

# Obama on Labor Day: Hollow promises of economic recovery

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Speaking to an AFL-CIO Labor Day picnic in Cincinnati, Ohio, President Barack Obama declared that “our recovery plan is working,” and that the US economy is “moving in the right direction,” despite the ongoing destruction of working class living standards and the steady rise in the unemployment rate, which hit 9.7 percent in August.

Obama’s 30-minute speech to an audience of some 10,000 workers and family members was a noxious mixture of flattery, complacency and demagoguery. The flattery was directed to the union officials who surrounded him on the platform. Obama paid tribute to AFL-CIO President John Sweeney and Secretary-Treasurer Richard Trumka (who is to succeed Sweeney when he retires next week), portraying the bureaucrats as fighters for working people.

In reality, they have betrayed and suppressed countless struggles, while presiding over the collapse of the American labor movement in all but name. Union membership is down to only 7.6 percent of the private-sector workforce, or 12.4 percent including public sector workers. Wages and living standards for American workers are below the levels of 40 years ago, and there has not been a successful major strike in decades.

Obama cited historic gains like the 40-hour week, the minimum wage, pensions, Social Security and Medicare as byproducts of the struggles of the unions, declaring, “So, even if you’re not a union member, every American owes something to America’s labor movement.” For millions of workers, however, these benchmarks of social progress are a distant memory—and both the AFL-CIO and the Obama administration share responsibility for their destruction.

In the auto industry, to take only the most notorious

recent example, the Obama administration enforced the destruction of jobs, wages, pensions and healthcare benefits as a condition of its bailout of GM and Chrysler, with the full collaboration of the United Auto Workers union.

In that context, the sole “news” of Obama’s speech, his announcement that he was appointing Wall Street investment adviser Ron Bloom to “lead efforts to rebuild American manufacturing,” takes on the most ominous significance.

Bloom and hedge fund speculator Steven Rattner were the two leading figures in the Obama auto task force which forced both GM and Chrysler into bankruptcy in order to make the auto workers pay for the crisis—along with thousands of auto dealers who are being forced to close their doors and lay off all their employees.

Bloom will now be tasked to bring the lessons of the auto restructuring into a broader assault on the wages, jobs and conditions of workers throughout US manufacturing, a sector of the economy that still employs some 16 million workers.

The appointment of Bloom as manufacturing “czar” reveals more about the economic policies of the Obama administration than the complacent nostrums that constituted the bulk of his Labor Day speech. Obama addressed his audience as though the destruction of jobs and living standards was something on the far horizon to be avoided, not the daily ongoing reality for millions of workers.

He claimed that his administration was ensuring that “the great American middle class remains a reality,” although record numbers of working people have lost their homes to foreclosure, been forced to file for bankruptcy and have abandoned hopes to send their children to college.

Against a background of a dozen American flags, one so large it stretched across the entire stage, Obama presented his domestic agenda entirely within a nationalistic framework. His economic policies were aimed at “ensuring American competitiveness in the 21<sup>st</sup> century,” he said; the purpose of his energy policies was to “reduce dependence on foreign oil”; his education policies were to insure that Americans were not “outcompeted by foreigners” with better training.

Both Democratic politicians and AFL-CIO officials invoke economic nationalism in order to line up the working class behind corporate America—subordinating workers to the financial aristocracy, which is the real boss of both the Democratic and Republican parties.

Obama’s grotesque distortions of the economic record were combined with occasional demagoguery about corporate profits and Wall Street bubbles, particularly when he turned to the topic of healthcare. He sought to present all opposition to his healthcare restructuring plan as instigated by the insurance companies, who were “raking in profits” while premiums skyrocket and more and more working people are losing insurance.

The president did not bother to explain to his Labor Day audience why the insurance companies are actually supporting the administration’s plan. This is in large measure because they have been given explicit assurances by the White House that there will be no threat to their profits. Representatives of the insurance companies, the drug manufacturers and the big hospital chains are in daily consultation with the White House on the details of the plan.

Obama gave just enough lip service to the establishment of a “public option”—a government-run insurance plan to compete with the private insurers—to satisfy his audience. AFL-CIO president-in-waiting Trumka declared afterwards, “I take him at face value. He said he was going to fight for the public option. We’re excited about that, and we’re going to help him.”

But only a few hours before, on Sunday television interview programs, top White House aides made it clear that the public option will be readily sacrificed as part of any deal for final passage of a healthcare restructuring bill. The overriding purpose of such a measure will be to cut healthcare spending in order to drive down labor costs and increase the profits and competitiveness of American capitalism.



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