

US debt ceiling “debate” inaugurates new round of social austerity

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The discussion over the US debt ceiling which has begun in Washington this week, with the release of the first formal proposal by the House Republican majority and the response by the Biden administration, represents a new stage in the ruling class’s assault on the social rights of the working class.

It is not merely another chapter in the interminable wrangling between the two capitalist parties which control Congress and the White House, which has produced numerous artificial deadlines and crises over the past two decades, and several partial shutdowns of the federal government.

This can be inferred not merely from the scope of the reactionary measures proposed by the House Republicans, amounting to the termination of most federal social spending outside of Social Security, Medicare and other universal social benefits, but from the near-unanimous declarations by Republicans and Democrats alike that these “entitlement” programs are “off the table.”

This is a deliberate attempt to pull the wool over the eyes of the American people. “We have no intention of touching your benefits,” the capitalist politicians join hands to declare, as they prepare to do exactly that. “Off the table” simply means that the policy direction is being decided behind closed doors, without even the pretense of consultation with the American people.

Washington think tanks, financed by the financial aristocracy, are publishing report after report documenting the fiscal unviability of the Medicare and Social Security trust funds and the inevitability of bankruptcy and major cuts. Editorial pages of major newspapers bemoan the unalterable laws of demographics that mean that an aging population, not dying fast enough to suit the ruling class, is claiming too much for its meager pension and health care benefits.

“To truly address the nation’s fiscal woes,” writes the *Washington Post*, “Congress and the White House also have to include common-sense Social Security and Medicare reforms. Both Mr. Biden and Mr. McCarthy agree on keeping them off-limits, which undercuts the seriousness of any effort to put the nation’s fiscal house in order.”

What makes this budget crisis different from previous ones is its global context, above all, the eruption of war in Ukraine, a US-instigated proxy war with Russia, the first great-power military conflict since the Second World War. In all the nations involved in this war, the vast expenditures required to turn Ukraine into a killing field on an industrial scale require the diversion of massive resources from government social spending to the military.

In France, President Emmanuel Macron cited the “end of the peace dividend” as the basis for his demand for major cuts in pension benefits and a rise of two years in the age of retirement. He is trampling on democracy, pushing through the changes without even a vote in parliament and against the opposition of 80 percent of the population. This has already provoked the largest mass movement of the French working class since the general strike and factory occupations of May-June 1968.

Similar struggles are breaking out all over Europe, from the general strike movement in Greece to the public employee walkouts in Germany and the strikes of teachers, rail workers and National Health Service workers in Britain. This movement crossed the Atlantic this week as a nationwide strike of federal government workers began in Canada Wednesday.

The United States is entering the same battlefield—not isolated, sectional struggles limited to one workplace, company or industry, but nationwide political struggles of the working class against the capitalist state. The first such struggle was only narrowly averted when the rail unions capitulated last December to the strike ban passed by Congress and signed into law by President Biden, imposing on workers a contract many had already voted to reject.

The starting gun for the budget ceiling crisis was the announcement by Treasury Secretary Janet Yellen early this year that the Treasury had hit its statutory debt limit of \$31.4 trillion and could no longer legally borrow money. The federal government was at risk of defaulting on its debt payments for the first time in US history, threatening the world economy, since the US treasury market is the foundation of global financial markets and the US dollar plays the preeminent role in world trade.

Financial maneuvers involving shifting money between accounts, as well as the influx of income tax payments due by April 15, allowed the Treasury to postpone any actual halt in spending until the summer. But sometime between early June and late August, the debt ceiling must be raised to avoid an actual default.

The Republican Party, newly in control of the House of Representatives, has seized on this deadline to provide leverage in budget talks with the Biden administration. The proposal released by House Speaker Kevin McCarthy on Wednesday, and expected to come up for a vote next week, would provide a limited rise in the debt ceiling, until another \$1.5 trillion is borrowed, or until March 2024, whichever comes first. This would be conditioned on unprecedented cuts in social spending, draconian work

requirements on the poor, the destruction of even token regulation of business over safety and pollution, and an effective amnesty for wealthy tax cheats. The Republicans are also demanding a halt in Biden's pathetically inadequate effort to lighten the burden of student loan debt, and a legal prohibition of any debt cancellation in the future.

As always in such talks, the Republican Party sets out the most right-wing position, highlighted this year by McCarthy's visit to Wall Street Monday to give the stock exchange the first look at the Republican demands, only released officially two days later. The Democrats respond with populist bluster, charging (accurately enough) that the Republican proposals would have devastating consequences for working people and vast benefits for the super-rich. President Biden spoke in this vein on Wednesday night, when he denounced the Republican plan for raising the debt ceiling as a proposal for "huge cuts to important programs that millions of working- and middle-class Americans count on."

Then the Democrats respond with a counterproposal, presented as a "compromise," that is slightly less horrific for working people and slightly less loaded with goodies for the billionaires and Wall Street. The two sides then seek to meet "in the middle." The entire orchestrated "debate" is conducted on the reactionary premise that the working class and not the financial aristocracy must pay for the crisis. Only the extent of the social devastation is in question.

Biden has already made several down payments towards an eventual deal. He has halted all COVID mitigation measures, allowing states to cut Medicaid and food stamp benefits, and will end the national health emergency entirely May 11. He has continued most of Trump's barbaric immigration policies. And he has pledged to discuss budget cuts and other reactionary policy proposals with McCarthy and the Republicans, as long as they are not tied to the debt ceiling.

This was Vice President Biden's path as Barack Obama's chief budget negotiator with the Republican Congress in 2011, a role that President Biden evidently aims to repeat in 2023. There are, however, major differences.

The vast military outlays, both for the war in Ukraine against Russia and the preparations for war with China, are one factor. Both parties agree to continue raising military spending and the escalation of the war has inexorable consequences for the budget of the country which is its principal financier and armory—to say nothing of the covert US role in actually directing the war.

There is the impact of the coronavirus pandemic, which has killed 1.1 million people in the United States. Despite claims by Biden and the political and media establishment that the pandemic is over, COVID-19 is profoundly destabilizing the entire society, triggering a supply chain crisis, inflation and a general coarsening of social relations, as daily deaths in the hundreds, even thousands, inure the population to ever greater hardship and suffering.

The world economy is in a far worse state than in 2011, when the massive bailout after the 2008 Wall Street crash was still having its effect. In that bailout and the even larger one in March 2020—as financial markets began to freeze up under the initial impact of the COVID-19 pandemic—the US Federal Reserve has squandered trillions. It is propping up virtually every form of financial security, from Treasury bills to the bonds of the most fly-by-night

corporation, and ever more arcane instruments of financial speculation. Even the suggestion of a default has begun to roil markets and affect the value of the dollar. An actual default, or even a near miss, in this environment could well become the trigger for a world crisis of unprecedented dimensions.

The most important difference between 2011 and 2023 is the emergence of the international working class, in mass struggles on every continent, and in at least an embryonic form, as an independent political factor. This was shown in Sri Lanka last year, when a general strike movement forced out President Rajapakse, and today in France.

The decisive issue in the United States, as in every country, is the independent intervention of the working class. Left to its own devices, the American ruling elite will provide only the most reactionary "solution" to the crisis, if world war and global depression are considered a solution.

The central axis of the independent intervention of the working class is to assert its unity as an international class, rejecting all forms of nationalism and subordination to the national capitalist class and its state. This is the perspective fought for today by the International Committee of the Fourth International and its national sections, the Socialist Equality Parties.

May Day was established in 1889 to mark the international unity of the working class, declared by the European socialist movement in solidarity with the struggle of American workers for the eight-hour day. That right, finally won after decades of bitter class battles, is only one of the many gains of the working class that the trade unions of today have betrayed and surrendered.

This year, the holiday of the international working class will be celebrated at the online global May Day rally to be held on Sunday, April 30, by the International Committee of the Fourth International, the International Workers Alliance of Rank-and-File Committees, the International Youth and Students for Social Equality and the *World Socialist Web Site*. All workers and young people who wish to support the struggles of their class brothers and sisters worldwide should register now to attend.



To contact the WSWs and the Socialist Equality Party visit:

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