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What's Holding Back The Hiring? Start With Obama's 10 Job Killers

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President Obama claims that he's concerned about "jobs, jobs, jobs," but he has signed laws, issued executive orders and approved regulations that create incentives for private-sector employers to lay off people or delay hiring people. It's no wonder high unemployment persists.

Obama's top 10 job killers include:

• Executive orders and regulations promoting compulsory unionism.

By gaining a bargaining monopoly in workplaces, labor unions have negotiated above-market compensation and benefits for their members, which has driven governments toward bankruptcy, priced unionized businesses out of markets and destroyed jobs.

Although Obama's card-check legislative initiative (to eliminate the secret ballot in union certification elections) stalled in Congress, he has pushed compulsory unionism by other means.

For example, in January 2009, Obama issued executive order 13496 promoting compulsory unionism among government contractors. The next month, he issued executive order 13502 requiring compulsory unionism for federal construction projects.

In March, Obama named Craig Becker to the National Labor Relations Board. Becker, formerly an attorney for the AFL-CIO and Service Employees International Union, is pushing the NLRB to rewrite union certification rules, making it easier for unions to gain a bargaining monopoly in workplaces — which would destroy more jobs .

• Obama's forced restructuring of GM.

The administration trashed established principles of bankruptcy law to give the United Auto Workers a sweetheart deal and subvert the rights of bondholders. The union had $20 billion of claims and was awarded a 39% stake in the company plus a $10 billion payment into the UAW health care trust fund. The bondholders had $27 billion of claims and ended up with only 10% of the company.

The administration's abuse of power discourages investors from making capital available to companies that might be targeted for government intervention. Investors could demand a substantial risk premium when considering bonds issued by unionized companies that Obama favors.

• Patient Protection and Affordable Health Care Act of 2010 (ObamaCare).

According to the congressional Joint Committee on Taxation, ObamaCare will hike taxes an estimated $15.2 billion, and the middle class will get whacked. We've already seen health insurance premiums go up because of costly ObamaCare mandates, which means less money available for spending on other things.

Moreover, employer mandates, taxes and penalties will reduce funds available for private-sector hiring. The mandates, taxes and penalties kick in when an employer has more than 50 employees, and they apply to all employees, so one effect of the law is to discourage small businesses — which create most American jobs — from hiring more than 50 people.

If a business has 45 employees and it needs to hire eight more people for a total of 53 employees, but it doesn't offer health insurance or its insurance plan doesn't satisfy the latest ObamaCare regulations, hiring those eight additional people would entail a $2,000 penalty for each of the 53 employees — a total of $106,000!

Many other provisions are likely to have unintended consequences, as well. The 2.5% excise tax on high-tech companies that produce pacemakers, heart valves, stents, defibrillators and other medical devices that help improve the quality of life or save lives is an estimated $20 billion hit. Anything that increases the cost of doing business is bad for jobs.

• Extension of unemployment benefits to 99 weeks — almost two years!

By reducing the cost of not working, unemployment benefits undermine incentives to find work. Often, when people lose their jobs in a declining industry, they really need to make some kind of career switch rather than delay adapting to new circumstances. Many studies show that extending unemployment benefits tends to prolong high unemployment.

Also, since unemployment benefits are substantially paid for by taxing employers, the more generous the benefits, the higher the unemployment taxes and the fewer people employers can afford to hire.

One might ask: If it's a good idea to offer unemployment benefits for 99 weeks, why wouldn't five, 10 or 20 years be better? Or suppose unemployment benefits were more generous, perhaps $100,000 per year: How eager would unemployed people be to find jobs then?

• American Recovery & Reinvestment Act of 2009.

By spending some $787 billion on government jobs — mainly in sectors and states with low unemployment rates — the law did virtually nothing to stimulate private-sector employment. On the contrary, the enormous cost of the act put upward pressure on taxes.

Unnecessarily high taxes meant that individuals had less money for spending and private-sector employers had less money for hiring. The act also included an extension of unemployment benefits, reducing incentives for people to find a job quickly.

• Minimum wage laws.

By requiring employers to pay people more than they're worth in terms of marketable skills and experience, minimum wage laws discourage hiring. The federal minimum wage has been increased three times in four years, including the July 2009 hike to $7.25 per hour. Obama could have asked Congress to lower or abolish the minimum wage.

Such laws are devastating for individuals with few marketable skills and limited experience — especially teenagers and minorities. But union bosses love minimum wage laws because they eliminate price competition on the low end of labor markets.

People who favor minimum wage laws tend to confuse a wage rate with income: People take home more money when they're employed at a market rate than when they're unemployed at an above-market rate. Imagine how much more unemployment there would be if minimum wage laws made it illegal for employers to pay people less than $100,000. Everyone whose services were worth less than that would be out of work.

• Restoring American Financial Stability Act of 2010.

This 1,408-page financial "reform" act is likely to backfire in many ways. It authorizes 11 different federal regulatory agencies to issue 243 bureaucratic regulations that could run to thousands of pages in the Federal Register, creating tremendous uncertainty for investors and employers.

Decisions about investment and hiring will be delayed for quite a while — with millions of Americans out of work — until all the regulations are issued, and it becomes apparent what their impact will be.

For example, the law will probably increase the cost of buying derivatives to hedge the risks of exchanging a foreign currency for U.S. dollars, as when a product is made in the U.S., sold overseas and paid for in a foreign currency (like euros or yen). If the hedging cost is too high, more companies are likely to lay off American workers and transfer manufacturing offshore where products will be sold, so costs and revenues will be in the same currency.

• Moratorium on offshore oil drilling.

If it is in effect for six months, it's estimated to throw some 12,000 people out of work nationwide and cost upward of $3 billion. The longer the moratorium on offshore drilling, the greater the job losses. A permanent stoppage of offshore oil drilling could destroy as many as 400,000 jobs.

• Expiration of the Bush tax cuts.

Obama and Treasury Secretary Tim Geithner have favored letting these tax cuts expire for private-sector job creators — investors and entrepreneurs. Many families will be shocked to have to pay thousands of dollars more because of big hikes in personal income taxes, capital gains taxes, dividend taxes and death taxes (on assets already subject to personal income taxes, corporate taxes and capital gains taxes).

Perhaps hardest hit will be small business owners filing tax returns for subchapter S corporations, partnerships and proprietorships. By reducing the profitability of future investments, the decision to let the Bush tax cuts expire discourages investors from investing and employers from hiring.

• Obama's runaway spending.

Investors know that ultimately higher spending must be paid for with higher taxes that will reduce the after-tax return on investment. Consequently, rather than making capital available now, many investors remain on the sidelines, and many businesses are sitting on cash, waiting to see how high the taxes are going to be. The prospect of higher taxes is a major factor depressing private-sector job creation.

By increasing the cost of hiring people, increasing the cost of doing business, reducing after-tax returns from investment, and subsidizing unemployment, Obama is repeating FDR's misguided policies that prolonged high unemployment during the Great Depression.

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