

NATIONAL REVIEW

Sanders, Clinton, and Their Job-Killing Agendas

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You can't love employees but hate employers, as Senator Angus King of Maine once said.

This fact has been obscured by the circus that has become the Republican nominating process, but on the Democratic side, Hillary Clinton and Bernie Sanders have been running one of the most anti-business election campaigns of any major party in modern history. In fact, hardly a day goes by without the Democratic candidates offering another idea that seems almost perversely designed to kill jobs.

Start with a simple economic fact. Businesses cannot — at least for long — operate at a loss. That means, among other things, as Greg Mankiw, chairman of the economics department at Harvard, points out, that “the wage a worker earns, measured in units of output, equals the amount of output the worker can produce.” In non-economist speak, you can't pay more for a worker than the value that worker provides. Pay, in this case, means the full cost of employing that worker: wages, insurance, training, retirement benefits, and so on.

But both Clinton and Sanders seem determined to order businesses to do exactly that. For instance, Clinton has called for raising the federal minimum wage to \$12 an hour — a hike of more than 60 percent over the current federal level — while supporting state and local efforts to go even further. Recently, she came out in support of efforts in Los Angeles and New York State to raise the minimum wage to \$15 an hour. Of course, that's not enough for Sanders. He wants the federal government to impose a \$15-an-hour minimum across the board.

And it doesn't stop there. Sanders would also require businesses to provide twelve weeks of paid family leave, two weeks minimum of vacation, and at least five days of paid sick leave per year. Clinton has also called for paid sick leave and some type of paid family leave. Both candidates also back the Obama administration's push to expand the number of workers who would qualify for overtime pay. And both would even have the federal government involve itself in how businesses schedule work hours, demanding fixed schedules and limiting the ability of employers to change shifts or reschedule employees.

Maybe all this is a secret plan to support the robot industry. After all, even President Obama's Council of Economic Advisers recently reported that the jobs most susceptible to being replaced by automation are concentrated at the low end of the wage scale — precisely those jobs that would be adversely affected by a mandated increase in labor costs.

Remember “card check,” the union organizing gimmick that the administration unsuccessfully pushed during Obama’s first term? Both Clinton and Sanders were, unsurprisingly, co-sponsors of the legislation in Congress, and both still back it today. Both have also said they would take other steps to increase the clout of organized labor.

In case any businesses manage to survive this onslaught of new mandates, both Sanders and Clinton want to hit them with new taxes. Clinton, who once said, “Don’t let anyone tell you that businesses create jobs,” has been vague about exactly what business taxes she would impose, though she continually calls for businesses and the wealthy to pay their “fair share.” She supports legislation to tax U.S. corporations on their foreign earnings and impose an “exit tax” on businesses that shift operations overseas. She would also limit deductions for retirement accounts and impose a 4 percent surtax on high incomes in a way that might fall on many limited partnerships and Subchapter S corporations.

That’s small change, of course, for Sanders. As part of his health-care plan, for instance, he would impose a 6.2 percent payroll tax on employers, which would cost them at least \$630 billion per year. Yes, that is *per year*. Sanders also wants a 0.2 percent employer payroll tax (matched by employees) to fund a family- and medical-leave trust fund. This is on top of his call to subject earnings above \$250,000 to Social Security payroll taxes. Hiring workers under a Sanders administration would be really, really expensive.

Beyond payroll taxes, Sanders would eliminate several tax breaks for oil, gas, and coal companies, among others. He would also end the deferral of income from foreign subsidiaries and would change several tax rules to curb corporate inversions (the relocating of a corporation’s legal domicile to a lower-tax country), while limiting use of the foreign tax credit.

And none of this counts the tax increases that both Bernie and Hillary want to impose on the high earners who manage or invest in businesses. And it doesn’t consider how the trade barriers favored by both the Democratic candidates (and Donald Trump) would drive up the cost of parts and materials that American businesses rely on.

Big business, small business, or medium-sized business, the Democrats just plain don’t like you. Unless, of course, you are a business that is important to a key voting constituency, in which case they have a subsidy for you.

According to the nonpartisan Tax Foundation, Hillary’s plans would lower GDP by 1 percent — at a time when we have been stuck in slow growth for years — reduce wages by nearly 1 percent, and lead to roughly 300,000 fewer full-time-equivalent jobs. And that’s the good news. Bernie’s plans would reduce GDP by a whopping 9.5 percent, reduce wages by 4.3 percent, and result in nearly 6 million fewer jobs. That’s Venezuelan territory.

According to a new AP poll released this week, an astounding 81 percent of voters put jobs at the top of their list of priorities. The Democrats’ anti-job agenda presents a tremendous opportunity for whoever the eventual Republican nominee turns out to be. But taking advantage of this opportunity will require the GOP to get serious, stop the gratuitous name-calling, scapegoating of ethnic groups, and other juvenile antics, and begin talking about real issues.

If it does not, we may look back at our current moribund economy as the good old days.

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