

Bush's economic plan: a wartime gift to corporate America

Kate Randall
12 October 2001

Those who may be swayed by the government and media propaganda campaign into believing that the US war in Afghanistan is being fought to defend the interests of the broad mass of the American people should consider the domestic policies being pushed through Congress, even as the government escalates its military campaign in Central Asia.

The economic stimulus package proposed by the Bush administration in the wake of the September 11 terror attacks provides billions of dollars in tax cuts for the wealthy, while providing scant relief for the millions of workers and their families affected by the tragedy.

In the days following the attack, Congress approved \$40 billion in emergency aid, much of it going to pay for the costs of recovery at the World Trade Center and Pentagon sites and initial steps in rebuilding the infrastructure of devastated sections of New York City.

Another \$15 billion went to bail out the airlines, which lobbied for the massive injection of taxpayer funds while laying off more than 100,000 workers. Seeking to cash in as well, the insurance industry is lobbying for legislation that would establish a federally-backed fund to protect it from claims resulting from future terrorist attacks.

With the economic stimulus bill, the Bush administration has seized on the tragic events of September 11 to further its pro-corporate agenda. The package will provide only \$3 billion in extended unemployment benefits, health-care premiums and day-care costs for workers who have lost their jobs as a result of the hijack-bombings. It allots virtually no additional money to launch emergency construction projects or rebuild the nation's infrastructure. The majority of the funds—estimated at a total of \$60-75 billion—go toward accelerating the record tax-cutting plan enacted earlier this year and providing new corporate tax breaks.

Following a meeting at the White House last week with some 70 business leaders, Bush declared: "Congress doesn't need to spend any more money—what they need to do is cut taxes." This statement is well understood by those in the corporate and political establishment to mean that the vast

bulk of the funds in the package will go to the richest and most privileged layers of society. A Republican leadership aide commented that with this legislation the president had "decided to go with the people who brought him to the dance," i.e., the most rapacious sections of the corporate elite.

Some Democrats in Congress have protested—mildly—over the flagrantly pro-business bias of Bush's plan. Rep. Charles Rangel (NY), senior Democrat on the House Ways and Means Committee, said, "They think they can dust off anything they want and wrap the American flag around it."

But the most vocal opposition to the plan has come from figures within the Republican Party, who have denounced it as a cave-in to the Democrats because it does not go far enough in padding the pockets of big business. A group of conservative Republican congressmen led by House Majority Whip Tom DeLay (R-Texas) objected to any spending on assistance to displaced workers or rebuilding infrastructure, saying the economic plan should include only tax cuts.

The major provisions of the administration's plan are expected to win Congressional approval within the next several weeks. While the Bush administration has backed off from cuts in corporate income and capital gains taxes, other tax-cutting provisions long-sought by big business are likely to be included.

One of the biggest boondoggles for the rich is the proposal to move up from 2004 to 2002 a one percent reduction in the 27 percent personal income tax rate. This tax bracket applies only to the top 24 percent of income-earning households, who take home an average of \$132,000 a year.

Bush has made repeal of the corporate alternative minimum tax (AMT) a priority of the new package. The National Association of Manufacturers has pushed for repeal of the AMT since 1986. This regulation requires businesses to pay a minimum tax rate, regardless of their earnings. Doing away with it would allow many companies to pay no taxes at all.

Another provision would extend the period during which

companies can “carry back” their net operating losses from two years to five years, enabling them to reduce their current tax liability. This would allow businesses to recover some of the taxes they paid on record profits earned in the late 1990s. The airline and oil industries are among the most aggressive backers of this measure.

The plan also proposes expanded business write-offs for capital expenditures, such as the purchase of new equipment. All of these measures are in addition to the \$1.35 trillion, 10-year tax-cutting plan approved earlier this year by Congress. The changes called for in the new bill will not be emergency measures, but will instead be permanently written into the tax code.

By contrast, funding and benefits earmarked for workers and their families are woefully inadequate—and temporary. Unemployment benefits are to be extended from 26 to 39 weeks for workers who lost their jobs after September 11, and only in those states where the jobless rate has increased by 30 percent after that date. In just three states—New York, New Jersey and Virginia—the 30 percent requirement is to be waived.

Only about one in three US workers currently qualifies for unemployment compensation—with many low-wage, temporary, casual and contract workers excluded from coverage. The fact that so few workers can even collect jobless compensation makes Bush’s proposal of limited extension of the benefits all the more cynical. It also points to the tremendous erosion of workers’ living conditions that has occurred as a consequence of a two-decade-long government-backed corporate offensive against the working class.

More than 200,000 US workers have lost their jobs since September 11, as companies in virtually every sector of the economy have announced major cuts. Those workers who do qualify for unemployment compensation will find it increasingly difficult to find new employment due to the deepening economic slump. When jobless benefits run out, these workers’ last resort will be welfare programs that have been gutted by “welfare reform” enacted under the Clinton administration.

Another provision of the package would rob one section of the working class to finance another, and pass this off as relief spending. Bush proposes to use \$11 billion from the Children’s Health Insurance Program (CHIP) to expand health insurance coverage to jobless workers. Under the 1997 legislation that created CHIP, states are given an annual allotment to provide health coverage to poor children. Money not spent in three years is then reallocated to other states. This presently amounts to \$11 billion, which administration officials are describing as “unspent” money.

Ron Pollack, executive director of the health care

advocacy group Families USA, said that this \$11 billion was not “sitting around” waiting to be spent, but was targeted for health coverage for poor children. He commented, “This is not exactly an effective way of helping families, when you rob the kids to pay for adults.”

The Bush plan also proposes to send rebate checks to those low-income taxpayers who didn’t receive the \$300-600 in tax rebates provided by the tax cut package passed earlier in the year—again a temporary measure that would provide only minimal relief to workers and the poor.

Bush’s stimulus bill demonstrates that there has been no suspension of the ruling class offensive in the wake of the terror attacks. This legislation should be recognized for what it is: another opportunity for the corporate elite to advance its narrow class interests at the expense of the broad masses of the population. The provisions of the package are tailored to reward big business with tax-breaks it campaigned for long before September 11.

Working people should ask themselves: If the Bush administration acts so ruthlessly to defend the interests of this privileged minority in the sphere of domestic policy, can its foreign policy be motivated by different class interests? The same corporate powers backing the economic stimulus package in Congress are promoting the war against Afghanistan, a highly unstable country strategically located in an area that harbors enormous untapped oil and gas reserves.

The Bush family and Vice President Cheney, among others, have direct ties to the oil industry. The government’s domestic policies and its war in Central Asia are two sides of an agenda, concealed from the public, which reflects the interests of a financial aristocracy.

Patriotic appeals to national unity in the “war against terrorism” are being made by the government and the media in an effort to manipulate public opinion to support the war drive. But the economic plan being pushed through Congress reveals that behind the banner of national unity, the ruling elite is pursuing its class-war program.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact