmendorf responded that the proposed response was appropriate because the recession was

much more severe than previous recessions (Budget 2009). Senator Durbin argued that Congress should not buy into the “Herbert Hoover” mentality that everything will get well if left alone (Senate 2009).

Categories were more difficult to find in ARRA’s formulation. While it can be argued that ARRA being referred to the Budget and Appropriations committees reflected Congress’ view that the recovery was best handled as a money issue. However, ARRA involved so many sectors of the economy and country that there is not a category broad enough to account for everything within it.

All of these factors made it clear to policymakers that a problem existed and should be dealt with. In one Budget Committee hearing, many policymakers began their testimonies with this acknowledgment. Chairman Spratt (D-PA) begins an early 2009 hearing by saying that the economy was in severe distress and that getting the economy back on track should be their priority (Budget 2009). Director Elmendorf makes a point that the bleakness of the economic outlook made large scale policies necessary (Budget 2009). Allyson Schwartz (D-PA) points out that the country was facing a severe economic downturn and that bold action was required (Budget 2009). Representative Holt (D-NJ) said during debate of ARRA “The time has come for a bold national response” (Thomas 2009). Senator Max Baucus (D-MT) argued on the Senate floor that the country demanded bold action (Senate 2009).

Although the sponsor and all the cosponsors of ARRA were Democrats, the severity of the recession was enough for Republicans to recognize the problem and agree something must be done about it. Ranking Member Paul Ryan (R-WI), Jeb Hensarling (R-TX), and Michael Simpson (R-ID) all agreed that a stimulus package was needed (Budget 2009).

Applying the Policy Stream

The first major aspect of Kingdon’s policy stream is the policy community. In the case of ARRA, the policy community is made up of congressmen in certain committees, like the Senate Appropriations Committee and the House Budget Committee. It also includes labor groups like the National Electrical Contractors Association and the Associated General Contractors of America. It also includes government organizations like the Congressional Budget Office and the Office of Management and Budget. These groups interact in committee hearings, private meetings, and Congressional debates to form and recombine policies.

Another important aspect of the policy stream is the policy entrepreneur. While many people worked tremendously on ARRA, there is one person that best fits Kingdon’s defining characteristic of a policy entrepreneur which is the “willingness to invest their resources...in the hope of a future return” (Kingdon 2011). This person is President Barack Obama. President Obama was elected under the difficult economic conditions described above. He campaigned as the answer to the economic disaster that had begun under the George Bush administration.

Before even taking office on January 20th, 2009, President Obama met with Congressional staffers and others to begin crafting the bill (Calabresi 2009). When it was clear that it would be difficult to persuade Congressional Republicans onto his plan, Obama took his case to the people. In early 2009, Obama campaigned across the country for his stimulus bill. On

January 16, then President elect Obama visited Bedford Heights, Ohio (Chu 2009). Speaking at the Cardinal Fastener & Specialty Co. factory which manufactures parts for wind turbines, Obama said “The way I see it, the first job of my administration is to put people back to work and get our economy moving again” (Chu 2009). Speaking about ARRA’s investment in health care, energy, and education, invest in health care, energy, and education, Obama said that he wanted to create jobs that would help American in the long term (Chu 2009). On February 9, Obama visited Elkhart, Indiana where the unemployment rate had reached 15.3 percent (CBS News 2009). Speaking to a large town hall meeting, Obama said “Doing nothing is not an option” (CBS News 2009). Later that day, Obama took his message to prime time during his first official press conference as President (CBS News 2009). The next day, Obama spoke in Fort Myers, Florida about the stimulus bill (CNN 2009). After that, Obama travelled to Springfield, Virginia and spoke at a construction site that could receive funding from the stimulus bill (Mommott 2009). On February 12, Obama visited Peoria, Illinois (Real Clear Politics 2009). Speaking to an audience of Caterpillar workers, Obama said transforming the economy for the 21st century was the purpose of the plan he had presented to Congress (Real Clear Politics 2009). In early 2009, no one in Washington put it on the line for ARRA like President Obama. His campaign was largely based on being different than President Bush and being able to bring the country out of economic hardship. ARRA was the first major policy attempt by the administration.

President Obama also fits Kingdon’s other two qualities of a policy entrepreneur. First, that a policy entrepreneur has the legitimacy to be heard. There are few people in the world who have as much legitimacy than a newly elected President. With the political capital that comes along with a national victory, President Obama enough attention on him to push his initiatives. Second, a policy entrepreneur is known for their connections or negotiation skills. This quality also relates to President Obama’s recent victory. While his tenure in office had barely started, Obama was able to appoint his people and rely on Congressional Democrats when needed. This was on display by him meeting with Congressional Democrats before his inauguration (Calabresi 2009).

