

Trump plans a \$100 billion tax bonus for the rich

By Niles Niemuth
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The Trump administration is planning to provide the American ruling elite with a windfall of \$100 billion through changes to Treasury Department rules for how capital gains taxes are calculated.

According to a *New York Times* report published Monday, Trump's treasury secretary, Steven Mnuchin, is considering using the department's regulatory powers to allow for inflation to be considered in determining capital gains tax liabilities. The windfall for the rich would be effected by administratively redefining the word "cost," thereby bypassing any legislative role for Congress.

"If it can't get done through a legislation process, we will look at what tools at Treasury we have to do it on our own and we'll consider that," Mnuchin told reporters last month during a meeting of G-20 finance ministers in Argentina. "We are studying that internally, and we are also studying the economic costs and the impact on growth."

A proposal for a unilateral move by the Treasury Department to change the calculation of the capital gains tax had been considered and rejected as unconstitutional by the Republican George H.W. Bush administration in 1992. But it has been revived and is being promoted by Trump's chief economic adviser Larry Kudlow and right-wing anti-tax lobbyist Grover Norquist.

This latest plan to plunder the economy to make the rich even richer comes on the back of Trump's \$1.5 trillion tax giveaway to corporations and the wealthy that was passed by Congress and signed into law last December. The Democrats assured passage of the bill

by doing nothing to mobilize the massive popular opposition to it.

It also follows reports that CEOs in the US are cashing in their stock options in the aftermath of the Trump tax cuts and raking in tens and even hundreds of millions of dollars (see: "As US workers' wages continue to fall, Oracle CEO pockets \$250 million after Trump tax cut").

Trump's tax cuts, besides directly saving corporations and rich people hundreds of billions of dollars in tax payments, have set off an orgy of corporate stock buybacks, dividend increases and mergers and acquisitions. These will funnel \$2.5 trillion to wealthy executives and investors before the end of 2018.

This is money that will be extracted from the working class through the suppression of wages, the assault on health care and the destruction of what remains of private and public pensions.

The *Wall Street Journal* reported Monday that state and local pensions are currently underfunded by more than \$5 trillion. Since the economic crisis of 2008, municipal bankruptcies have been used to force through draconian cuts to the benefits workers were promised, most notoriously in Detroit, where retirees took a cut in their pension benefits and lost their cost-of-living adjustment payments. With public pension plans now holding less than three-quarters of the funds needed to cover obligations, more cuts are in the works.

Additionally, more than a dozen private pension plans that are on the verge of collapse are preparing to impose cuts on retirees, including the Teamsters' Central States Pension Fund, which covers 400,000 workers and has \$36.2 billion in unfunded liabilities.

The claim that there is "no money" for workers'

pensions is exposed by the billions and trillions of dollars being thrown at the rich. Little more than one-third of the planned \$100 billion capital gains tax cut would cover the Central States fund's liabilities. In fact, the money to be handed to a wealthy few would be sufficient to give each of the workers covered by the Central States fund a one-time bonus of \$250,000. Just two years' worth of stock buybacks, increased dividends and mergers and acquisitions at the current level would resolve the public-sector pension funding deficit.

An analysis of the plan to index capital gains to inflation published by the Wharton School of Business, when the proposal was initially floated by the Trump administration in March, found that it would benefit only the extremely rich.

Most of the cut, more than \$97 billion, would go to the top 10 percent of income earners, with the greatest share, \$63 billion, going into the coffers of the top 0.1 percent. While the elite would see their after-tax income increase by as much as 1 percent, the bottom 80 percent of Americans would see zero benefit.

Despite expected court challenges against an effective cut in capital gains taxes by executive fiat, it is all but inevitable that this or a similar cut in the tax on investment gains will be enacted in the near future. The current top tax rate of 20 percent on capital gains is well below its historic peak of 35 percent in the 1970s.

Senate Minority Leader Chuck Schumer (Democrat of New York) postured as an opponent of the proposed move, telling the *New York Times*: "At a time when the deficit is out of control, wages are flat and the wealthiest are doing better than ever, to give the top 1 percent another advantage is an outrage and shows the Republicans' true colors."

However, Wall Street's favorite senator made clear that all he really wants is a seat at the table when decisions are made on slashing taxes for the rich, declaring that "everyone knows this must be done by legislation."

The massive redistribution of wealth from the bottom to the top under Trump is not simply a Republican policy. It is a continuation of the "Robin Hood-in-reverse" policy carried out by the Democrats under Barack Obama, who bailed out the banks in 2008, funneled trillions to Wall Street through "quantitative easing," and imposed an across-the-board

50 percent cut in the wages of newly hired General Motors and Chrysler workers.

Trump has simply solidified government of, by and for the oligarchs.

The fight against social inequality requires a direct challenge to the capitalist system. The working class must expropriate the private fortunes derived from the wealth produced by its labor and put it to use eradicating poverty and unemployment and providing quality education, health care and housing for all. This is part of the socialist program I am advancing in my campaign for Congress that includes the transformation of the corporations and banks into public utilities democratically controlled by the working class.

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