Trump speech in Detroit: Tax cuts for the wealthy combined with nationalist demagogy

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In his speech Monday to the Economic Club of Detroit, Republican presidential candidate Donald Trump embraced traditional right-wing nostrums about cutting taxes for the wealthy and slashing regulations on big business, claiming that the American economy would boom if only the wealthy were allowed to have their way completely.

The Trump's speech was a travesty of analysis, as he simply did not address the overriding economic issue confronting world capitalism: the deep economic slump triggered by the 2008 Wall Street crash, from which the world economy has yet to emerge. He said nothing about the financial collapse, the trillion-dollar bailout of the banks that followed, or the long-term consequences of that financial heart attack for world capitalism as a whole.

Remarkably, in a speech about economic policy delivered in Detroit, Trump made no mention of the auto industry bailout pushed through by the Obama administration, centered on the slashing of wages by 50 percent for new hires.

He did refer to the appalling social conditions in the city where he gave his speech, while indicting the Democratic Party as responsible. But he was silent on the most recent catastrophe, the bankruptcy of Detroit, which led to wage cuts, mass layoffs and the destruction of pensions and health benefits, in which politicians of both big-business parties—the Republican governor and state legislature and the Democratic mayor and city council—played major roles.

The Republican candidate rattled off a string of figures about the dismal state of the US economy, prepared by his speechwriters, demonstrating that labor force participation, median household income and economic growth rates are down, while food stamp use, poverty and black youth unemployment are up.

His "solutions," however, consisted of a combination of right-wing Republican boilerplate—cut taxes on business and the rich, slash regulations, end all restrictions on oil drilling and coal mining—and strident economic nationalism.

In effect, he was addressing two audiences. For the businessmen and right-wing political operatives who filled the seats at the invitation-only meeting, Trump offered trillions in tax breaks plus deregulation. For manufacturing workers and the unemployed, a major target of his election campaign, he offered tub-thumping and completely empty pledges to revive American steel, automobile, coal-mining and other heavy industries by excluding foreign imports and waging trade war against economic rivals of American capitalism.

It was notable that his business audience applauded loudly for the promised tax cuts, but largely sat on their hands when Trump declared his opposition to NAFTA and other trade deals, and pledged that "Americanism, not globalism" would be the watchword of a Trump administration. The giant Detroit-based General Motors and Ford, like their corporate counterparts elsewhere, operate globally, pitting workers in every country against each other in a race to the bottom for wages, benefits and working conditions.

There is little doubt that were Trump to enter the White House, he would do nothing to curtail the overseas operations of giant US corporations, while he would move rapidly to cut their taxes, along with the taxes of wealthy families and the estate taxes that only a tiny fraction of the super-rich (the top 0.2 percent) actually pay.

There were relatively few policy details in the hour-long speech, but Trump did indicate that he was shelving the tax cut proposals he made during the campaign for the Republican nomination in favor of the plan adopted by House Republicans, which calls for reducing income tax brackets to three and cutting the top tax rate from 39.6 percent to 33 percent.

The direct impact of these cuts would be a bonanza for the wealthiest families, while taxes would decline only marginally or not at all for middle-class and working-class families. According to the Tax Foundation, families in the top one percent would see a 5.3 percent increase in after-tax income, while middle-income families would gain 0.2 percent, and families in the bottom 40 percent would gain nothing at all.

Trump proposed the complete abolition of the estate tax, which has gradually eroded over the years as bipartisan congressional action has raised the amount of estates that are exempt from tax from $1.35 million for a couple in 2001 to $11 million today. Only 52,000 estates paid the tax in 2000, but this has dropped to one-tenth that number, only 5,000 estates, in 2013. One major beneficiary of abolishing the "death tax," as Trump labeled it, would be his own children, since they would be able to inherit his fortune (assuming it exists) tax-free.

The only specific measure Trump proposed for Americans who are not rich was a tax break for childcare expenses. Even this would benefit primarily the upper layers of the middle class, since it would be structured as a tax deduction rather than a tax credit, meaning the nearly 70 percent of the population who do not itemize deductions on their tax returns would gain nothing.

For those who could claim it, the benefit would be heavily skewed to higher-income families. By one calculation, a family making $500,000 and spending $10,000 a year on childcare would net nearly $4,000. A family making $50,000, with the same childcare expenses, would get back only $1,500, even though they would need the money more.

Dwarfing even the impact of his tax cuts for the wealthy and abolition of the estate tax is Trump's proposal to cut the corporate income tax rate from its current (purely nominal) rate of 35 percent to only 15 percent. This would funnel trillions into the coffers of giant corporations.

Moreover, those companies that have parked some $2 trillion in profits in offshore accounts awaiting more favorable tax treatment in the US would be allowed to pay a rate of only 10 percent if they repatriated the funds to the United States. This one tax break would be worth $500 billion to a handful of corporate giants like Apple, Cisco Systems and General Electric.

Accompanying his Detroit economic speech was Trump's naming of an economic advisory team consisting largely of fellow billionaires, including oil man Harold Hamm, hedge fund boss John A. Paulson, real estate mogul Steven Roth, and Steven Feinberg, cofounder of the private equity firm Cerberus.

Two names on this list bear special note, given Trump's repeated efforts to present himself as the advocate of manufacturing workers: Dan DiMicco, former president and CEO of Nucor Corporation, the leading operator of US "mini-mills," the pioneer in the campaign to slash steelworkers' wages and benefits; and Wilbur Ross, the financial speculator and asset-stripper who took much of the US steel industry through bankruptcy, reaping billions in the process, and pillaging workers' pension funds.

Carl Icahn, the notorious corporate raider and union-buster of the 1980s, was only left off the list of advisers because he has launched a "super PAC" on behalf of Trump, and claimed that for legal reasons he could not be formally associated with the campaign.

Trump's policies and list of corporate advisers and backers demonstrates that his claim to defend the interests of US manufacturing workers is so much hot air. He is given credibility only by the trade unions and the Democratic Party, which have long specialized in the type of nationalistic demagogy in which Trump is now outbidding them.

When Trump rants and raves against China and Mexico, he is only following in the well-worn trail blazed by the AFL-CIO unions, and particularly the United Auto Workers and United Steelworkers, as well as Democratic Party politicians like Bernie Sanders and Hillary Clinton.

It was notable that during the week leading up to Trump's speech on the economy, the Clinton campaign staged a series of events attacking him from the right, claiming that his economic nationalism was bogus because Trump-branded products were being manufactured in many foreign countries and not in the United States.

In her remarks on economic issues, Clinton made it clear that her so-called jobs plan would not include a single job to be created by the federal government, by launching a public works program. All spending and "job creation" would be routed through the private sector. In other words, Clinton, like Trump, rejects any interference with the capitalist market except to prop up various industries and business through tax credits and federal contracts.