During Congressional debate, legislators often spoke of the President’s involvement with ARRA. Representative Jim McGovern (D-MA) mentioned Obama putting the package together. Senator Durbin said that the Presidents to make sure that Congress did not stand back and watch the collision (Senate 2009).

Kingdon’s three criteria for policy success can be found in ARRA’s formulation. Concerning technical feasibility, or how well thought out the policy was, much of the discussion centered on what types of spending would be most effective. During a hearing in the Committee of Small Business, Chairwoman Nydia Velazquez (D-NY) pointed out the importance of small businesses in the recovery by stating that small businesses create 80% of new jobs and are about 99% of American businesses. Minority Ranking Member Sam Graves agreed with this and argued that a stimulus should include tax cuts to small businesses because they know how to create jobs (The State of Small Business Economy 2009).

Ted Allison, the President and CEO of the St. Joseph Area Chamber of Commerce, also testified in this hearing. He brought up the statistic that public investment in small business has higher per dollar yield than investment in big business. Because of this, he claimed small business investment offers the greatest potential for rapid economic recovery (The State of Small Business Economy 2009).

On behalf of the National Electrical Contractors Association, Tim Ehmann argued that we needed to support green jobs. He argued that this investment brings multiple benefits including: creating jobs, energy independence, and efficiency. Agreeing with Ehmann was Robert W. Therrien on behalf of the National Roofing Contractors Association. He argued that policymakers need to make it easier to provide green technologies. In particular, his industry has tremendous potential for green technology investment. In questioning, he was asked whether tax or infrastructure initiatives provide the largest “bang for the buck” in his business. He answered that infrastructure spending is the most efficient and notes that people need jobs before they can pay taxes. Allison openly agreed with this statement and added that most Americans do not mind paying their fair share of taxes (The State of Small Business Economy 2009).

The hearing continued with the testimony of Steve L. Massie on behalf of the Associated General Contractors of America (AGC). Massie argued that policymakers should look towards infrastructure spending to help the economy. He reported that AGC’s Chief Economist estimated that every billion dollars invested in infrastructure creates over 28,500 jobs, increases GDP by 3.4 billion, and adds about 1.1 billion to personal earnings. He also reported that AGC members were ready to work, but need the investment to move forward. Many AGC members, including Massie’s company, had to reduce their workers work week in attempts to delay layoffs. While their workers were still employed, they were earning significantly less than normal. In the case of Massie’s company, Jack L. Massie Contractor, Inc., they had reduced the work week by 33% and were scheduled to reduce it 50% while Massie was testifying in Washington. He argued that increased funding for the infrastructure projects AGC works will prevent layoffs and grow the economy. He reported that in a survey of AGC members, 85% of businesses will defer layoffs or hire more workers if states received additional funds and 73% would buy new equipment if markets improved (The State of Small Business Economy 2009).

While most questioners asked about cost effectiveness, a few focused heavily on it. Representative Jeb Hensarling pointed out that the bill created one job per \$275,000 spent. Regarding this, he asked what Elmendorf’s definition of cost effective is. Representative Lloyd Doggett (R-TX) asked whether the most cost effective spending programs are extending benefits to low income households. Elmendorf replied that that was correct because the money flows quickly and a large percentage of it is usually spent (The State of Small Business Economy 2009).

Value acceptability was another of Kingdon’s criteria that was discussed during ARRA’s formulation. During one hearing in the House Budget Committee, Director of the Congressional Budget Office (CBO) Douglas Elmendorf provided information about the ailing economy and attempted to give objective information about the best ways to better the economy (The

Economic Outlook and Budget Challenges 2009). This is in line with the goals of the CBO which are to provide objective nonpartisan information to aid in economic decisions (CBO Overview 2012). Some of Elmendorf's testimony gave his opinion of what the economic consensus is on various questions. This relates directly to the value acceptability of policy specialists. The first and most significant example of this was him explaining that the great majority of economists agreed that large scale fiscal stimulus and significant monetary and financial policies are appropriate to achieve a strong recovery. Regarding stimulus policies, the CBO believed that fiscal stimulus policies are most effective if timely, cost effective, and did not worsen a country's long term fiscal imbalance. This criteria lead the CBO to estimate that ARRA would provide a significant boost to "output and employment." Supporting this estimate was the CBO's estimation that the economy would lose \$1 trillion in output in each of 2009 and 2010 while continuing to lose a substantial amount in 2011 if nothing were done (The Economic Outlook and Budget Challenges 2009).

