Obamanomics & Hillarynomics: Dumb & Dumber

With job creation in the U.S. basically at a standstill aside from some government hiring of temporary Census workers, even after a trillion-plus dollars in stimulus spending, Hillary Clinton's answer for more growth and more jobs is to remove even more money from the people who earned it and hand it over to the federal government.

In a recent address at the Brookings Institute, Mrs. Clinton succinctly delivered her recipe for reducing unemployment: "The rich are not paying their fair share in any nation that is facing the kind of employment issues (as the United States) — whether it's individual, corporate or whatever the taxation forms are."

That's consistent with the economic thinking that candidate Obama revealed during an unscripted moment in the presidential campaign: "I think when you spread the wealth around, it's good for everyone."

Hillary went on to cite Brazil as a model to imitate. "Brazil has the highest tax-to-GDP rate in the Western Hemisphere, and guess what — they're growing like crazy," she said. "And the rich are getting richer, but they're pulling people out of poverty."

In fact, Brazil doesn't have the highest tax-to-GDP rate in the Western Hemisphere. Cuba wins that race to fully bloated statism and excessive confiscation of income and wealth. And guess what — Cuba isn't not growing like crazy and there's still a shortage of fish even though the country is surrounded by water.

Fishing isn't easy, explains Nick Miroff, a correspondent who covers Cuba for GlobalPost.com, when "Cuba's communist government is so paranoid about illegal departures to the United States that it strictly controls who can own or use boats."

Imagine a nice day on the water. You're nothing, a peon, and the government is everything. You're on a dinky raft held together by some inner tube strips from a '59 Chevy, trying to hook a fish for dinner when some gun-toting government enforcers pull up in a speed boat. "Hey, nutso," they holler (that's "estar mal de la azotea" in Spanish, i.e., "to be off one's nut"), "you a mental case, crazy enough to try to escape to the U.S. hell from the workers' paradise?"

Then the water cops confiscate your fishing rod and you feel lucky that you weren't dropped in a dungeon for 10 years for excessive individualism and trying to steal a sea trout from the people.

Hillary also got it wrong about Brazil growing fast by way of excessively squeezing the rich and by having the highest tax-to-GDP rate. The top marginal tax rate on income in Brazil is 27.5 percent, a substantially lower rate than the 35 percent (and soon to be 39.6 percent) top rate in the United States.

Similarly, the top corporate tax rate in Brazil is 34 percent, lower than the combined federal and state corporate tax of 39.1 percent in the United States, the second-highest rate in the industrialized world (only Japan's 39.5 percent combined rate is higher than the U.S. rate, but 24 states in the U.S. have a combined corporate tax rate higher than top-ranked Japan).

In other words, if Hillary Clinton is saying that the United States should copy Brazil's tax structure in order to get the economy moving and stimulate job creation, that would mean a cut in the U.S. corporate tax rate and a one-third cut in the top U.S. income tax rate, the opposite of her call for higher taxes on the rich.

More broadly, Mrs. Clinton is ignoring the volumes of evidence that show a negative correlation between tax hikes and economic growth.

***?Ralph R. Reiland** is an associate professor of economics at Robert Morris University in Pittsburgh.*