

Biden-McCarthy austerity debt ceiling bill moves to vote in Congress

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30 May 2023

On Tuesday, the House Rules Committee voted to advance the bill worked out between President Joe Biden and Republican House Speaker Kevin McCarthy to suspend the debt ceiling and impose major cuts in social spending. The bill will now go to the full House of Representatives for debate and a vote on Wednesday evening.

With Democratic leaders giving assurances that they will supply whatever votes are needed to obtain passage of the austerity measure and most House Republicans signaling their support, despite opposition from the far-right Freedom Caucus, the bill's adoption by the Republican-controlled House is a virtual certainty. From there the bill will go to the Senate, where the Democrats, who hold a narrow majority, are poised to pass it with significant Republican support, although Senate Majority Leader Chuck Schumer has warned that the debate and vote could extend into the weekend.

This would delay congressional passage of the bill and its signing by Biden until the eve of the June 5 "X-date," when Treasury Secretary Janet Yellen claims the government would run out of cash to pay its debt obligations, triggering the first ever US debt default, with "catastrophic" consequences.

As the *World Socialist Web Site* has explained, the entire crisis over the debt ceiling has a manufactured and stage-managed character. It provides the framework within which the two parties of Wall Street and the military conspire to impose on the working class the full cost of massive increases in military spending for the war against Russia in Ukraine and preparations for war against China. The other major sources of the explosive growth of the US national debt—none of which are ever explained in the media—are tax cuts for the corporations and the rich and successive waves of bailouts of the banks and major Wall Street speculators.

Spending on social programs—health care, education, public transit, housing, food stamps, job training—has been substantially cut since the last manufactured debt ceiling crisis, in 2011, when the Obama-Biden administration enacted the Budget Control Act, capping spending for a

decade. Over that period, spending on the military has soared and bailouts and tax cuts have reduced corporate taxes as a percentage of corporate revenues by 60 percent.

This time around, as then, the Republican Party, led by its fascistic wing, has been used to drive the so-called "debate," making the most extreme demands for social cuts and thereby paving the way for the Democrats to agree to somewhat less onerous attacks, while accelerating the process of gutting all of the social gains won by the working class in a century of struggle.

The orchestrated character of the process was underscored by the performance carried out at Tuesday's meeting of the House Rules Committee. The committee consists of nine Republicans and four Democrats. By precedent and tradition, the minority party on the committee votes against advancing legislation proposed by the majority to the full House for a vote, and McCarthy's position as House speaker would have been fatally compromised if he had been compelled to rely on one or more Democratic votes to advance his bill.

Two Freedom Caucus members on the committee, Chip Roy of Texas and Ralph Norman of South Carolina, had made clear that they would vote against advancing the bill on the grounds that it did not go far enough in slashing social spending and cutting the national debt. That meant a "no" vote by far-right hardliner Thomas Massie of Kentucky would sink the bill by producing a 7-6 vote against it on the committee.

Predictably, Massie emerged from a one-on-one meeting with McCarthy to announce that he would vote to advance the bill, despite his criticisms of it.

Both the Democratic-aligned *New York Times* and the pro-Republican *Wall Street Journal* published editorials calling on Congress to pass the debt-ceiling bill, underscoring the consensus within the capitalist ruling class behind the measure.

The *Times* acknowledged that the "agreement in principle" announced Saturday night by Biden and McCarthy and fleshed out in legislative form on Sunday would impose

serious hardships on millions of Americans while doing nothing to increase taxes on the rich or rein in corporate profiteering. The editorial board wrote:

The details of the agreement, released on Sunday, show that it is a watered-down version of the Republican wish list. Spending on most domestic programs in fiscal year 2024 will stay at about the same level as 2023 and grow by 1 percent in 2025. That is effectively a cut over both years, given the pace of inflation and the potential for an economic downturn hovering.

Under the deal, the Pentagon would be allowed to grow, as well as veterans' programs. The two-year cap would shortchange many important investments in education, housing, infrastructure and disease prevention. It is a significant improvement, however, from the drastic cuts proposed in Mr. McCarthy's bill—\$860 billion compared with \$3.2 trillion over a decade—and is roughly in line with what might have been expected in regular budget negotiations with the House.

That price was likely inevitable when Democrats lost the chamber last year and failed to raise or eliminate the debt ceiling during the lame duck session.

In separate articles, the *Times* wrote that the freeze on non-military discretionary spending for fiscal year 2024 and 1 percent cap on increased spending in fiscal year 2025, with veterans' benefits exempted, would reduce federal spending by \$55 billion next year, compared with Congressional Budget Office forecasts, and another \$81 billion in 2025. It noted that one provision of the bill imposes an across-the-board cut of 1 percent in discretionary spending if Congress fails to pass all 12 appropriations bills by the end of the year, setting the stage for a new confrontation over the budget and the prospect of new government shutdowns.

It acknowledged that provisions increasing work requirements on recipients of food stamps under the Supplemental Nutrition Assistance Program and cash assistance under the Temporary Assistance for Needy Families welfare program would strip poor people of life-saving benefits. It cited a statement by Sharon Parrott, president of the Center on Budget and Policy Priorities, who said: "The agreement puts hundreds of thousands of older adults aged 50-54 at risk of losing food assistance, including a large number of women."

In response to Republican attacks on the grounds that the

bill's increases in military spending, in line with Biden's proposal for a 3 percent hike in a record Pentagon budget, were insufficient, the *Times* cited Biden's reassurance to reporters Monday that "obviously if there's any existential need for additional funding, I have no doubt we'll be able to get it."

The *Wall Street Journal* wrote:

The deal is a significant victory for GOP priorities, in return for raising the debt ceiling that had to be raised anyway. ... The deal lifts the current \$31.4 trillion debt limit into 2025 while capping non-defense discretionary spending at \$704 billion for fiscal 2024. That's higher than the House GOP's demand for a return to fiscal 2022 levels (\$689 billion), though it's a significant cut from the projected 2024 baseline of \$757 billion.

Both sides agreed to increase the veterans' health share portion of this discretionary pot, so the cuts to other accounts will be greater and close to fiscal 2022 levels.

The *Journal* went on to hail the bill for clawing back \$28 billion in previously appropriated COVID relief funds, rescinding some \$20 billion in funding for the Internal Revenue Service, including money to hire more tax investigators, setting an end date this summer on a moratorium on student loan interest payments and principal accrual, and gutting environmental reviews to speed up fossil fuel permitting. Of the bill's 99 pages, the latter—a massive boon to energy giants—takes up the last 25, including a specific provision authorizing the Mountain Valley Pipeline between West Virginia and Virginia, pushed by right-wing Democratic Senator Joe Manchin and opposed by environmental groups and local residents.



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