

# The corporate-union assault on autoworker health care

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A report in the *Detroit Free Press* Sunday details plans by the United Auto Workers, Detroit's Big Three automakers and the Obama administration to use the current labor negotiations at General Motors, Ford and Fiat Chrysler to make large strides towards the elimination of employer-paid health care in the auto industry, and by extension throughout the United States.

The report comes in the midst of negotiations over new contracts covering 140,000 autoworkers. Discussions between the union and the companies are being conducted entirely behind the backs of the workers. From the standpoint of the executives who run the UAW, workers have no business knowing anything about the plans underway for another major step in the destruction of their health care benefits, which were won through bitter struggles in the 1950s, '60s and '70s.

The current proposals are a continuation of steps taken in 2005, when the UAW agreed to take over the provision and reduction of retiree health benefits. The automakers made lump sum, tax-deductible payments in cash and corporate stocks, equal to a fraction of their liabilities, into a UAW-controlled Voluntary Employees' Beneficiary Association, or VEBA. The union's first act was to reduce coverage and increase co-pays and premiums for 750,000 retirees and their spouses.

Now the UAW is proposing to expand the VEBA to 140,000 active hourly workers and another 100,000 salaried employees (the latter are not even in the UAW).

"The UAW's radical idea for a massive health care benefits co-op designed to save the Detroit Three money" the *Detroit Free Press* writes, "could be the pillar of a groundbreaking labor agreement that changes the auto industry forever." This proposal is "one of the

UAW's top priorities with less than a month to go before the current contract expires on Sept. 14."

For the auto companies, the VEBA is an opportunity to cut labor costs by tens, if not hundreds, of billions of dollars. They no doubt see such a proposal as the first step in dumping health care obligations altogether and forcing workers onto Obama's health care exchanges with little more than some kind of voucher.

For the union, the VEBA is a gigantic slush fund that it can utilize to finance a bloated bureaucracy. This is particularly important for union executives who are expecting an exodus of disgusted dues-paying members when new laws in Michigan and Indiana that make membership voluntary in unionized workplaces go into effect with the expiration of the current contract.

The present VEBA has been largely financed by current workers who gave up their cost-of-living and wage increases over the last decade. UAW President Dennis Williams and the entire team negotiating the current contracts—Norwood Jewell (FCA), James Settles (Ford) and Cindy Estrada (GM)—collect \$30,000 a year as trustees of the fund, padding their already six-digit salaries from the UAW and from their seats on various corporate boards and corporatist programs.

If a "super-VEBA" were established, the UAW would have an even greater incentive to reduce benefits for an estimated 800,000-900,000 trust fund members. Rather than fighting the employers for benefits, workers would be fighting the union, a multi-billion dollar business that falsely calls itself a labor organization.

There is no doubt that the proposals are being carefully coordinated with the Obama administration, which supervised the 2009 restructuring of the auto industry that vastly expanded the hated two-tier wage system. The main aim of the administration's signature

domestic initiative—the cynically named Affordable Care Act (Obamacare)—has been to shift health care costs from employers and the government onto workers, while slashing benefits and services. Corporations throughout the country have responded by dumping their health care programs and forcing workers to purchase insurance from private companies.

One of the main provisions of Obamacare is the special tax on so-called Cadillac health plans that cost more than \$10,200 annually for individuals or more than \$27,500 for families. The 40 percent tax is due to go into effect in 2018. Under the new plan, either the tax will be shifted onto the VEBA—and transferred to the workers—or else the UAW will work to cut benefits to a point where the tax no longer applies.

“We know the Cadillac tax is coming,” the *Free Press* quoted UAW President Williams. “We’ve got to redesign health care in a way that can actually deliver quality care at a different cost.”

Williams is here simply repeating the standard jargon and lies of the Obama administration. The “different cost” will translate into a drastic reduction in the medications, procedures and tests available to workers and their families. It will mean, in short, that workers suffer from more health problems and die sooner.

Such a move would be used as a model for other industries. The issue of the “Cadillac tax” has emerged in virtually every major contract struggle this year, including those involving steel workers and Verizon telecommunications workers. In the ongoing Allegheny Technologies lockout, the company is suspending payments into a VEBA controlled by the United Steelworkers and demanding that retirees enroll in the exchanges set up under Obamacare. A similar move was already forced on Detroit workers as part of the city’s bankruptcy, which was concluded last year.

The major concern of the UAW, the companies and the media is how to sell this corporate-government-union conspiracy to a restive workforce determined to abolish the two-tier system and win significant wage improvements. The companies and UAW are reportedly considering a meager wage increase for older workers, while establishing an eight-to-ten year waiting period for second tier workers to see their wages rise to a new “1.5 tier.” Whatever wage increases are granted, however, would be more than made up in increased health care costs.

The plan~~Free~~ outline~~Press~~ in ~~the~~~~ake~~ the current negotiations are not between two antagonistic parties. Rather, the unions function as corporate sub-contractors, dedicated to increasing the profits of the companies, while seeking to ensure that their own positions and perks are preserved.

The transformation of the UAW into a corporate police force is the product of a long process of degeneration, which had its roots in the political alliance between the unions and the Democratic Party forged in the 1930s and 1940s, on the basis of a purge of the early socialist pioneers who built the UAW. Walter Reuther and other UAW leaders blocked any politically independent challenge by the working class to capitalism and tied the fate of workers to the then-dominant position of American industry and US imperialism.

By the late 1970s and early 1980s, the consequences of this alliance became fully evident with the sharp decline of American capitalism and the global integration of production. Like the other nationalist and pro-capitalist unions in the US and around the world, the UAW responded by abandoning any struggle and joining the corporations and the capitalist government in the class war against workers.

The working class in the United States and internationally is being driven into a head-on collision with all of those who are seeking to reduce workers to poverty and slave-like conditions. Autoworkers must build new organizations of struggle, free from the control of the UAW, and begin a counter-offensive to defend jobs, wages and benefits. Above all, workers need a new political strategy, based on the international unity of all workers against the global corporations and the replacement of capitalist exploitation with the socialist reorganization of economic life.



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