

As next round of debt ceiling talks with Republicans begins

Biden proposes \$1 trillion in social spending cuts after announcing \$375 million more for war in Ukraine

Barry Grey
21 May 2023

At a press conference Sunday following the G7 summit in Hiroshima, Japan, President Joe Biden called on Republican House Speaker Kevin McCarthy to meet face to face to revive talks on a bipartisan plan to slash social spending in return for raising the nation's debt ceiling and averting a default.

Biden spoke after talks between a team of White House advisers and negotiators named by McCarthy broke off on Saturday. The entire debt limit and budget negotiation process has from the start been heavily stage-managed in an attempt to stampede public opinion.

On Sunday, Biden repeatedly pointed to his proposal to cut more than \$1 trillion in discretionary spending as part of a budget deal, making clear that his government is committed to imposing a new wave of austerity measures that will further undermine education, health care, housing, home heating assistance and other vital programs relied upon by millions of working class families.

Biden announced that he would be calling McCarthy from Air Force One while flying back to Washington. Later on Sunday, McCarthy dropped his accusatory tone toward Biden, called the telephone call “productive” and said the two would meet face to face at the White House on Monday. He also said the negotiating teams for each side would resume their talks later on Sunday.

What neither he nor the Republicans nor the corporate media point out is the direct connection between the new austerity drive and the ever-expanding cost of the US-led war against Russia in Ukraine.

While Biden was in Japan, the US government announced that it had allotted another \$375 million to arm Ukraine, part of a feverish escalation that includes providing the right-wing nationalist government in Kiev with F-16 nuclear-capable jets.

In the barrage of propaganda over the supposed necessity to slash social programs to avert the nation's first-ever default on its debt obligations—which, according to Treasury Secretary and former Federal Reserve Chair Janet Yellen, could come as early as June 1—nothing is said about the role of military spending in driving up the debt.

In fact, social spending as a percentage of GDP has declined sharply since 2011, when the last Democratic administration, headed by Barack Obama and Joe Biden, followed its multitrillion-dollar bailout of the banks after the financial crash of 2008 with the bipartisan Budget Control Act of 2011. That measure imposed a decade-long cap on discretionary spending, sharply reducing in real terms government outlays for education, health care and other vital social needs.

Military spending, however, has exploded. Last year, the Biden administration allocated \$113 billion for the war in Ukraine and enacted a record \$1 trillion defense budget.

The current debt ceiling/budget discussions between the Democrats and Republicans are part of a conspiracy by the American ruling class to make the working class pay for a war that has little popular support and threatens to trigger a nuclear holocaust.

At his post-G7 press conference, Biden chastised the Republicans for rejecting all proposals to help reduce

the national debt by increasing taxes on the wealthy and enforcing tax laws on billionaires and corporations that routinely evade them. Among the provisions of a debt limit/budget bill passed last month by the Republican-controlled House is the cancellation of Biden’s plan to hire tens of thousands of additional Internal Revenue Service personnel to crack down on tax evaders.

In his remarks on Sunday, Biden provided a glimpse of the scale of parasitism and plunder of the economy by the financial aristocracy. He noted that 55 US corporations that made \$400 billion last year paid zero in taxes. He added that billionaires in the US pay an average tax rate of 8 percent. He asserted that the hiring of IRS agents and enforcement of a 15 percent corporate minimum tax would generate \$400 billion in additional federal revenue.

In fact, as Biden well knows, nothing will be done to rein in these swindlers. He raises the issue in an attempt to cover his attack on the working class with a fraudulent veneer of “equal sacrifice.”

At the press conference, Biden attacked the Republicans’ demands for loosening regulations on fossil fuel projects and imposing harsher work requirements on Medicaid and food stamp recipients. He was silent, however, on tougher work requirements for those receiving benefits under the federal Temporary Assistance for Needy Families (TANF) welfare program. He was likewise silent on the House Republican debt ceiling/budget bill’s provision to rescind unspent COVID-19 funds, much of which is for emergency social assistance.

He also criticized the Republican demand in the current negotiations that federal discretionary spending in 2024 revert back to the level for 2022, which would mean a double-digit cut in basic social programs, and that 2022 spending become the baseline for a 1 percent cap in increased spending over the next six years.

The *New York Times* reported Sunday that Biden had agreed to a cap on non-defense discretionary spending for the next two years, using 2023 as the baseline.

Interviewed Sunday on the “Meet the Press” program, Treasury Secretary Yellen, who last week said a default would trigger an “economic and financial catastrophe,” told moderator Chuck Todd that “the odds of reaching June 15th, while being able to pay all of our bills, is quite low.” She added, “There will be hard choices to make if the debt ceiling isn’t raised.”

While both sides say mandatory entitlement programs—Social Security and Medicare—are “off the table” in the current talks, the deliberately stoked crisis on the debt ceiling is the prelude to a ruling class offensive against these core programs.

On Sunday, CNN’s “State of the Union” program featured Louisiana Republican Senator Bill Cassidy, a so-called “moderate” who advocates tying Social Security to the stock market and essentially privatizing it.

“Face the Nation” host Margaret Brennan interviewed congressmen Brian Fitzpatrick, Republican of Pennsylvania, and Josh Gottheimer, Democrat of New Jersey, members of the “moderate” Problem Solvers Caucus in the House.

At one point, Gottheimer alluded to the “reform” of Social Security and Medicare, saying, “There are longer term fiscal issues we have to deal with. And I’d say we should be dealing with those as well, which is what Brian and I have proposed.”

Later in the interview, Fitzpatrick was more specific, dismissing the discussion between McCarthy and Biden on non-defense discretionary spending as essentially a sideshow. Referring to entitlement programs like Social Security and Medicare, he said, “That’s 75 percent of our budget. And that’s where the financial solvency needs to be addressed by both revenue and expenses.”

“Medicare will run out of money in 2028. Social Security will run out of money in 2034,” he continued. “[U]ntil we tackle the mandatory spending and get a handle on our long-term sustainability of our debt and deficit, we’re just playing around the margins.”



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact