

United States: Party Struggles over Government's Finances Threatens the Poor

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The struggle between the Republican and Democratic Parties over the national debt threatens the social programs that help the country's poor.

House leader Kevin McCarthy, who speaks for the Republicans who have a majority in the House of Representatives which controls the country's budget, has threatened to refuse to raise the national debt ceiling, that is, the amount the country can borrow, unless there are cuts to the budget, and his party advocates cutting childcare and health care funds that go to the nation's poorest citizens. Former president Donald Trump, of course, has told the Republicans, "Do not fold!"

If the Republican majority were to refuse to lift the debt limit by June 1, the United States could for the first time in its history default, with possibly disastrous consequences for the U.S. and the world economy. If the Democrats accept the Republicans' demands for budget cuts on the poor, it would violate the party's platform and promises and be a defeat for President Joseph Biden and his party as the country prepares for the 2024 presidential election.

The debt ceiling and the budget have not always been tied together; each is a separate issue and is usually dealt with separately. By linking the two together, the Republicans have created a powerful lever to extort Congress and Biden and to force, the budget cuts that they demand. The Republicans' politics are simple and crude—reduce taxes and cut the budget for social services—but all the factors are more complicated.

What worries economists, politicians, and the public is the ratio of the debt to the gross domestic product (GDP), which keeps growing. The United States has a debt of \$31.46 trillion dollars, but more important the ratio of the debt to the GDP to the debt reached 134.84% in 2020, higher than during World War II. The U.S. debt largely finances the U.S. budget, 50% of which goes for military spending, while health represents only 5%, education 7%, and food and agriculture only 1%. The Pentagon's half of the budget is considered untouchable by both parties: Biden's military budget is practically the same as Trump's. Yet the Republicans who claim the title of fiscal responsibility want to cut the budget for health and food programs.

"It's absurd to come up with a proposal that will result in children being thrown off of child care, off of health care, be devastating to elderly people," said Senator Bernie Sanders, the progressive independent of Vermont. "We cannot be blackmailed into balancing the budget on the backs of the most vulnerable and leaving the most affluent alone." Alexandria Ocasio-Cortez, a progressive Democrat, believes that McCarthy will be unable to muster a majority to block the debt ceiling.

Sanders and other progressive senators have circulated a letter urging Biden to ignore the congressional debt ceiling vote altogether and to simply order the expansion of the national debt by fiat. They argue that the president could do this using the Fourteenth Amendment to the U.S. Constitution. Passed in 1868 after the U.S. Civil War and with the abolition of slavery, it guaranteed

equal rights to all men (not women). But it also contained a clause that said, the “validity of the public debt of the United States, authorized by law, including debts incurred for payments of pensions and bounties for services in suppressing insurrection or rebellion, shall not be questioned.” The amendment has never been used for this purpose before and others fear that the U.S. Department of Justice might block such a procedure.

For a month now the country has been anxiously waiting as Republicans insist and Democrats resist. If the Republicans were to stop the lifting of the debt ceiling leading to a default, it is feared that it could lead to another deep recession such as that of 2008. Each party, would blame the other, but it would be the working class and the poor who paid the price.

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