

Labor Should Fight for Single-Payer  
Retirement, Health Care  
by Al Hart  
Labor Notes Viewpoint  
<http://labornotes.org/node/903>

Working people in the United States are being hammered by twin crisis affecting what were once called "fringe benefits": health care and retirement benefits. In recent years, nearly all unions face employer attacks on one or both of these vital lifelines when they go to the bargaining table.

The ranks of the uninsured are mushrooming; rising deductibles and co-pays mean that many of the "insured" can't afford to get sick; and the rapid disappearance of pensions leave the majority of baby boomers facing the prospect of retiring into poverty--or working until they die.

#### BROKEN BEYOND REPAIR

It's obvious that the U.S. health care system, where workers get health coverage through their employer is falling apart before our eyes. Some 47 million Americans have no health insurance, and the number grows daily. Health insurance is rapidly becoming unaffordable. Premiums rose an average of 73 percent in just five years (2000-2005.)

Employers deal with this growing burden by dumping it onto employees, as higher payroll deductions, co-pays, deductibles, two-tier benefits, and reductions in coverage.

The labor movement has been coming around to the view that the system of privatized health coverage is broken beyond repair, and that only a political solution is possible. HR 676--the single-payer national health insurance bill whose chief sponsor is Rep. John Conyers--has been endorsed to date by 255 labor organizations, including 17 state AFL-CIO federations and 69 central labor councils.

On March 6 the AFL-CIO Executive Council passed a resolution calling for universal health care based on expanding Medicare. This is precisely the approach of the Conyers bill, but the AFL-CIO statement did not explicitly endorse Conyers or any other specific piece of legislation.

#### WAR ON PENSIONS

The attack on pensions has been going on for at least the last couple of decades, and accelerating in the past few years. But it is still less visible than the attack on health care. Many workers simply are not aware of how inadequate their retirement resources will be. When workers are forced to surrender a defined benefit pension plan and accept a 401(k) savings plan in exchange, few realize that in the process, their retirement income has been cut to a small fraction of what they could previously expect.

Social Security replaces, on average, 41 percent of workers' pre-retirement income. Most experts agree that, to maintain something close to the lifestyle you lived in your working years, you need retirement resources that replace 75 to 90 percent of your wages.

The employer attack on pensions has been highly successful. There were 95,000 such plans in 1980; it was down to 85,000 in 1993, and fell to less than 27,000 in 2005. Today only 21 percent of the workforce is covered by defined benefit pensions--the most secure type of employment-based retirement plan.

The bankruptcy courts have been a major accomplice to this corporate theft of retirement security, but there are other culprits as well. Two non-government boards that set accounting standards in the interests of finance capital, FASB and GASB, are tightening rules to require both private employers and public agencies to count as current liabilities retirement benefits not payable until decades in the future. The threat of a bad credit rating will increasingly drive both public and private employers to go after pensions as well as retiree health benefits. Congress did working people no favor last year when it passed the so-called "Pension Protection Act." Far from

protecting any pension, this legislation makes things worse. Its rules governing pensions create new incentives for employers to dump their plans.

The act prohibits benefit increases in any defined benefit plan that is less than fully funded. And it allows employers to enroll workers into 401(k)s of the employer's choosing, unless the worker takes the initiative to opt out.

The disappearance of pensions, and their replacement by 401(k)s and similar tax-deferred savings plans, is the major cause for the loss of retirement security. On average, employers put into 401(k)s about one-quarter of what they would contribute to a defined benefit pension.

If the picture isn't bleak enough, consider the fact that half of all workers have no workplace retirement plan at all--no pension, no 401(k), only Social Security.

#### BEYOND EMPLOYER-BASED SOLUTIONS

The leadership of my union, UE, has in recent months launched a union-wide counteroffensive on these issues. We held two-day training sessions for the entire national staff, slide show presentations and discussions at each of our regional meetings, presentations on both the health care and pension crises to membership meetings every UE local--all meant to better prepare our staff members, local leaders, and members to fight effectively to defend and improve health and retirement benefits in bargaining.

But we also recognize that nothing we can do at the bargaining table will really solve the problem, which instead requires significant social and political change.

On March 27, eight members of UE's elected national leadership spent the day on Capitol Hill in Washington, meeting with some of the more progressive members of Congress and delivering petitions from our members to Speaker Nancy Pelosi, Senate Leader Harry Reid, and the chairs of the labor committees of each house. We offered two proposals: Pass HR 676, the single-payer "Medicare for All Act," Expand Social Security to create a true national retirement system that pays workers 75 percent of their pre-retirement income.

These solutions are based on the notion that both health care and retirement should be recognized as human rights. They are also rooted in the labor movement's past.

Historian Nelson Lichtenstein has described the consensus within the labor movement, emerging from World War II, on issues of retirement and health care. In a 1989 article, "Labor in the Truman Era: Origins of the 'Private Welfare State,'" he wrote: "Trade unionists overwhelmingly favored a public, federal system for financing social benefits like pensions.

Both the CIO and the AFL worked for the passage of the Wagner-Murray-Dingell bill..." legislation that would have enlarged Social Security into a national pension system and created national health insurance. A 1948 survey of labor leaders showed most opposed to collectively-bargained pensions and health plans.

Union members shared that view. Lichtenstein writes, "In one of the few rank-and-file 'referenda' on the issue, a majority of the 107,000 workers at the Ford Motor Company rejected a union-negotiated pension plan in 1947 in favor of a contract with a larger straight wage increase."

With memories of the Great Depression still fresh, our union forebears six decades ago had little faith in employers or "the market" to provide security. Business and its political allies strenuously opposed any social solution to these issues, and the election of a Republican Congress in 1946 meant that achievement of labor's political goals was, at best, put on hold. But the united front of labor on these issues crumbled when leaders of three major industrial unions broke ranks.

First John L. Lewis of the Mineworkers negotiated an employer-paid health and welfare system with the coal industry, and in 1948, soured on New Deal government solutions by repeated federal interventions to break

miners' strikes, Lewis announced the UMW's opposition to national health insurance. Then Philip Murray of the Steelworkers and Walter Reuther of the UAW negotiated employment-based health and pension plans with their industries.

This destroyed the labor consensus for expanding Social Security and health care, and other unions were now forced to seek retirement and health security for their members at the bargaining table. Employers were willing to provide such benefits in part because they cemented employee loyalty and retention--which employers at that time valued.

The post-World War II "social contract" between labor and capital at its best only covered a segment of the working class. Major employers with unionized employees agreed to provide health benefits and pensions, tied to workers' employment at a given firm. But this was not the social contract that labor had sought; the labor movement wanted universal retirement and health security, not tied to holding a particular job.

Some 60 years later, capital has reneged on the agreement it made, and is attacking health and retirement benefits across the board. The answer to this crisis, we in UE believe, is to pick up where the labor movement left off in the mid-1940s, and put health care and retirement back on the national agenda as universal human rights.

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