

Democrats reach deal with Trump on budget and debt ceiling

Patrick Martin
24 July 2019

In a deal that demonstrates that the Democratic Party offers no genuine opposition to the Trump administration, the congressional Democratic leadership has reached an agreement with the White House on a two-year, bipartisan plan to boost military spending to record levels and guarantee to Wall Street that there will be no limit on federal borrowing that would cause instability in the financial system.

Trump tweeted his support for the agreement, worked out between House Speaker Nancy Pelosi and Treasury Secretary Steven Mnuchin, in a tweet Monday evening. Pelosi sent a letter to every member of the House Democratic majority hailing the deal, while Senate Majority Leader Mitch McConnell pledged the full support of the Senate Republican leadership.

The Trump tweet declared, “I am pleased to announce that a deal has been struck with Senate Majority Leader Mitch McConnell, Senate Minority Leader Chuck Schumer, Speaker of the House Nancy Pelosi, and House Minority Leader Kevin McCarthy—on a two-year Budget and Debt Ceiling, with no poison pills ... This was a real compromise in order to give another big victory to our Great Military and Vets!”

The reference to “no poison pills” points to one of the biggest Democratic cave-ins in the budget deal. Pelosi and Schumer have agreed that for the next two years they will not use budget or appropriations bills as a means of pushing Democratic political priorities such as lifting the Hyde Amendment, which bans federal funding for abortion, or prohibiting Trump from using Pentagon funds to build a wall on the US-Mexico border.

The border dispute was the main issue in the federal shutdown earlier this year. After congressional Democrats reached a deal with the White House that

ended the shutdown without funding the wall, Trump declared a national emergency and ordered funds transferred from the Pentagon to build the wall anyway, in defiance of the congressional “power of the purse.”

An array of lawsuits against this emergency order are now proceeding through the federal courts, with the expectation that the Supreme Court will issue a ruling next year. The budget agreement means that the Democrats have agreed not to attempt any further legislative action to bar Trump from diverting Pentagon funds to the border wall. They have already agreed to a Pentagon budget authorization that restores the funding to the military that Trump has already diverted, effectively ratifying the president’s illegal and unconstitutional action.

One top Senate Democrat, Patrick Leahy of Vermont, ranking member of the Senate Appropriations Committee, wrung his hands over the deal giving a green light to build the border wall. “I’m worried the House is willing to give him far too much discretion to take money and move it anywhere he wants including a wall.” But Leahy issued a further statement saying he would vote for the deal anyway because it raises the debt ceiling and reverses what he called “unsustainable cuts in non-defense discretionary spending.”

The Democrats’ decision to make this agreement with the Trump administration—acceding to both its massive military build-up and key policy initiatives like the border wall—underscores the entirely hollow and phony character of their rhetorical condemnations of Trump for his attacks on four Democratic congresswomen, and his broader efforts to mobilize a fascistic movement on the basis of anti-immigrant bigotry and denunciations of socialism.

Only one week ago, the House passed, by a near-party-line vote, a resolution condemning as racist,

Trump's attacks on the four congresswomen, including his demand that they "go back to their home countries." Now the House leadership has embraced an agreement that amounts to the formation of a coalition government with the racist-in-chief.

The basic framework of the deal is to provide an additional \$320 billion in spending, equally divided between the military and domestic programs, over the next two years. This includes a record \$738 billion for the military in Fiscal Year 2020, which begins October 1. That figure splits the difference between the \$750 billion approved by the Senate and the \$733 billion passed by the House.

Both Democrats and Republicans cited the need to provide the Pentagon with record resources and continuous funding over the full two-year period as the decisive element in the bipartisan deal. Whatever their differences on Trump's bullying tactics and rejection of traditional diplomacy, both corporate-controlled parties support far-flung military operations to assert the global interests of American imperialism.

The Senate further demonstrated this bipartisan consensus for military aggression by rubber-stamping the nomination of Mark Esper, a former lobbyist for giant defense contractor Raytheon, to become Secretary of Defense. Tuesday's vote was by an overwhelming 90-8 margin.

The vote would have been close to unanimous but for five of the seven Senate Democrats seeking the presidential nomination—Elizabeth Warren, Kamala Harris, Kirsten Gillibrand, Amy Klobuchar and Cory Booker—who voted against confirming Esper in order to sustain the pretense that they have significant differences with Trump. One Democratic presidential candidate, Michael Bennet, voted for the nomination, while Bernie Sanders was at campaign events and did not vote.

Besides the boost for the military, the bill reassures Wall Street that there will be no interruption in the massive flow of funds from the US Treasury in the form of interest payments on the federal debt. The bill lifts the federal debt ceiling for the next two years, until July 2021, allowing the Treasury to borrow whatever funds it requires to make payments on US government bonds and other federal obligations.

Both Democrats and Republicans agreed to forego any efforts to use the debt ceiling as leverage in budget

or policy disputes during that two-year period. Nor will there be any federal shutdown of the kind that lasted 35 days early this year.

The two top Democratic leaders, Pelosi and Schumer, issued a joint press release hailing "robust funding for critical domestic priorities," while declaring the deal would "enhance our national security," a reference to the military spending. In her letter to the House membership, Pelosi wrote, "We will now move swiftly to bring this legislation to the Floor, so that it can be sent to the President's desk as soon as possible."

The Trump administration agreed to drop its demands for hundreds of billions of additional cuts in social spending over the next two years and to accept instead an increase of roughly \$160 billion.

The White House initially demanded \$150 billion in "offsets"—spending cuts or revenue increases—in return for the \$320 billion boost in overall spending. This was reduced to \$77 billion in the final deal, nearly all of it amounting to bookkeeping tricks involving the 2028 and 2029 fiscal years, rather than immediate cuts or revenue increases over the next two years.

These two concessions to the Democrats sparked outrage and opposition on the part of the ultra-right "Freedom Caucus" faction of House Republicans, who announced they would oppose the deal.

Other House Republicans have denounced the deal because it sets aside indefinitely the bipartisan 2011 Budget Control Act that mandated annual "sequesters" of military and domestic discretionary spending to force an overall spending reduction. Congress has waived the sequesters every year since 2011, and the new agreement continues that pattern for 2020 and 2021, then allows the Budget Control Act to expire.



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact