

Trump's tax returns and the parasitism of the financial oligarchy

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The detailed analysis of the tax returns of President Donald Trump, spread across the front page of Monday's *New York Times*, is more than an exposure of the corrupt gangster who lives in the White House. It is an indictment of the American ruling class as a whole, of the super-rich families who monopolize the country's wealth, exploit the working people and dominate its politics, including the Democratic and the Republican parties.

The *Times* gained access to 20 years of personal and business tax returns that provide exhaustive details about the financial manipulations conducted by the Trump Organization. The family holding company used hundreds of subsidiaries and shell companies to evade the payment of taxes, incur paper losses that were used to offset real income, and ensure the never-ending enrichment of Trump and his children despite the fact that their empire of real estate, casinos and golf clubs was largely unprofitable.

As the report declared, "ultimately, Mr. Trump has been more successful playing a business mogul than being one in real life." His long-running NBC reality program, *The Apprentice*, was far more profitable than his actual business activities. His bankruptcies and reverses have long been known, but the *Times* account gives a picture, in granular detail, of how the tax system—set up and run by both Democratic and Republican administrations—allowed him to amass and maintain great wealth despite his generally disastrous forays in business.

The *Times* account does add another dimension to the explanation of the response of the Trump administration to the coronavirus crisis. Given his vast holdings in real estate, hotels and golf clubs, Trump had a direct and immediate financial interest in demanding the reopening of the economy and the resumption of travel, business meetings and sporting events, regardless of the cost in human lives. In this he was not alone, but rather spoke for the interests of his class.

The details in the newspaper account—that Trump paid zero income taxes in 10 of the 15 years before he ran for president; paid \$750 in income taxes in 2016 and 2017, about the same amount as a waitress working at the

minimum wage; wrote off \$75,000 in haircuts as a business expense; and steered hundreds of thousands in "consulting fees" into the pockets of his adult children—are damning. But it is hardly surprising to see it proven in black and white that Donald Trump is a phony and a fraud. Millions of working people have long recognized him as an unscrupulous swindler in both business and politics.

Two years ago, the *Times* published an equally detailed examination of how Trump's father manipulated the tax system to pass on the bulk of his wealth to his son Donald while paying an effective tax rate of only 10 percent, even though the official estate tax was then 55 percent. The WSWWS commented at the time, "With its detailed exposure of the Trump fortune, the *Times* has unwittingly confirmed the insistence of socialists that the continued existence of a parasitic oligarchy is incompatible with the most basic social and democratic rights of the vast majority of the population."

Corruption and tax evasion, perhaps less crude but in some cases on an even larger scale, are commonplace throughout the American ruling elite. According to IRS figures, the effective tax rate on the transfer of inherited wealth is less than 4 percent, compared to the average tax rate for working people of 18–19 percent. Decades ago, before her conviction for tax evasion, Manhattan hotel heiress Leona Helmsley sneered, "Only the little people pay taxes." That serves today as the motto of the entire financial aristocracy.

Everyone knows that the IRS makes it a point to prey upon workers. Woe unto the teacher or auto worker who is accused of underpaying the IRS, even as the agency regularly turns a blind eye to massive tax-avoidance schemes like those run by the Trump family. Economists Emmanuel Saez and Gabriel Zucman have described how, for decades, the US government continuously slashed taxes for the wealthy and destroyed enforcement mechanisms, with the deliberate outcome of expanding social inequality.

A central aspect of Trump's financial flim-flam over many decades is that he has taken advantage of tax laws enacted by both Democrats and Republicans for the deliberate purpose of enabling such chicanery and

minimizing the tax burden on the financial elite. It was under the Obama administration in 2010 that the IRS authorized a payment of \$72.9 million to Trump, supposedly as a refund of “overpayments.”

At least until he launched his campaign for the Republican presidential nomination in 2015, Trump bribed Democrats and Republicans alike with “campaign contributions” and was rewarded with loopholes such as the favored treatment of real estate losses in the Obama administration bailout of Wall Street in 2009.

Among the politicians benefiting from Trump’s largesse over the years were Joe Biden and Kamala Harris, his current opponents. He gave campaign contributions on 17 occasions to the two New York Democratic senators, Charles Schumer, now the Senate Democratic leader, and Hillary Clinton, Trump’s opponent in the 2016 presidential contest. None of this politically inconvenient history appears in the *Times* account of Trump’s tax evasion.

Apologists for the Democratic Party, particularly in the camp of the Democratic Socialists of America (DSA), may see the *Times* article as a brilliantly timed masterstroke. They no doubt hope that the conclusive exposure of Trump as a corrupt fraud—unlike the release of the sex scandal transcripts in 2016—will succeed in sinking his campaign.

It is possible that the exposure of Trump’s blatant tax evasion will cost him some votes. But this exposure does not change the reactionary character of the Biden campaign.

A central feature of this campaign is the suggestion that Trump is an agent or patsy of Russian President Vladimir Putin, and that his administration has undermined US “national security” interests in the Middle East, Central Asia, and more generally, in relation to both Russia and China. Many media commentators immediately seized on the fact that Trump paid far more taxes to foreign governments, including India, the Philippines, Turkey and Panama, than he did to the US government.

House Speaker Nancy Pelosi, one of the most vociferous advocates of the anti-Russia campaign, was quick to sound this theme again in response to the publication of the details of Trump’s taxes and personal finances. Noting the *Times*’ conclusion that Trump had accumulated \$400 million in losses since taking office, including \$300 million in loans that would come due during a second term in the White House if he should be reelected, she declared that Trump’s taxes revealed a “national security issue.”

Even though the *Times* admitted that the tax returns showed no business income from Russia, Pelosi connected Trump to Moscow: “The question is what does Putin have on the president politically, personally, financially in every way that the president would try to undermine our commitment to NATO, give away the store to Russia and

Syria ... he says he likes Putin and Putin likes him. Well, what’s the connection? We’ll see.”

Such grotesque McCarthy-style attacks on Trump’s alleged master in Moscow contribute to a political atmosphere justifying an explosion of American militarism. It moreover simply ignores the equal role of American banks in financing Trump’s swindles.

Moreover, the use of a scandal to unseat Trump—assuming that this is the outcome—does nothing to change the political climate in the United States. With or without Trump, the intensification of the social crisis—for which the Democrats have no answer—will provide fuel for the development of fascist and authoritarian movements.

It is impossible to defend democratic rights and defeat Trump’s drive towards authoritarian rule through the Democratic Party, which defends the capitalist system of which Trump is a product.

Trump’s tax returns paint a portrait of a ruling class totally enmeshed in corruption and criminality. The oligarchs generate their wealth through shuffling around money, based on the provision of endless amounts of cash by the central banks. Trump’s gaudy and tasteless palaces, with the look of bordellos, are the product of a whole period of American capitalism dominated by swindling, speculation and fraud, creating nothing of value besides ever-greater heaps of debt.

Trump is not the exception; he is the rule. The entire ruling class owes its social existence to various forms of criminal activity, whose victims are inevitably workers. The expropriation of this financial oligarchy is an urgent social necessity.

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