

Shutdown Threatens Workers' Rights: Labor Needs to Recalibrate and Fight

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Theme: [Global Economy](#), [Poverty & Social Inequality](#)

While the U.S. media has been obsessed with the in-fighting between Democrats and Republicans, as well as the recent government shutdown and the global/domestic ramifications of a possible government default, little attention has been paid to a looming disaster confronting working people: Obama is again threatening to cut "entitlement" programs, meaning Social Security and Medicare.

Here is how he put it in a recent CNBC interview in the course of answering questions: "But we still have some challenges in terms of our long-term health care spending on Medicare in particular." And later in the interview he added: "It is important for us to deal with our long-term entitlement spending." Knowing that these cuts are incredibly unpopular among the vast majority, Obama chose oblique language rather than being straightforward, as is typical among politicians. But we know from past admissions on his part that he is talking about cuts.

In order to appreciate the significance of Obama's current threat it is helpful to keep in mind the larger, surrounding context. The Democrats, for example, without putting up a fight, have already made significant concessions at the expense of working people around the current budget. They signaled their willingness to accept the austere level of funding proposed by the right-wing Republicans - roughly 18 percent below what the Democrats originally proposed. This means that there will be less money available to fund public education and infrastructure projects, both of which would benefit working people, the first in terms of enhancing public education, the second in terms of construction jobs.

But the even larger context within which these events must be framed concerns the growing inequalities in wealth, which are surging. According to [The New York Times](#), in the 1990s the richest 1 percent received 45 percent of all new income; during the next decade they received 65 percent. And now it has jumped to [95 percent](#).

With wealth being concentrated more and more at the top, the rich can use their vast resources to lobby government officials for policies that make the rich even richer. And not surprisingly, they have done exactly this by convincing politicians to lower their tax rates.

As [Robert Reich](#), former Secretary of Labor, reported, for example: "From the 1940s until 1980, the top income-tax rate on the highest earners in America was at least 70 percent. In the 1950s, it was 91 percent. Now it's 35 percent. Even if you include deductions and credits, the rich are paying a far lower share of their incomes in taxes than at any time since World War II. The estate tax (which hits only the top 2 percent) also has been slashed. In 2000 it was 55 percent and kicked in after \$1 million."

Rather than trying to reduce inequalities in wealth, which undermine democracy and shred the social and moral fabric that holds people together, Obama is proposing to throw fuel on the fire with his entitlement cuts. He refuses to raise income taxes on the rich, as he indicated in the same interview. He is prepared to ignore the fact that the poverty rate among senior citizens is on the rise, thanks in part to their increased medical expenses. And despite the fact that [Social Security is a major factor keeping many seniors above the poverty line](#), Obama is prepared to cut both it and Medicare. This is a reflection of the power that the 1 percent can wield, thanks to their vast financial resources.

In other words, the rich have declared class war on the rest of us. While Democrats give plenty of speeches in support of programs and policies that would support working people, their actions speak louder about where they stand in this war.

Meanwhile, the AFL-CIO, whose official task is to defend working people, at best is sending mixed messages, and at worst has abandoned its members and joined the opposition. On [its blog](#) it has announced: "Working people need to bring our own pressure. Our message is clear – repeal the sequester... No cuts to Social Security, Medicare and Medicaid benefits. Protect food aid for the poor. And create jobs and raise hundreds of billions of dollars to invest in our future by ending all tax subsidies for outsourcing." (September 30, 2013)

Yet just a few days later, [the same AFL-CIO author](#) announced, after calling for higher taxes on the rich and after denouncing the proposed cuts to Social Security and Medicare being peddled by "extremist" Republicans, whom he describes as deeply dependent on Wall Street money: "And that's why people need to tell the president, 'stand tall, we are with you.'" Significantly, the author failed to mention Obama has rejected higher income taxes on the rich and has on numerous occasions expressed willingness to cut Social Security and Medicare, and is also "deeply dependent" on Wall Street money.

Here is how The New York Times described Obama's relation with Wall Street (June 12, 2011, "Obama Seeks to Win Back Wall St. Cash"):

"A few weeks before announcing his re-election campaign, [President Obama](#) convened two dozen Wall Street executives, many of them longtime donors, in the White House's Blue Room... The event, organized by the Democratic National Committee, kicked off an aggressive push by Mr. Obama to win back the allegiance of one of his most vital sources of campaign cash — in part by trying to convince Wall Street that his policies, far from undercutting the investor class, have helped bring banks and financial markets back to health... And Mr. Obama will return to New York this month to dine with bankers, hedge fund executives and [private equity](#) investors at the Upper East Side restaurant Daniel."

With the most cursory glance at all the financial relations between Wall Street, Obama, and the Democratic Party, it becomes patently obvious that the AFL-CIO has embraced a completely self-defeating strategy: support the very people who are attacking you. There is no acknowledgement by the AFL-CIO that Obama and the Democrats are also on the take when it comes to Wall Street money. And there can be little wonder that working people have suffered so many defeats during the past four decades with this kind of incoherent strategy.

Until organized labor takes a clear stand in favor of working people in this raging class war, as opposed to trying to straddle some inconsistent middle position, working people will continue to watch their standard of living decline while the 1 percent continue their all-out

offensive.

We should insist that organized labor take an unambiguous position in defense of working people, act independently of the politicians by mobilizing working people and their community allies, and stage massive demonstrations demanding that the government raise taxes on the rich, reject any cuts to Social Security and Medicare, create a federal jobs program that would put millions back to work, and allocate more money to education and social programs so that poverty can be completely eliminated.

Real wars require that two opposed sides battle each other. Thus far, thanks to organized labor's default, we have been experiencing a massacre.

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