

Wall Street cracks the whip and Senate passes short-term extension of debt ceiling

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Late Thursday evening, the US Senate passed a bill by a 50–48 party-line vote extending the government debt ceiling into early December. While all voting Republicans opposed the debt extension, passage of the legislation was virtually assured when 11 Republican senators joined all 50 Democrats to supply the necessary super-majority needed to end a filibuster.

Senate Minority Leader Mitch McConnell set the stage for the compromise bill on Wednesday when he bowed to immense pressure from Wall Street and offered to avert a looming government default by allowing passage of a \$480 billion extension of the debt limit. This was a retreat from his previous insistence that any extension would have to be passed by Democratic votes alone under the complicated and potentially lengthy budget reconciliation process, which averts a filibuster and permits passage of certain measures in the Senate by a simple majority.

Treasury Secretary and former Fed chair Janet Yellen, who had been warning of a collapse of the financial markets and damage to the dollar, estimated that the \$480 billion increase in the debt ceiling would allow the government to meet its obligations until December 3. That is the same day that a temporary extension of funding for federal government operations is set to expire, posing the possibility of a simultaneous debt default and partial government shut-down.

Senate Majority Leader Chuck Schumer of New York, known as the “senator from Wall Street,” announced his acceptance of McConnell’s offer on Thursday morning. The plan of McConnell and his leadership team in the Senate was to forego a filibuster and simply allow the Democrats to pass the measure, using their 50 votes in the 100-member chamber plus the tie-breaking vote of Vice President Kamala Harris.

However, during a closed-door meeting of the

Republican caucus prior to the Thursday night floor vote, far-right Trump acolytes Rand Paul and Ted Cruz rejected that approach and insisted on mounting a filibuster, requiring McConnell and his allies to come up with at least 10 Republican votes to break the filibuster.

Republicans who voted to end the filibuster and allow the Democrats to pass the short-term debt extension included McConnell (Kentucky), John Thune (South Dakota), John Cornyn (Texas), Roy Blunt (Missouri), Mike Rounds (South Dakota), Lisa Murkowski (Alaska), John Barrasso (Wyoming), Susan Collins (Maine), Richard Shelby (Alabama), John Portman (Ohio) and Shelley Moore Capito (West Virginia).

Following the Senate vote, Democratic House Majority Leader Steny Hoyer announced that the House would be recalled from its recess on Tuesday to vote on the bill and send it to President Biden for his signature on Tuesday, just days ahead of the October 18 date when, according to Yellen, the US would no longer be able to pay its debts.

While the debt limit extension provides only a short reprieve, the process by which it is being enacted is an object lesson on who rules America. When it comes to the basic financial interests of the corporate-financial oligarchy, and Wall Street cracks the whip, partisan gridlock in Congress suddenly dissipates.

McConnell’s shift coincided with a White House event Wednesday morning in which Biden met with the CEOs of Citigroup, JPMorgan Chase and Nasdaq to denounce the Senate Republicans’ blockade of a debt extension. Biden warned that the approaching debt limit deadline risked a default that would act like a “meteor” in crushing the US economy and undermining the position of the US internationally.

He berated his Senate Republican “friends” for

actions that “risk the market tanking.”

The White House did not shoot down reports that Democrats were considering carving out an exception for bills to raise the debt ceiling from the Senate filibuster rule, allowing all such measures to pass by a simple majority. When it comes to amending or scrapping the anti-democratic filibuster rule to pass legislation defending voting rights and abortion rights, or to enact measures to address the catastrophic social crisis and raise taxes on the rich, Biden and the Democratic Party resist any change. But it is a different story when it comes to protecting the markets and the wealth of the ruling elite.

McConnell reportedly told his Republican caucus on Wednesday that increasing pressure among Democrats to weaken the filibuster was a major factor in his decision to propose a stop-gap extension of the debt ceiling. Prior to his announcement on Wednesday, he met with the two most prominent right-wing Democratic senators, Joe Manchin of West Virginia and Kyrsten Sinema of Arizona, who have staunchly opposed any change in the filibuster rule. They presumably advised him that they might have to change their position on the filibuster in relation to the debt limit unless the logjam was broken.

The Senate deal was all the more politically significant given the ferocious intervention of Donald Trump against the agreement and its author, McConnell. The Senate minority leader has gone out of his way to appease the fascist ex-president, and the Republican Party as a whole has promoted his lie of a stolen election and worked to block any investigation of the January 6 coup attempt.

“Looks like Mitch McConnell is folding to the Democrats, again,” Trump said in a statement issued through his Save America PAC. “He’s got all of the cards with the debt ceiling, it’s time to play the hand. Don’t let them destroy our Country!” Less than an hour before the scheduled Senate vote, Trump again urged Republicans not to vote for “this terrible deal.”

Trump’s co-conspirator and former White House adviser Stephen Bannon titled his Wednesday podcast, “McConnell’s Betrayal of America Will Create Debt Slaves.” The openly fascist wing of the Republican Party headed by Trump, following the Hitler playbook, considers a financial crash a potential boon to its ongoing plot to establish a dictatorship.

Bernie Sanders, who as chairman of the Senate Budget Committee is playing a key role in drastically downsizing Biden’s social spending and climate bill to accommodate the most right-wing Democrats, hailed the debt ceiling deal, calling McConnell’s offer “very good news.” The self-styled scourge of the “billionaire class” spoke unabashedly as a supporter of the “wealthiest nation on earth” and its need to “pay its debts.”

Jeff Bezos’ *Washington Post* summed up the position of the ruling elite on the use of obstructionist tactics for partisan political gain, editorializing: “This may be fair legislative play in many other realms of congressional business, but it should be off-limits when it comes to raising the debt limit.” The Democrats, the *Post* demanded, should choose either the budget reconciliation process or a change in the filibuster rule to push through a debt limit hike, and “get on with it.”



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