

Trump begins campaign for huge tax cut for business and the wealthy

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At a rally Wednesday in Springfield, Missouri, President Donald Trump began a public campaign for slashing taxes on US corporations and the wealthy, an effort to funnel trillions of dollars into the pockets of the super-rich that would dramatically increase the already staggering economic inequality in America.

Trump's remarks combined economic nationalism, glorification of the profit system and obvious lies, as he claimed that corporations gifted with massive tax cuts would immediately use these funds to invest in new equipment, hire more workers, and give generous raises to the workers they already employ.

The speech gave a completely potted account of economic realities in the United States, portraying giant American corporations as groaning under an onerous tax regime that takes so much of their profits that they cannot invest in production.

Actually, corporate profits are at record levels, but the funds are used mainly for speculative purposes like stock buybacks. And according to the Organization for Economic Cooperation and Development, the overall tax burden in the United States, at 26 percent of total economic output in 2014, is the fourth-lowest among the major industrialized countries.

The speech was reportedly written by Stephen Miller, the policy adviser who represents the fascistic wing of the White House staff, previously headed by Stephen Bannon. He supplied the nationalist demagoguery and the empty claim that a windfall for American corporations would be good for American workers.

The policy substance is supplied by Treasury Secretary Steven Mnuchin and top White House economic adviser Gary Cohn, both veterans of Goldman Sachs and both possessing fortunes of a half billion or more. Mnuchin accompanied Trump to Springfield, along with Commerce Secretary Wilbur

Ross, a longtime asset stripper with a fortune in the billions.

Trump outlined four principles underlying the tax plan, two in support of the populist demagoguery, and two to deliver the bonanza for corporate America.

First was "tax simplification," the standard promise by right-wing demagogues to reduce the complexity of the federal tax code so that ordinary people can understand it and fill out their tax returns on a postcard or single sheet of paper. There is not the slightest prospect of this ever happening, since complexity is one of the devices for shifting the tax burden from corporations and the wealthy, who can hire tax lawyers and accountants, to working people.

Trump also pledged "tax relief for middle-class families," although he gave not a single detail in the speech. An initial draft released in the spring suggested doubling the standard deduction, which would provide modest benefits for families of middle income, but nothing to the 47 percent of workers who do not earn enough to pay income tax.

Estimates of the potential benefits—difficult to calculate because of the vagueness of the White House plan—suggest that middle-income families would gain \$30 to \$140 a year, while families in the top 1 percent would gain an average of \$1.4 million.

In contrast to the vague and empty promises to working people, the benefits for corporate America from Trump's remaining two principles are enormous and specific. Under the rubric of establishing a "competitive tax code," Trump would slash the tax rate on corporations from 35 percent to 15 percent, below that in most other countries.

Finally, in an effort to "bring back trillions of dollars in wealth that's parked overseas," Trump would effectively legalize tax evasion by giant corporations

like Google, Microsoft, Apple and General Electric. These and other corporate behemoths have nearly \$3 trillion in accumulated earnings attributed, for bookkeeping purposes, to their overseas operations, in order to avoid US corporate income tax.

Trump would give a one-time tax holiday allowing these earnings to flow back into the US with only nominal taxation, claiming that the funds would be reinvested in American facilities and jobs. The last time this particular corporate swindle was performed, in 2001 under George W. Bush, the companies involved paid only 5.25 percent on their repatriated earnings, the \$300 billion in “offshore” funds were used to buy back stock, pay out dividends to shareholders and boost the compensation of CEOs, and virtually no jobs were created. Now the sums involved are 10 times greater.

In packaging such a plan as a boon for working people, Trump and his speechwriter, Stephen Miller, must think that American workers are deaf, dumb and blind, as well as suffering from amnesia. Vague rhetoric about more jobs and higher pay cannot disguise an even bigger handout to the wealthy than the 2001 tax cuts pushed through by Bush with the support of leading congressional Democrats.

Wall Street and corporate America generally are hoping for a repeat of the 2001 deal between Bush and the Democrats, once the initial public posturing about “fairness” and prioritizing tax cuts for the “middle class” is dispensed with.

Senate Democratic leader Charles Schumer—who has collected more campaign contributions from Wall Street than any non-presidential candidate in history—served up the usual populist demagoguery in response to Trump’s speech, speaking on a conference call organized by pro-Democratic groups that are lobbying against the Trump tax plan.

“If the president wants to use populism to sell his tax plan, he ought to consider actually putting his money where his mouth is and putting forward a plan that puts the middle class, not the top 1 percent, first,” declared Schumer. He said the Democrats were willing to deal on taxes, but rejected any plan that cut taxes for the top 1 percent of income earners, raised taxes on the middle class, or increased the federal budget deficit.

Notable in this list is the absence of any reference to reductions in the corporate tax rate, the centerpiece of the Trump administration tax plan, or to the repatriation

of offshore earnings. There is widespread agreement among congressional Democrats with both proposals, since the Democrats, like the Republicans, take as their point of departure the interests of the American capitalist class.

Schumer’s opposition to reducing taxes for the top 1 percent hardly constitutes a serious obstacle, as press reports indicate that the White House may have already dropped plans to lower the top income tax rate from 39.6 percent to 35 percent.

More significant is the Democratic leader’s insistence on not increasing the federal budget deficit. That means that the expected corporate tax cuts would have to be “paid for” by cutting expenditures, almost certainly in domestic social spending or “entitlement” programs like Social Security, Medicare and Medicaid.



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