Sinclair pushes unlikely claims that Biden's proposed corporate tax increases will cut jobs and wages

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After President Joe Biden reiterated his pledge to increase taxes only on people making more than $400,000, two interviews during Sinclair Broadcast Group's morning news program pushed dubious claims that Biden's corporate tax increases will cut jobs and wages.

These segments, which aired on 68 Sinclair-owned or -operated local TV stations, failed to inform viewers that corporate tax revenues are near record lows and that the tax increase, paired with the spending in the American Jobs Plan, is estimated to create millions of jobs and increase incomes.

During Biden's April 28 address to a joint session of Congress, he said, "It's time for corporate America and the wealthiest 1 percent of Americans to just begin to pay their fair share" and mentioned that former President Donald Trump's tax cuts were "a huge windfall for corporate America and those at the very top."

Biden repeatedly stated that his tax increases are aimed at the wealthiest Americans. But guests on Sinclair's *The National Desk* Thursday tried to claim that the tax increases will hurt middle-class Americans by leading to reduced jobs and wages.

Armstrong Williams, a conservative radio host and businessman, said in a partially incoherent response to Biden's speech that businesses will respond to corporate tax increases by cutting salaries and downsizing jobs.

JAN JEFFCOAT (ANCHOR): When someone hears that, they're thinking, so how would this affect then the middle class, Armstrong?

ARMSTRONG WILLIAMS (TALK RADIO HOST): Well let me take off my broadcast hat and talk as one of those 1 percenters that he speaks of, and someone who owns a company. If the corporate rate goes up, Jan, it will reduce the income of the middle class. This is what they don't tell you. Wishing that faceless entities like corporations would shoulder the burden, sparing individuals the pain -- in reality, corporate taxes are always financed by people. The only question remains, which taxes are financed by people. For you to believe that tax corporate America that individuals going to pay this money, they're just going to pass it on. You know how they pass it on? That’s salaries, that’s wages, they will decide at a certain point they’re no longer going to need. And if workers are less valuable, then businesses reduce their efforts to attract and retain them, putting the burdens [UNINTELLIGIBLE], we'll call it downsize. This is what not they’re telling you.

The CATO Institute’s Scott Lincicome joined in this fearmongering about corporate tax increases, at first complaining that it’s the largest tax increase (on the rich) in decades before claiming it will lead to “fewer jobs, lower wages, and higher prices for people in the middle class as well as all the other classes.”

JAN JEFFCOAT (ANCHOR): So President Biden, as we know, addressed a joint session of Congress. He outlined several of his spending plans, including the $1.8 trillion American Family Plan. You know, the country already kind of drowning right now in trillion-dollar relief bills that have already been passed during the pandemic. But we keep hearing no taxes on those making less than $400,000. So Scott, how will taxing the wealthy and these corporations affect the middle class?

SCOTT LINCICOME (CATO INSTITUTE SENIOR FELLOW): Right, so the $3.4 trillion in taxes that the president has proposed is the largest tax increase as a share of GDP since 1968. And contrary to the political rhetoric, corporations don't pay taxes. They end up passing those taxes on to shareholders, to workers, and to customers. And that means less investment, fewer jobs, lower wages, and higher prices for people in the middle class as well as all the other classes. And higher earners, they reduce their spending, their hiring, and their investment too, or they shield their income into less productive assets. And all of that again redounds to middle-class workers and middle-class jobs. These tax increases have been showed, for example, to destroy hundreds of thousands of jobs if they were implemented. And then finally there's the potential for both corporations and high earners to move offshore, taking all of their business with them. And that again just ends up costing economic growth and jobs in the long run.

Sinclair’s guests didn’t cite any studies, data, or reports in their claims that Biden’s plans will lead to job and wage losses. In fact, financial analysis firms have predicted the opposite effect from Biden’s policies. According to Axios, S&P Global estimated that Biden’s American Jobs Plan -- which includes the corporate tax increases that these Sinclair guests fearmongered about -- “will create 2.3 million jobs by 2024” and “raise per-capita income by $2,400.” USA Today reported that Moody’s Analytics expects Biden’s plan to be more beneficial in the long term:

Mark Zandi, chief economist of Moody’s Analytics, says the projects won't begin in earnest until 2023. He expects the economy to grow just 1.3% from the fourth quarter of 2021 to the fourth quarter of 2022, with the Biden plan adding nothing to the gains.