In questioning, Director Elmendorf went into more detail on why ARRA, specifically, is an appropriate response to the US's economic crisis. Chair Spratt (D-SC) asked Elmendorf if the response to the current recession was overreacting. Spratt pointed out the ten recessions since the Second World War and the difference in the character of their responses. Elmendorf explained that this recession is much more severe than any Spratt spoke of. He pointed out that the credit market was hurt badly and that consumer spending would be low for a significant time. He also mentioned other challenges to a recovery including the housing market and the fact that the recession was global. In line with the economic consensus, he pointed out that such a large fiscal response was appropriate because monetary policy had already been used to combat the recession. The Federal Reserve had lowered interest rates and was left with few other options. The other tools the Fed had were untested so there was little confidence in them (The Economic Outlook and Budget Challenges 2009).

The final criteria discussed in ARRA's formulation was anticipation of future results. A relevant testimony came from Dr. Kevin Hassett, Resident Scholar and Director of Economic Studies and the American Enterprise Institute. Dr. Hassett's biggest message was that policymakers should consider long term solutions in case the recession is worse and longer than estimated (The Economic Outlook and Budget Challenges 2009). During floor debate in the House, Representative John Ensign (R-AZ) argued that the bill endangered the country's future economic health. Focusing on future generations, he claimed the United States was taking on too much debt and related the US's situation with Japan in the 1990s (Floor Debate 2009). Representative Charles Schumer (D-NY) argued against the Republican argument that the bill creates "generational theft" by forcing future generations to pay for the program. He claimed that this criticism is political because Republicans did not argue about generational theft while supporting the Iraq War or Bush tax cuts. He claimed that they are concerned about deficits now because the bill supported programs like education, transportation, and health care (Floor Debate 2009).

Applying the Political Stream

The most significant aspect of ARRA's political stream was the election of President Obama and the Democrats winning majorities in the House and Senate. This event helped explain the national mood. As Kingdon (1984) states "Reagan is elected, and everybody assumes that the national mood has swung in a conservative direction." This turnover of key personnel meant that Obama and Congressional Democrats could move forward with ARRA.

Another aspect of the political stream is the balance of organized political forces. While it is difficult to determine how government officials arrive at conclusions about organized political forces (Kingdon 1984), all the testimonies explored above support the stimulus bill.

Because so many Congressional Republicans were against so much spending, Democrats had to bargain to win their votes. One Democratic staffer said of the process "Because otherwise what's the point in doing something, pie in the sky, if it doesn't have the votes?" (Calabresi 2009). During a debate to pass the version of ARRA that was passed in the Senate, Representative Dave Obey (D-WI) pointed out that agreements between Senate Republicans, Senate Democrats, and the President had resulted in a much different bill than what had originally left the House (Floor Debate 2009).

Applying the Policy Window

All of the above factors culminated in the passage of ARRA. Policymakers were able to effectively couple all three streams to produce a passing bill.

Analyzing the Effectiveness of Kingdon's Model

For various reasons, the policy stream model seems to be useful in analyzing ARRA. For the problem stream, this model was useful in interpreting the power of indicators. Any issue that involves the economy will have countless indicators attached to it. Whether it was unemployment, GDP, layoffs, or lost revenues, policymakers dealt with many indicators and the problem stream accounts for them well.

For the policy stream, Kingdon's model explains the role of the policy entrepreneur well. In particular, it explains the qualities an entrepreneur must have to be effective. These qualities explained ARRA's policy entrepreneur well. Furthermore, it explained why some ideas are picked up and why some are forgotten. The three criteria Kingdon proposes as being vital for a policy to float to the top of the policy primeval soup help explain a tremendous amount of what happens in Washington by themselves.

The political stream is exceptionally useful because it explains the effect of politics well. Specifically, it explains the impact one party winning the White House and both chambers of Congress well. It also improves our understanding of how different powers work together to craft policy. For example, coupling was important to ARRA being passed. If the Democrats had not won their elections like they had, if the recession was not as bad as it was in early 2009, or if the majority of economists believed the best way to improve the economy was exclusively through budget cuts, ARRA most certainly would not have passed in the form that it did and might have not passed at all.

However, the model does contain some limitations to our understanding of the bill. It would be difficult to find an instance where all three of the streams acted entirely independently of each other. In the case of ARRA, the election of President Obama was a major factor in the political and the policy streams. Also, we often find that solutions in the policy stream are responses to the problem stream. This is particularly true of feedback. When citizens contact their policymakers about their struggles, policymakers will often begin to address those problems. Another example is that elections will affect not only the political stream, but also the problem and policy stream. The problems that an administration focuses on at the end of their second term may be different from what they tackle at the beginning of their first term.

Overall, Kingdon's model is useful to understand ARRA. It explains the political forces that came together so ARRA could pass well. The policy window is an exceptionally useful tool in analyzing ARRA because without all the streams coming together like they did, ARRA would not have passed in the form that it did.

Works

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