Obama's plan not to rescue U.S. economy: experts

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The U.S. administration plan will temporary recover country's economy.

"Even if any new plan will eventually help the economy, without new regulations the recovery will be temporary and the economy will be bound to fall into another crisis," Cornell University macroeconomics professor Iwan Azis wrote to Trend Capital in an email.

This week the U.S. Senate has approved U.S. administration's economic recovery plan. Economic stimulus package worth $838 billion has been adopted. Direct expenditures have been cut by $100 billion.

The U.S. administration still does not know exactly what to do in terms of the most effective way to recover the economy, Azis said.

"When the so-called plan is so broad and with no details, it is hard to judge the positive and negative elements of it," he said, adding that the U.S. administration still wrongly believes that the financial sector in the country is not insolvent yet.

"The fact is, a significant portion of the very biggest banks are already insolvent," Azis said. He assumed that the situation has been so bad that any plan now, good or bad, will help to make some improvements.

"Yes, the slide in the labor market will be slowed, and the downturn of the economy will be mitigated by the plan. But the question is whether the plan is the most effective one. My personal opinion is it is not," Azis said.

"Yes, the current US crisis is different and certainly much more severe than previous crises. But there are still elements of similarity, and they should not feel too overconfident not to learn from others," he said.

EU Ukraine Business Council Founding Director James Wilson said the U.S. administration is directing its efforts a wrong way.

"If the world has lost faith in bankers, then why should the cure be to print more money and give more of it to the banking fraternity without any change to the rules of the game," Wilson wrote to Trend Capital in an email.

Better mutual cooperation will solve economic problems, he said.

"I would feel more confident if the world was to pull together and agree a new deal to make more free trade between countries across borders possible with fewer restrictions," Wilson said.

The U.S. Administration's plan is a gamble and it is unclear whether this will stimulate the economy or not, George Mason University Economist Alex Tabarrok said.

Tabarrok said that it would be better if the plan included more cuts in tax rates.

"A big difficulty at the current time is that the recession is worldwide. If countries reduced trade with tariffs or other barriers to trade the recession could get even worse," Tabarrok wrote to Trend Capital in an email.

Californian East Bay University Professor of Economics James Ahiakpor does not think the plan will succeed in stimulating the U.S. economy's recovery.

Ahiakpor said that the bill does contain a substantial amount of tax cuts, but without a reduction in the government's spending to match, that just means more borrowing from the public by government.

The bill's expected stimulative effect is founded on a Keynesian myth, he said. "The proposition is founded on the false notion that the public's savings are not spent but hoarded in cash," Ahiakpor told Trend Capital via e-mail.

Savings, properly conceived, are used to purchase financial assets such as bank deposits, mutual fund shares, bonds, and stocks. "The sellers of those assets are the ultimate borrowers who use the funds to spend on all sorts of things, including investment goods, raw materials,