

Manufactured crisis over US debt ceiling sets stage for bipartisan assault on Social Security and Medicare

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It is now one week out from the “X-date,” June 1, when the US will purportedly default on its debt obligations, triggering a “catastrophe,” unless the Democrats and Republicans can agree on a bipartisan deal raising the debt ceiling in return for brutal cuts in social programs on which tens of millions of working people rely.

Behind the mutual recriminations between the two capitalist parties and the stage-managed crisis negotiations, there is a basic agreement: All of the social gains made by the working class in the course of more than a century of struggle must be wiped out to pay for the drive by the American ruling class to remove, by force of arms, Russia and China as obstacles to US hegemony, even if it means triggering a nuclear war.

The social cuts implemented in an eventual debt limit/budget deal will be only a down payment. They will set the stage for an assault on the core entitlement programs—Medicare and Social Security—extracted from the ruling class in the class battles of the 1930s and 1960s.

On Wednesday, with the talks between President Joe Biden and House Speaker Kevin McCarthy having hit a “speed bump” and the financial markets indicating increasing nervousness, the *Washington Post* published an editorial backing Biden’s proposal for a two-year spending freeze and \$1 trillion in cuts over the next decade. At the same time, the newspaper owned by Amazon billionaire Jeff Bezos reiterated its demand that both parties tackle what it deems the real problem, the cost of the mandatory programs that stand outside of annual discretionary spending—Social Security and Medicare.

“Mr. McCarthy keeps claiming the nation has a ‘spending problem,’” the *Post* wrote. “The part he leaves out is the spending problem is driven largely by the fact that Social Security, Medicare and health-care costs are shooting up. Yet House Republicans and Mr. Biden don’t want to touch Social Security and Medicare.”

The editorial is part of an expanding wave of media commentary on the need to “reform” or privatize these core social 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. Fitzpatrick declared:

Medicare will run out of money in 2028. Social Security will run out of money in 2034 ... until 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.

McCarthy himself spoke along similar lines before his meeting Monday with Biden, while refraining from explicitly targeting Social Security and Medicare. “I don’t want you to think at the end of the day, the bill that we come up with is going to solve all this

problem,” he told reporters. “But it’s going to be a step to finally acknowledge our problem and put one step in the right direction. And we’re going to come back the next day and get the next step.”

Biden has already made a large down payment on the new austerity drive with his ending of the national COVID-19 emergency, which has not only increased the risk of infection and death from the ongoing pandemic, but authorized state governments to review their Medicaid rolls in order to terminate people’s benefits. The Kaiser Family Foundation estimates that between 5.3 million and 14.2 million people will lose Medicaid coverage just through that process alone.

Far from increased social spending driving the rise in the national debt, it remains sharply down, when adjusted for inflation and population growth, from the levels preceding the bipartisan Budget Control Act of 2011. That bill, which followed the financial collapse of 2008, the multitrillion-dollar bailout of Wall Street, and the imposition of wage and benefit cuts and wage tiers under the auto restructuring overseen by the Obama administration, marked the first use of the debt ceiling, previously raised as a matter of course, to impose brutal attacks on the working class.

In all the media coverage, no explanation is given as to the real causes of the soaring national debt or why it is the working class that must pay the price.

What are the real sources of the increase in the national debt to its current \$31.4 trillion?

Military and war spending: The United States spent between \$4 trillion and \$6 trillion on the 20 years of war in Iraq and Afghanistan, according to a Harvard analysis.

Last year alone, the Biden administration allocated \$113 billion in arms to Ukraine and this year proposed a record \$1 trillion Pentagon budget. Last week at the G7 summit in Hiroshima, before returning to the US and holding budget talks with McCarthy, Biden announced an additional \$375 billion in arms for the right-wing puppet regime in Kiev.

Tax cuts for corporations and the rich: The George W. Bush administration enacted two rounds of tax cuts, overwhelmingly benefiting the wealthy. The Obama administration made them permanent in 2012. That has cost \$4 trillion over 10 years, according to the Congressional Budget Office.

The Trump tax cut of December 2017 handed over \$2 trillion to the corporate elite, including the reduction of the official corporate tax rate to 21 percent. As Biden noted in his press conference last Sunday from Hiroshima, 55 US corporations that made \$400 billion last year paid zero in taxes, and US billionaires pay an average tax rate of 8 percent.

According to the US Bureau of Economic Analysis, corporate profits rose by 20 percent between 2014 and 2020, while corporate tax receipts fell by more than 60 percent.

In 2018, according to the Organization for Economic Cooperation and Development (OECD), corporate tax revenue as a share of GDP in the US, at 1.1 percent, was lower than every other member country except Latvia.

Bank and corporate bailouts: The Bush and Obama administrations enacted \$2 trillion in emergency measures following the subprime mortgage collapse in 2008 and the ensuing Great Recession. In addition, the Federal Reserve funneled trillions more to Wall Street through its program of “quantitative easing.” Meanwhile, tens of millions of workers lost their homes and life savings as a result of the criminal practices of the bankers.

The Trump administration, with the support of the Democrats in Congress, allocated \$3.4 trillion in the March 2020 CARES Act to unfreeze the Treasury bond market and rescue banks and corporations from the impact of the COVID-19 pandemic. The Fed added trillions more through its expansion of “quantitative easing.”

War mongering, greed and criminality have impelled the policies pursued by the parasitic American ruling elite and driven up the national debt.



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