

# SEP US presidential candidate on Kerry's jobs plan: "A hoax on the unemployed and giveaway for the rich"

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*The following is a statement by Socialist Equality Party presidential candidate Bill Van Auken in response to the "jobs plan" unveiled by Democratic presidential candidate Senator John Kerry in a March 26 speech in Detroit, Michigan.*

The so-called jobs plan advanced by Democratic presidential candidate Senator John Kerry last week represents a cruel hoax on the unemployed and another tax giveaway for the super-rich.

While millions of jobless workers are facing foreclosure on their homes, the cutoff of health insurance, and the specter of destitution, Kerry has outlined a proposal geared to further fatten the bank accounts of America's wealthiest 1 percent.

The plan centers on the premise that a 5 percent cut in corporate income tax, combined with ending the existing tax deferral on the unrepatriated overseas profits of US-based corporations, will stimulate job creation in the United States.

Despite the squabbles of the Democrats and Republicans over taxes, the Kerry plan is fundamentally in line with the Bush administration's prescription of massive tax cuts for the wealthy and the corporations as the supposed means for overcoming the jobs crisis. There are no grounds for expecting any different result from a Democratic tax windfall for big business than from a Republican version of the same basic policy: trillions of dollars for the rich and millions more jobs wiped out.

Kerry has toured America's devastated industrial centers delivering a stump speech in which he rails against "Benedict Arnold CEOs" and promises to "crack down on the export of American jobs." The cynicism of this right-wing populist demagoguery is breathtaking.

Between public appearances, the Democratic candidate has been collecting millions of dollars in campaign funds from the very same CEOs—at Citigroup, Morgan Stanley, AOL Time Warner, Goldman Sachs—who are leading the way in outsourcing jobs. His own hundreds of millions in personal assets are heavily invested in such companies. The pretense that he is going to conduct a "crackdown" on the corporate elite is laughable.

In his 2,000-plus-word Detroit speech promising to create 10 million jobs over the next four years—barely more than what is needed to absorb new entrants into the labor market—Kerry made no suggestion that his administration would increase benefits to the unemployed or spend a dime on public works or job-creation programs.

His entire plan is to make additional tax concessions to the corporations. There is no doubt that the bulk of this money would flow directly into the coffers of wealthy shareholders like himself.

Kerry's scheme for taxing the estimated \$600 billion held abroad by

overseas subsidiaries of US companies would do nothing to reverse the growing trend toward outsourcing or offshoring. Decisions to relocate call centers and other back-office operations or to hire factory workers, software designers, and even architects and engineers in countries like India and China are driven not by tax policy, but by the ability of corporations to exploit labor at as little as one-tenth the cost incurred in the US.

Moreover, the Kerry plan would exempt the profits made by these subsidiaries through sales in the national markets where they are located—as opposed to sales in the US—thereby creating a giant loophole that corporate tax accountants could easily exploit to avoid paying anything at all.

Corporate lobbyists are already pushing for changes in the tax code to substantially reduce existing taxes on overseas profits. With business done abroad accounting for some 40 percent of the sales of the country's top 500 corporations, any final version of Kerry's proposals would probably be even more heavily weighted in favor of the financial elite.

Kerry has denied that he is a protectionist, preferring to describe himself as a "competitor." This means that he merely borrows the protectionist rhetoric employed by both the extreme right and that section of the Democratic Party most closely aligned with the trade union bureaucracy, while remaining firmly committed to the interests of the transnational banks and corporations. He attempts to channel the anger of American workers over the massive destruction of jobs along reactionary nationalist lines and convince them that the problem is not capitalism, but "unpatriotic" business executives and foreign workers.

The rhetoric is strictly for public consumption. On matters of basic policy, Kerry is guided by such Wall Street insiders and "free trade" advocates as Robert Rubin, the former head of Goldman Sachs who became Clinton's treasury secretary and is now a top executive at Citigroup.

As the *New York Times* noted in a March 28 article: "Fiscal responsibility and deficit reduction, hallmarks of the Clinton years, are bedrock orthodoxy in the Kerry camp, too. So is faith in the private sector's power to generate prosperity. Job creation will come from corporate America, not the government." In short, a Kerry administration will spend next to nothing to aid the unemployed or put them back to work.