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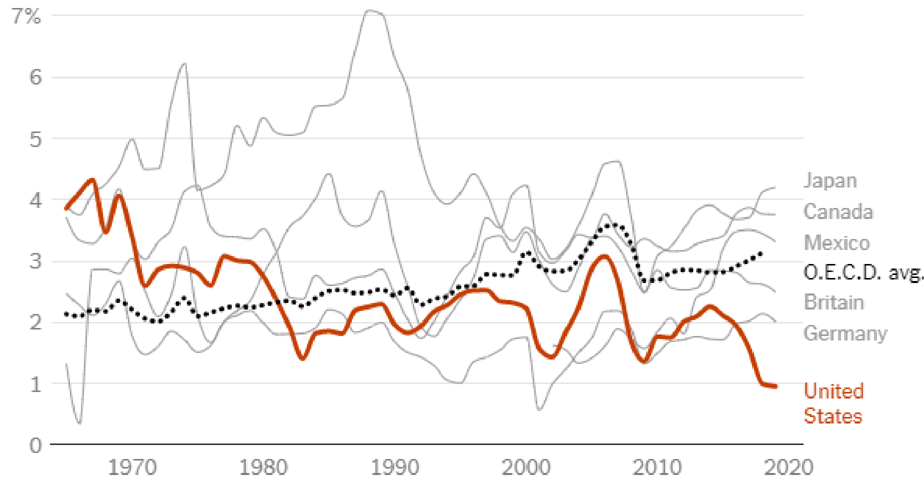
Over a longer period, Biden’s plan would be a big positive, economists say. Zandi expects it to add about half a percentage point to growth in 2023 and 1.6 percentage points the following year. The blueprint, he reckons, would add about 1.4 million jobs in 2024 and 1 million jobs in 2025.

By 2030, the economy would be about $700 billion, or nearly 3%, larger than it would be without the upgrades and an additional 2.7 million Americans would be working, Moody's figures show.

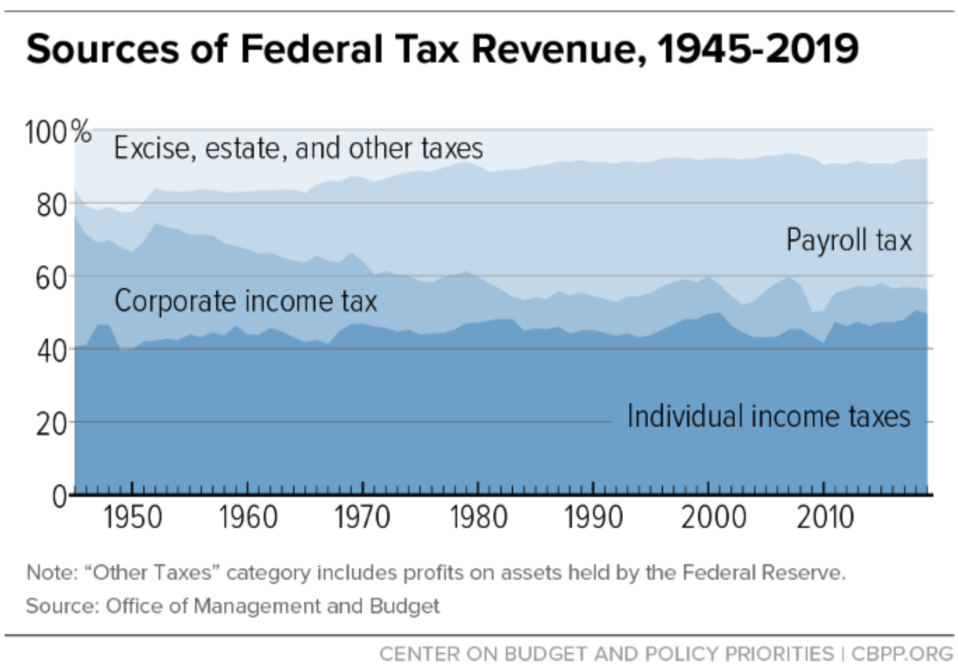
The fact is, corporations are paying a much tinier share of their profits as taxes now than they have over most previous decades even as those profits have grown enormously. At one point in the 1950s, corporate taxes as a share of gross domestic product were more than 6%. Now, following decades of corporate tax cuts and loopholes -- especially after Trump’s Tax Cuts and Jobs Act -- corporate taxes are barely a measly 1% of GDP.

Corporate taxes are so low in the U.S. that they have been a smaller share of GDP than the average of other industrialized nations for decades.



Source: Organization for Economic Co-operation and Development • The New York Times

Corporate taxes also used to form a larger share of federal revenue, which is now mostly borne by individuals.



And as Biden mentioned in his joint address to Congress, the Institute on Taxation and Economic Policy reported that "at least 55 of the largest corporations in America paid no federal corporate income taxes in their most recent fiscal year despite enjoying substantial pretax profits in the United States."

The real reason these Sinclair guests are defending low corporate tax rates is because they benefit the rich above anyone else. As The New York Times' David Leonhardt explained:

The main cause of the radical decline in tax rates for very wealthy Americans over the past 75 years isn't the one that many people would guess. It's not about lower income taxes (though they certainly play a role), and it's not about lower estate taxes (though they matter too).

The biggest tax boon for the wealthy has been the sharp fall in the corporate tax rate.

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Corporate taxes are such an important part of the overall taxes paid by the wealthy because much of their holdings tend to be stocks. And as the owners of companies, they are effectively paying corporate taxes. Most of their income doesn't come through a salary or bonus; it comes from the returns on their wealth.

"In effect, the only sizable tax for these billionaires is the corporate tax they pay through their firms," Gabriel Zucman, an economist and tax specialist at the University of California, Berkeley, told me. "The main reason why the U.S. tax system was so progressive before the 1980s is because of heavy taxes on corporate profits."