

White House debt limit talks: A manufactured, bipartisan conspiracy to make workers pay for war

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On Tuesday, the stage-managed discussions between the White House and Congress on the debt limit and budget reached a new stage, with each side emerging from a meeting between Biden and top congressional leaders of both parties to praise progress toward a deal that will brutally slash social spending.

In the guise of averting what Treasury Secretary Janet Yellen again on Tuesday called the “catastrophe” of a default on US debt obligations as soon as June 1, the two big business parties are conspiring to impose a multi-year cap on non-military discretionary spending that will deprive millions of people of health coverage, food assistance, rent support and other necessities. Also under discussion are new or heightened work requirements for Medicaid and food stamps that will condemn low-wage and unemployed workers to homelessness and hunger.

The “crisis” over the debt limit has a thoroughly contrived character, with the participation of both political parties and the media. According to the unchallenged narrative, the world will come to an end and everything will be lost if the two capitalist parties aren’t able to come to agreement to slash social spending within the next several weeks.

No one in the media cares to mention the origins of the massive levels of debt accumulated by the American government, which have been built up primarily as a result of trillions of dollars in military expenditures combined with the bailout of the banks and tax cuts for the rich.

In 2022 alone, Congress approved \$113 billion in aid to Ukraine, part of more than \$1 trillion in overall military spending. Only a few months ago, the Biden administration, with the support of both parties,

organized the rapid bailout of a whole series of banks, guaranteeing the deposits of the wealthy.

While the media is whipping up a crisis atmosphere, Wall Street is unperturbed. This is because the financial aristocracy is confident an agreement will ultimately be reached. “The consensus in the market,” a CNBC reporter commented, “is a deal will get done.”

The Socialist Equality Party calls on workers to oppose the bipartisan conspiracy and develop a powerful industrial and political offensive against the assault on their rights. When it comes to attacking social programs upon which millions of people depend, the mantra of the state is: Never let a good crisis go to waste.

As in the first White House meeting on the debt ceiling, held Tuesday, May 9, yesterday’s meeting was attended by President Joe Biden, Vice President Kamala Harris, Republican House Speaker Kevin McCarthy, Senate Minority Leader Mitch McConnell, Democratic House Minority Leader Hakeem Jeffries and Democratic Senate Majority Leader Chuck Schumer.

McCarthy emerged from the White House after an hour of closed-door discussions and told the press the two sides were “still very far apart.” He reiterated his central demands: rolling back the federal budget to 2022 levels and imposing a one percent cap on non-discretionary spending for the next decade, clawing back unspent COVID pandemic funds, and imposing new work requirements on Medicaid and food stamp recipients.

At the same time, McCarthy praised a change in the negotiating process proposed by Biden, which would narrow down the talks to several representatives for the

White House and a team chosen by McCarthy. Both he and Senate Minority Leader McConnell gave assurances there would not be a default and said a deal could be reached by next week.

On the issue of new work requirements, McCarthy noted, as have other Republicans and as Biden himself did over the weekend, the current president, then a senator, voted for such provisions as part of the 1996 Clinton administration bill that abolished the federal welfare entitlement.

Democrats Schumer and Jeffries were even more effusive in their remarks to the press after the White House meeting. Schumer described the talks as “cordial” and “respectful.” He added that “everyone agreed that it had to be bipartisan,” stressing that both sides agreed to push for bipartisan budget/debt limit bills in both houses of Congress.

Jeffries described the meeting as “positive, open, honest and very cordial.” He predicted that a deal would be reached within “the next week or two.”

The bipartisan assault on US workers’ social rights follows the precedent set by the Obama administration, which responded to the 2008 subprime mortgage financial collapse by organizing a multi-trillion-dollar bailout of Wall Street and the corporate elite. That was followed by the bankruptcy restructuring of the US auto industry based on the imposition of tiers, pay cuts and attacks on pensions and health benefits. In 2011, the Obama-Biden administration established the precedent for the current debt-ceiling operation, agreeing to cap federal discretionary spending for five years by imposing massive social cuts. Biden led the negotiations with the Republicans.

This turn to austerity was bound up with the turn toward war with Russia and China. Obama oversaw the 2014 Maidan coup, which initiated the events that culminated in the escalating US-NATO war against Russia.

The Democrats’ opposition to Trump and the Republicans was from the beginning focused on differences in imperialist foreign policy, above all the prosecution of the offensive, and preparations for war, against Russia. That remains the case today.

The Democrats have no problem joining to impose social cuts with McCarthy—who was among the 139 Republican House members who voted against certifying Biden’s election victory in the hours

after Trump’s attack on Congress on January 6, 2021—and outright fascists in the House who were part of the coup conspiracy. Members of the House Freedom Caucus such as Matt Gaetz, Andy Biggs, Paul Gosar, Lauren Boebert, Scott Perry and Bob Good led the opposition to McCarthy’s campaign for House speaker last January, delaying his election until the fifteenth ballot, giving them an effective veto over the House Republicans’ policies.

A critical part in this ruling class conspiracy is played by pseudo-left organizations of the upper-middle class, which support the Democratic Party and the imperialist proxy war against Russia in Ukraine. Democratic Socialists of America member Alexandria Ocasio-Cortez, a member of the House Democratic caucus, viciously attacks socialists who oppose Biden and the Democrats and fight for the independent political mobilization of the working class against capitalism. But all she can say in response to Biden’s preparations to impose social attacks on the working class is to call them “profoundly destructive” and warn Biden that he should expect “push-back.”

The turn to brutal austerity, and to dictatorial and police-state methods to enforce it against the growing resistance of the working class, is an international phenomenon.

In France, President Macron has declared the “end of the peace dividend” and imposed a pension cut without a vote in the National Assembly. He has responded to months of mass strikes and protests by French workers by carrying out savage police attacks on demonstrators. In the UK, the Tory government is relying on the trade union bureaucracies to suppress strikes and impose historic attacks on social and democratic rights.

Whatever comes out of the debt ceiling talks will be only an initial step in the escalating and brutal assault by the entire corporate and financial elite on the jobs and living conditions of the working class.



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