The Socialist Equality Party supports neither "free trade" nor protectionism. Both are capitalist trade tactics for defending corporate interests under different economic conditions. Our party advances a

radically different strategy that begins from the struggle to unify American working people with the working people of other countries in a common struggle against the transnational corporations and banks that exploit them all. Only by coordinating their struggles across national boundaries will workers in any country be able to fight against these globally mobile capitalist firms.

Outsourcing and offshoring are part of a relentless and worldwide drive by the corporations and banks to increase productivity, lower the costs of production, obtain cheaper sources of labor, and grab a greater share of the global market at the expense of their competitors. These tendencies have nothing to do with the patriotism of individual CEOs, but rather are rooted in the objective contradictions of a system that produces not for human need, but for private profit. Any attempt to rein in this one aspect of capitalism while accepting the system as a whole is both futile and reactionary.

As long as the massive productive forces built up by society are privately owned, developments in technology and the unprecedented global integration of production will be used as weapons to drive millions of workers out of their jobs and lower the wages and benefits of those who remain.

The Socialist Equality Party advances a program that begins from the right of every working person to a job at decent wages. Our party advocates a massive public works program to guarantee employment for all those who are presently unemployed and able to work.

Under conditions in which nearly 40 million American workers are either unemployed or relegated to part-time jobs, such a program is needed now. The jobless cannot afford to wait, in the vain hope that corporations will use tax cuts to hire new workers rather than boost stock dividends and make technological changes to squeeze even more productivity out of their existing workforces.

There is more than ample work to be done. Successive administrations—Democratic and Republican—have slashed government spending to the point where public investment in the US has fallen to half the levels recorded in the 1960s and 1970s. As the money saved through this cost-cutting has been awarded to the rich, public facilities and basic infrastructure have badly deteriorated.

A \$1 trillion public works program—roughly equal to the amount in tax cuts that the Bush administration awarded to the richest 1 percent—could be utilized to build schools, low-cost housing, hospitals, libraries, museums, recreation centers, parks and modern mass transit, as well as to provide vitally needed public services, such as universal day care.

Under conditions in which new technology has reduced the amount of labor required for production, the Socialist Equality Party calls for the work to be shared, so that no worker is forced onto the unemployment line. We demand a reduction in the workweek to 30 hours, while maintaining the full 40 hours pay for every worker.

To protect the living standards of working people in the US from the attempt by the corporations to use competition with low-wage labor in other countries as a club, the SEP calls for a guaranteed annual income for every worker, indexed to inflation.

The cutoff of extended federal unemployment benefits threatens an estimated 2 million jobless workers with the loss of all income by the middle of this year, but Kerry's plan offers them nothing. The SEP rejects a system that condemns those who have lost their jobs to destitution. We demand that laid-off workers be guaranteed their full regular wages until they are rehired at equal or greater compensation. Similar benefits must be extended to the long-term unemployed, those on welfare, and youth who are unable to obtain a decent-paying job.

The resources for these socially necessary programs are at hand, but for them to be marshaled and put to use in the interests of genuine progress and equality, a fundamental reorganization of economic life is required.

The present tax code must be radically restructured, turning it from a means of enriching the financial elite and big business at the expense of working people into an instrument for a far-reaching redistribution of society's wealth to those who depend upon their paychecks for a living. Taxes must be reduced for the vast majority of the population, while sharply increased for the rich. Direct taxes on accumulated fortunes—such as the estate tax—must be restored, while loopholes that allow giant corporations to evade taxes on all but a fraction of their profits must be abolished.

To direct society's resources to the satisfaction of basic human needs—employment and income security, health care, housing, education—our party advocates the nationalization of the country's large financial institutions and the transformation of privately owned corporations valued at \$10 billion or more into publicly owned enterprises, under the democratic control of the working people.

The present economic setup, in which production is subordinated to private profit and the accumulation of personal wealth, must be replaced with a socialist system based on public ownership and democratic control of the economy.

Achieving this program is possible only through the emergence of a powerful and independent mass movement of working people prepared to fight for it.

Kerry's so-called jobs program is the clearest indication that relying on the victory of the Democrats in November to reverse the attacks on the working class of the past two decades is a political dead-end. The struggle against unemployment, social inequality and war can be successfully waged only through the building of an independent, mass socialist party. I am running as the Socialist Equality Party presidential candidate, and the SEP is running candidates in congressional races, to carry forward this vital task.



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