

Obama turns to AFL-CIO to defend health care cuts

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With popular discontent growing toward his health care overhaul, President Obama turned to the United Auto Workers and AFL-CIO to bolster his efforts to put a progressive cloak on his medical rationing and cost-cutting plan. On Tuesday morning, he spoke at a General Motors plant in Ohio, and in the afternoon he was the keynote speaker at the AFL-CIO convention in Pittsburgh.

The events underscored the symbiotic relationship between the Democratic Party administration and the right-wing trade union apparatus. Obama received a hero's welcome at the convention, where his health care plan was presented as the culmination of a decades-long struggle to extend coverage to all Americans. In return for perpetuating this lie, Obama presented the AFL-CIO as a beacon of working class struggle.

In fact, the AFL-CIO is a "trade union" organization in name only. Far from defending the interests of the working class, it has long functioned as an adjunct of corporate America and the US government. In the name of making US corporations more competitive against foreign rivals, the AFL-CIO has suppressed every struggle over the last 30 years. It has collaborated in the systematic destruction of millions of jobs and the lowering of workers' living standards. Its alliance with the Democratic Party is the clearest expression of its attempt to politically subordinate the working class to the needs of American capitalism.

Today, the AFL-CIO and its rival, the Change to Win federation, represent only 12.4 percent of the workforce and 7.6 percent of private sector workers—down from as much as a third in the 1950s. While these organizations have little credibility among workers, they still play a vital role for the ruling class by promoting "labor-management collaboration," economic nationalism and an undying defense of capitalism and hostility to socialism.

Amidst the corrupt and corporatist "union" officials, Obama was in his element. During his visit to the Lordstown GM plant, Obama told an audience of mostly UAW and Democratic Party officials that the temporary rehiring of workers at the plant was sign that the economy was "turning the corner." Alluding to the town's official jobless rate of over 16 percent, he acknowledged, "It will take some time for a complete recovery."

Predictably, the UAW officials presented Obama as the savior of the American auto worker. This under conditions in which his administration's forced bankruptcy of GM and Chrysler had led to the slashing of hundreds of thousands of jobs at factories and dealerships and the gutting of auto workers' wages and benefits. In return, however, the UAW received substantial ownership stakes in the newly restructured auto companies to pad the incomes of the union executives.

Obama repeatedly hit at the nationalist themes that are the basic framework of the UAW and AFL-CIO apparatus. "We're fighting for an America where your children will be armed with the skills to compete with any worker, anywhere in the world," he said, adding that he wanted to make sure that "the cars of the future and the technologies like the new batteries that power them are made right here in the United States of America."

Central to achieving this competitiveness, he said, was supporting his efforts to slash health care costs for the US auto industry. Obama made the bogus claim that this would have the added benefit of helping union officials negotiate higher wages, even though the AFL-CIO abandoned any significant efforts to protect workers' income thirty years ago.

Referring to GM CEO Fritz Henderson, Obama told the audience, "You've got to understand Fritz's position here. He's trying to build this company back up. And if health care costs are going up 30 percent or 20 percent every year, it's tough for him. So we all have an interest in reforming the health care system so that the costs for employers don't go up; that means the cost for you doesn't go up, and that means you can actually start bringing home a little more take-home pay."

Speaking later in the day at the AFL-CIO convention, Obama began his remarks by paying tribute to retiring AFL-CIO President John Sweeney, who in his 14 years as head of the federation oversaw the continued destruction of workers' jobs and living standards. He then praised the incoming president, Richard Trumka, whose only claim to fame is that he helped destroy the United Mine Workers, once the most powerful and militant labor organization in America.

Obama was greeted with cheers, repeated standing ovations, and shouts of "I love you." In a flurry of rhetoric, which contradicted everything his administration has done on behalf of the financial elite since taking office, he said, "I refuse to let

America go back to the culture of irresponsibility and greed that made it possible” and have “an economy with soaring CEO salaries and shrinking middle class incomes; back to the days when the banks made reckless decisions that hurt Wall Street and Main Street alike.”

The center of his plan to establish a “new foundation for lasting prosperity,” he said, was his health care plan. He complained that health care premiums had risen three times as fast as wages. This “is not just the fault of the employer, it’s the fault of a broken health care system that’s sucking up all the money.”

He repeated the claim that there was nothing in his proposal that “will require you or your employer to change your coverage or your doctor.” This is a lie and the AFL-CIO officials know it, but continued to applaud wildly. An article in the *New York Times* last week noted that “labor unions” were among those who have opposed a proposal endorsed by Obama that would impose a fee on health insurance companies for their “most expensive policies”—including many of those provided in union contracts. The fee, which would be used to help finance the health care plan, would be passed on to employers in the form of higher premiums and lead companies to “buy cheaper, less generous coverage for employees,” the *Times* said.

Moreover, under the terms of the bill being worked out by Montana Democrat Max Baucus, the chairman of the Senate finance committee, employers would not be required to cover their workers at all. Those that do not will have to pay a fee for each employee who received a tax credit for coverage bought through a health insurance exchange. The maximum assessment on employers would be equal to \$400 for each employee—far below the current costs employers pay to maintain health care coverage for their workers—thereby creating a financial incentive for companies to dump health care obligations to their employees altogether.

That the officialdom of the AFL-CIO knowingly lies to workers about the content of Obama’s plan is no surprise. Politically, it is aligned with the right-wing policies of the administration. Moreover, they see Obama as a lifeline for the financial interests of the labor apparatus. In return for their services in prosecuting the attack on the working class, the Obama administration has to a certain extent helped secure their interests.

A recent *Times* article noted that several versions of the health care bill included \$10 billion to cover the cost of an early retiree’s large medical claims. This would include a payout to the UAW for its health care trust, known as a Voluntary Employees’ Beneficiary Association or VEBA. In effect, the Obama administration plans to subsidize the investment income of the UAW, even as the “union” slashes benefits to retirees.

Obama also gave a nod to the AFL-CIO’s effort to pass the so-called Employee Free Choice Act, which would enable its affiliates to organize a workplace if a majority of workers signed cards expressing support for a union, rather than going

through the process of a formal vote. The effort to boost the sagging dues base of the AFL-CIO is opposed by Republicans and a large number of Democrats and has no chance of coming up to a vote.

The Obama administration is also working with the AFL-CIO to channel growing social anger against mass unemployment down the reactionary path of economic nationalism and anti-Chinese chauvinism. On the eve of the convention, the White House announced that it was responding to a complaint by the United Steelworkers (USW) by slapping a 35 percent tariff on Chinese tires for cars and light trucks.

According to an AFL-CIO press release, “Delegates to the convention in Pittsburgh jumped to their feet and roundly applauded this morning when USW International President Leo W. Gerard announced a Steelworker victory in a major trade case against China.” For the first time in 20 years, Gerard said to the applause of the delegates, “we have a president who stood up to enforce laws that have been robbing workers of their jobs.”

The AFL-CIO expressed hope that this would lead to favorable responses to their appeals for penalties on China’s steel exports, for strong “Buy American” provisions in future green jobs legislation and for rejecting trade pacts with Colombia and South Korea.

The corporatist and nationalist outlook of the AFL-CIO officials is deeply reactionary and antithetical to the interests of the working class. The support the AFL-CIO has given Obama and his policies on behalf of Wall Street, including health care “reform,” only demonstrates the class chasm between this organization and the interests of the working class. Any serious struggle by the working class to defend itself requires an organizational and political break with this organization and all who defend it.



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