

In bipartisan push for social cuts, Biden invites House, Senate leaders to discuss debt ceiling

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On Monday, President Joe Biden abruptly changed course and issued an invitation for the top Republican and Democratic leaders of the House and Senate to meet at the White House next week to discuss the crisis over the US debt ceiling. Republican House Speaker Kevin McCarthy, visiting Israel as part of a bipartisan delegation, quickly accepted. Biden also invited Republican Senate Minority Leader Mitch McConnell, House Minority Leader Hakeem Jeffries and Senate Majority Leader Charles Schumer. The meeting is scheduled for May 9.

Following the April 26 House passage of a Republican bill tying the lifting of the debt limit through March 31, 2024 to massive cuts in social programs, which has virtually no chance of passage in the Democratic-controlled Senate, Biden reiterated that he would not meet with McCarthy to discuss any bill holding avoidance of a default on the US debt “hostage” to budget cuts. He demanded a “clean” bill on the debt ceiling, while stressing his willingness to negotiate separately with McCarthy and the Republicans on fiscal questions.

This posture of refusing to link cuts in social spending to raising the debt ceiling was always, in the words of an April 27 *New York Times* article, “a wink-nod stipulation.” As is common knowledge within ruling class circles, both parties are using the artificially created debt ceiling crisis to push through major cuts in social programs. As usual, the Republicans have staked out the most extreme right-wing position, while the Democrats, in the name of “saving the economy,” are preparing to accept slightly less horrendous attacks on programs upon which tens of millions of workers depend.

Both parties agree that it is the working class that must pay for the metastasizing crisis of American and world capitalism, expressed most sharply in the US-led NATO war against Russia in Ukraine, the opening front in an

imperialist third world war whose next target is China, raising the danger of nuclear annihilation.

What triggered Biden’s call for a White House meeting next week was a letter sent to Congress on Monday by Treasury Secretary Janet Yellen warning that the US government could run out of money to pay its debts as early as June 1.

Yellen claimed that below-anticipated tax collections in April compelled her to bring forward her estimate of the possible default day, while acknowledging that any prediction was contingent and the government might be able to continue meeting its debt obligations for some weeks after June 1. The Congressional Budget Office also issued a statement Monday warning of a possible default in early June. Only days before, however, Goldman Sachs, basing itself on the same tax data, had estimated that the government would be able to pay its debts until late July.

What both parties and the corporate media try to conceal are the class issues underlying and driving the debt ceiling dispute. The politicians, pundits and bankers all agree that spending on social programs, health and safety agencies, education, housing, the environment and regulation of business has gotten “out of hand” and must be reined in. What goes unquestioned—but is increasingly obvious to the working class—is the unlimited billions and even trillions spent on war in Ukraine, the Pentagon and its military preparations against China, tax breaks for the rich and endless bailouts of failing banks and their super-wealthy depositors and executives.

Even as Biden announced his White House conference to discuss a “compromise” solution to the debt ceiling crisis that will inevitably entail brutal cuts in social programs—on top of the hundreds of thousands already losing Medicaid and food stamp benefits due to Biden’s

ending of the COVID-19 emergency declaration—the Federal Reserve was preparing to raise interest rates again so as to generate new layoffs on top of the tens of thousands already announced so far this year.

Workers are being told their wages—well below the soaring cost of staple goods—are too high, there are too many jobs and what remain of social welfare programs are too generous. “There is no money” to pay for these existential needs.

Yet on Monday, the same day that Yellen issued her debt warning and Biden announced his White House meeting, the government engineered a buyout of collapsed bank First Republic that will hand over billions of dollars to JPMorgan Chase and insure the deposits of the parasites who have millions more than the \$250,000 previously guaranteed by the government stashed away in the failed bank. Also on Monday, the Federal Deposit Insurance Corporation urged Congress to consider legislation that would automatically guarantee business deposits in excess of \$250,000.

Republican House Speaker McCarthy, whose bill to temporarily raise the debt limit includes hundreds of billions of dollars in social cuts, responded to a question from a Russian reporter at a press conference in Jerusalem on Monday by pledging unconditional financial support for the war against Russia in Ukraine. “I vote for aid for Ukraine, I support aid for Ukraine,” McCarthy told the reporter. Democratic Representative and former House Majority Leader Steny Hoyer, standing next to McCarthy, declared his total agreement with the far-right Republican.

While Yellen’s new projection for a possible debt default altered the timing of Biden’s de facto climb-down on negotiating budget cuts and the debt ceiling with McCarthy—the president continues to bluster about no compromise on a “clean” debt limit bill—the trajectory had already been set.

One day after the passage last Wednesday of the House bill, both the *New York Times* and the *Washington Post* published articles demanding that Biden drop his phony opposition and open talks with McCarthy, making clear that any deal would include sweeping cuts to social programs. The *Times* cited statements by the US Chamber of Commerce and the Business Roundtable warning of the disastrous economic consequences of a first-ever default on the national debt—particularly for the stock market—and calling on Biden to initiate talks with the Republicans.

The *Times* wrote that “[Biden] will need to find what, if any, common ground on spending cuts he has with Republicans...” It went on to note: “Some administration

officials privately suggest that a more modest version of spending caps, lasting for a few years at most, could plausibly form the centerpiece of an agreement to continue funding the government and raise the borrowing limit.”

The *Post* editorialized (“It’s time for Biden to call McCarthy. A lot.”) that the US economy was already slowing sharply, and, “On top of that, China and Russia are making a push to get other nations to sign on to alternatives to the US dollar. A US default would enhance their cause.”

It added that since the last US debt ceiling crisis, in 2011, “Investors around the world, even allies, are quietly diversifying away from US debt.”

Making clear that the current debt limit dispute is setting the stage for cuts in the basic entitlements programs, Social Security and Medicare, the *Post* wrote: “It’s true that President Biden and Congress need to discuss spending. The nation is on a fiscally unsustainable course. Social Security and Medicare costs are rapidly escalating, along with interest as the debt grows.”

The real significance of such statements can only be understood in the context of the global crisis of capitalism. The most advanced expression of this world crisis is seen today in France, where millions of workers are refusing to accept the dictatorial imposition of pension cuts by a hated and discredited “president of the rich,” Emmanuel Macron. They are demonstrating in the streets and facing police state violence at the hands of tens of thousands of riot police.

This is a revolutionary crisis that rules out any compromise between the classes. Such as well is the essence of the confrontation developing in the United States, the center of world imperialism.



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