Republican House bill on debt ceiling sets stage for bipartisan assault on social programs

Barry Grey
27 April 2023

On Wednesday, the US House of Representatives narrowly passed a Republican bill that would temporarily raise the debt ceiling to avoid a default on the national debt, while imposing unprecedented cuts in social programs affecting tens of millions of workers and poor people.

In a party-line vote of 217-215, with all Democrats voting against and all but four Republicans voting in favor, the House adopted a package that raises the nation's $31.4 trillion debt limit by an additional $1.5 trillion. However, it stipulates that if the new debt limit is not surpassed by March 31, 2024, Congress must again increase the borrowing authority. This would set the stage for even deeper social cuts in the midst of a presidential election campaign.

The bill proposes to return funding for federal agencies to 2022 levels, while limiting the growth of discretionary spending to 1 percent per year over the next decade. That would cut spending by nearly 14 percent over 10 years. Virtually all of the cuts would come in non-military spending as the US gears up for a new world war, and the 1 percent limit would mean a huge reduction in real terms. The result would be the virtual termination of social programs as well as business regulations, climate protections and tax enforcement on the rich.

The bill explicitly targets food stamps, Medicaid, rental assistance and funding for the Internal Revenue Service, as well as tax increases on the wealthy and climate measures included in the Biden administration's 2022 Inflation Reduction Act. It also overturns Biden's pathetic student loan relief measures. It imposes work requirements for recipients of Medicaid, food stamps and other benefits beginning in 2024.

The measure would also give Congress more power to halt regulations from the executive branch, expedite new oil drilling projects and rescind funding approved to respond to the COVID-19 pandemic. In supporting the clawback of billions in unspent COVID funds, the Republicans cited Biden's announcement last September that the pandemic was over.

At a White House press conference with South Korean President Yoon Suk Yeol, President Joe Biden rejected Republican demands that he negotiate their program of social cuts in return for lifting the debt limit, reiterating his demand for a "clean" bill to raise the debt ceiling before the country's borrowing authority expires sometime this summer. The House bill has no chance of being passed by the Democratic-controlled Senate, and Biden has vowed to veto it even if it did.

At the same time, he and other Democrats repeated their willingness to discuss budget issues with Republican House Speaker Kevin McCarthy, including a new round of social austerity, as long as the talks were not formally tied to raising the debt ceiling.

For all the populist bluster from Biden and the Democrats decrying the Republicans' agenda of slashing social spending to the bone, the real concern of the Democratic Party is the potentially disastrous impact of a first-ever debt default on the financial system and the global position of the US dollar. This is inseparably bound up with the US-led war against Russia in Ukraine and the military buildup in preparation for war with China.

On Tuesday, Treasury Secretary Janet Yellen said in a speech, "A default on our debt would produce an economic and financial catastrophe. A default would raise the cost of borrowing into perpetuity." Indeed, as the lawmakers were making speeches on the House floor Wednesday, the stock price of San Francisco-based First Republic Bank continued to plunge toward zero as the impact of the end of free money from the Federal Reserve continued to wreak havoc with the US and world financial system.

As the *World Socialist Web Site* explained in a Perspective statement last week, the current debt ceiling confrontation is not merely a repeat of previous debt limit crises and budget deadlines of the past two decades.

© World Socialist Web Site

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.

In all capitalist countries, the combined economic, social and geopolitical crises of the world profit system, compounded by the impact of COVID-19 and the governments' refusal to implement necessary public health policies, is driving the working class into mass struggles and bringing it into direct conflict with the capitalist state. The universal policy of the ruling elite is social counterrevolution, in which all of the past gains of the working class are targeted for destruction.

In the current debt ceiling dispute between the two big business parties, both sides claim that the basic entitlement programs—Social Security and Medicare—are "off the table." But no one should take this for good coin. Behind the choreographed back and forth between the two parties, and over the heads of the population, the corporate elite is preparing to gut these programs to pay for war and bank bailouts.

Just last week the Democratic-aligned *Washington Post*, the house organ of Amazon billionaire Jeff Bezos, published the latest in a series of editorials demanding "reforms" to "save" Social Security and Medicare. "To truly address the nation's fiscal woes," the *Post* wrote, "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."

On April 16, "Meet the Press" moderator Chuck Todd devoted an entire segment to Louisiana Senator Bill Cassidy, who is pushing legislation to slash Social Security and Medicare. Todd concluded by remarking casually that "everyone knows" in the end taxes will have to be hiked and the retirement age raised to 70 to "save" these lifelines for millions who have paid payroll taxes into the Social Security Trust Fund their entire working lives.

In the debate on the House floor, a good number of Democrats sought to outflank the Republicans from the right, complaining that their bill would cut funding for the police and damage the military by slashing veterans' benefits.

Representative Rosa DeLauro of Connecticut, the top Democrat on the House Appropriations Committee, said, "This is shameful. … Our veterans sacrificed for us."

Former Democratic House Speaker Nancy Pelosi presented a placard listing four major cuts in the Republican bill, including "federal and local law enforcement."

As always, the Republicans stake out the most extreme right-wing position, the Democrats denounce it, and then seek to work out a "bipartisan" compromise that is slightly less onerous than the initial GOP plan. The entire orchestrated process is based on an agreement that the working class and not the financial oligarchy must pay for the crisis.

Biden has already begun the new austerity drive. He has halted all COVID mitigation measures, allowing states to cut Medicaid and food stamp rolls, and will end the national health emergency on May 11. At the same time, his latest budget includes record military spending of more than $1 trillion.

To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact

© World Socialist Web Site