



Clinton's new small-business plan is about tearing down Trump's business record

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Hillary Clinton's team went on the offensive against Donald Trump on Thursday, releasing a new attack ad that excoriates the real estate mogul for bilking a small architecture firm:

As it released the video, Clinton's team also unveiled a set of new policy proposals designed to prevent big firms from using "predatory behavior" to exploit smaller businesses.

Those policy proposals may be more difficult to implement than Clinton's team would like to admit, but they reinforce the idea that Clinton is going to try turning Trump's key selling point — his business record — into a political liability. (Clinton's campaign is also hoping to deflect attention from the email controversy that's mostly dogged her in the headlines this week.)

As Vox's Matt Yglesias noted, Trump's entire candidacy is built on the promise that he'll use his awesome business skills in the White House to rev up the American economy. But Clinton's team is launching a two-pronged assault on that idea: first by saying Trump's business was actually built through fraud, and second by arguing that Clinton has concrete policy proposals for helping small-business owners that Trump doesn't.

How Clinton's ad about Trump mirrors Obama's from 2012

The ad tells the story of an architect named Andrew Tesoro. Trump hired Tesoro to build the clubhouse at Trump National Golf Club in Westchester, New York, in 2006, and Tesoro says he spent a big chunk of his own money to get the job done. Upon completion, Trump showered praise on the clubhouse, even circling the design and writing "love" on it with a blue magic marker.

But full payment from the Trump Organization never materialized. Trump's lawyers then made clear that they'd fight any lawsuit to the point at which Tesoro would have to spend more than he could hope to win back, the architect says.

"I made zero money for a couple of years," Tesoro says, "and lived on meager savings that were supposed to be for my son to go to school."

The message here is similar to what Barack Obama did in 2012 to go after Mitt Romney's experience at the private equity firm Bain Capital: that Trump has only proved successful at business insofar as his business consists of ripping off less powerful people.

"Ordinary Americans and small businesses ... did work for Trump and never got paid — painters, waiters, plumbers — people who needed the money, and didn't get it," Clinton said in a statement on Wednesday. "Not because he couldn't pay them, but because he could stiff them."

How Clinton's new policy proposals aim to crack down on "predatory" big firms

There's a push and a pull to Clinton's attempts to hit Trump's record. The video featuring Tesoro represents the push. Her new policy proposals try to pull voters in.

These are less likely to form a prominent part of the campaign, but it's worth paying attention to exactly what Clinton is interested in doing here. That's especially true because there's pretty strong political science evidence that presidents really do try to enact their campaign promises if elected.

Here are the key planks of Clinton's new small-business proposals:

Prosecuting "large firms" that routinely rip off smaller businesses: Clinton is calling on using the Federal Trade Commission and Justice Department to prosecute big businesses that develop a "habit of deceptive trade practices," like consistently not paying their bills on time.

The proposal doesn't specify whether Clinton thinks that would require new legislation — and therefore congressional action — or if it could be achieved through some kind of executive action.

Leveraging federal contracts: Clinton also says she'll use the federal government's \$400 billion in contracts to punish businesses that don't "pay small businesses promptly." That would give them a direct financial incentive to pay small firms on time, she says. (This proposal wouldn't require congressional approval for enactment.)

New mechanisms for small firms to sue bigger ones: Perhaps most directly relevant to Tesoro's story, Clinton is also promising to find new ways for the federal government to reduce barriers for small businesses to sue big corporations.

These could include "easier standards for class-action certification," which would help smaller firms band together for a lawsuit, or a way to reduce their lawyers' fees when facing "egregious and intentional patterns of abuse," according to Clinton's statement.

More capital for small businesses: Right now the federal government helps support more than \$20 billion in annual small-business loans through the Small Business Administration. Clinton hasn't set a dollar amount but says she wants to dramatically increase small businesses' working capital by upping the amount the federal government is pumping into those loans.

Lower fees for small-business loans: The last main level Clinton is looking to pull is to permanently extend two existing programs: one that reduces small firms' fees for accessing short-term capital, and another that makes it easier to apply for loans for businesses in particularly poor cities.

What's the best counterargument to Clinton's proposals?

As of press time, Donald Trump's campaign had not released a detailed rebuttal of Clinton's small-business policy proposals.

But that doesn't mean one doesn't exist. In an interview on Thursday, Thaya Brook Knight of the libertarian-leaning Cato Institute pushed back on almost all of Clinton's proposals as either impractical or unlikely to help.

Clinton wants to unleash small-business growth by having the government give out more loans through the Small Business Administration. But more likely to help, Brook Knight said, would be repealing the Obama administration's new regulations in the banking sector. "Clinton's missing the real problem here," Brook Knight said. "We need to repeal the restrictions hurting this sector, not expand this program."

Brook Knight also questioned the bureaucratic and legal hurdles to creating a federal system for policing firms that are late on payments. The market can already hurt corporations that mistreat their clients, since small businesses can simply refuse to continue to buy from them.

Clinton's plan to use the federal procurement to punish big corporations that are behind on their payments may sound like a pretty straightforward idea for many liberals. But Brook Knight argued that doing so risks making purchasing more expensive for the federal government — and, as a result, the taxpayer.

"This is our money," Brook Knight said. "If the government is going to get a bomber, I want it to get the best price it can for that bomber. I don't want it using federal procurement as a form of economic engineering."

Does this ad risk alienating big business from Clinton?

The Cato Institute's concerns aside, there's probably little political downside here for Clinton.

As MJ Lee reported yesterday for CNN, Clinton has begun making real inroads with big-business interests that typically throw their weight behind Republican candidates. She may even be able to peel away the typically arch-conservative US Chamber of Commerce, Lee said.

It doesn't seem likely this push will do much to change that. When Obama attacked Romney over Bain Capital in 2012, much of the business community recoiled — and even some centrist Democrats argued that the criticisms of Wall Street were going a step too far.

"If you look at the totality of Bain Capital's record, they've done a lot to support businesses, to grow businesses," Sen. Cory Booker said after Obama's ad aired. "And this, to me, I'm very uncomfortable with."

But there's very little reason to believe Clinton similarly risks losing centrist Democrats over her attacks on the Trump Organization. Many lawmakers on Capitol Hill have ties to private equity firms like Bain and were not thrilled to see it vilified during a presidential campaign.

But no Democrats will feel similarly obliged to defend the Trump Organization or Trump himself. Some civil libertarians and finance experts may not love what Clinton's suggesting, but it's hard to imagine Trump looks like a much more attractive alternative.